GAHC040010282026 undefined

THE GAUHATI HIGH COURT
(HIGH COURT OF ASSAM, NAGALAND, MIZORAM AND ARUNACHAL PRADESH)

Case No. : Crl.Petn./178/2026

Ha Tatu
Son of Shri Ha Tama, proprietor of Kenge Construction and Co, ESS Sector, Narba Colony, itanagar, Papum Pare District, Arunachal Pradesh.

VERSUS

The State of AP and Anr
represented by the PP of AP

2:Khyoda Sanjoy @ Khoda Sanjoy
Age: 0
Occupation :
proprietor of SKY Home
Nyokum Lapang
Itanagar
Papum Pare District
Arunachal Pradesh

Advocate for the petitioners : Mr. Teto Taba

Advocate for the respondent : Mr. Khoda Apa, R-2

Mr. Topi Jini, Addl. PP (AP)

BEFORE

HON'BLE MR. JUSTICE SANJEEV KUMAR SHARMA

Date on which judgment is reserved : 23.11.2026

Date of pronouncement of judgment : 26.11.2026

Whether the pronouncement is of the operative part of the judgment ? : N/A

Whether the full judgment has been pronounced? : Yes

JUDGMENT & ORDER (CAV)

(Sanjeev Kumar Sharma, J)

Heard Mr. Teto Taba, learned counsel for the petitioner. Also heard Mr. Khoa Apa, learned counsel for respondent No. 2, as well as Ms. Topi Jini, learned Public Prosecutor for the State of Arunachal Pradesh.

2. This criminal petition has been preferred seeking quashing of the FIR dated 21.05.2026 lodged by the informant/respondent No. 2, on the basis of which Itanagar P.S. Case No. 137 of 2026 under Sections 316(5)/318(4)/61(2)/3(5) of the BNS was registered, and pursuant to which the case is presently under investigation.

3. The factual background:

1. On 15-05-2026, the informant/respondent No. 2 lodged a complaint with the Officer-in-Charge, Crime Branch, Office of the Superintendent of Police, Capital, Itanagar, stating, inter alia, that the petitioner, being the proprietor of a firm, namely, Kenge Construction Co., was likely to be awarded a project, namely, the induction of certain technical units at AF STN Tezpur under the Engineering, Procurement and Construction (EPC) mode. One Shri Anuj Bhardwaj, acting on behalf of the petitioner, approached Shri Takam Sanjoy, proprietor of M/s Don Tanyi Enterprise, to arrange funds for the Performance Bank Guarantee (PBG) required for the execution of the said project and to either transfer the work under a back-to-back arrangement to M/s Don Tanyi Enterprise or share 10% (ten per cent) of the profit from the project. On 12-08-2025, Shri Takam Sanjoy informed the informant/respondent No. 2 and enquired about the possibilities of arranging the funds and undertaking the project. Subsequently, on 13-08-2025, Shri Anuj Bhardwaj, Shri Takam Sanjoy and the respondent No. 2 held a meeting and discussed arranging the funds and undertaking the work on a back-to-back basis from M/s Kenge Construction Co. to M/s Don Tanyi Enterprise.

2. The informant further alleged that, following the meeting held on 13-08-2025, he involved his wife, Smt. Dado Renu (also known as Dado Renu Khyoda), proprietor of M/s IAM Developers, as a partner in the business with

M/s Don Tanyi Enterprise. Consequently, it was agreed that the project would be transferred from M/s Don Tanyi Enterprise to M/s IAM Developers on a back-to-back basis to ensure effective control and efficient management. It was further agreed between the parties that they would look after the project in the capacity of Project Head or Project Manager. The informant and his wife thereafter arranged a sum of Rs. 3,00,00,000/- (Rupees Three Crore only) and transferred the said amount to the account of the petitioner's firm, maintained with Maharashtra Bank, Itanagar, from the account of M/s IAM Developers maintained with ICICI Bank, Doimukh, on 21-08-2025.

3. It was further alleged that, after several attempts, sustained efforts and prolonged waiting, the petitioner executed an agreement with Shri Takam Sanjoy (proprietor of M/s Don Tanyi Enterprise) on 16-10-2025. Acting in good faith, the informant thereafter started working as the Project Manager and diligently discharged his responsibilities. However, the petitioner suddenly and unilaterally revoked the agreement executed with Shri Takam Sanjoy, without any prior notice, thereby automatically bringing to an end the subsequent arrangement between M/s Don Tanyi Enterprise, represented by its proprietor, Shri Takam Sanjoy, and M/s IAM Developers. The petitioner failed to refund the amount invested or compensate for the time, energy and services rendered in connection with the project, thereby excluding the informant and his wife from

the project, despite their having arranged the funds for its execution within a short period.

4. The informant also alleged that the petitioner and Shri Anuj Bhardwaj (proprietor of M/s AMV Infra & Engineering) had already entered into a separate back-to-back agreement in respect of the same project on 19-08-2025, i.e., two days prior to the transfer of funds from the account of M/s IAM Developers to the account of the petitioner's firm. The said fact was allegedly deliberately concealed from the informant and his wife. Despite having prior knowledge of the existence of the agreement dated 19-08-2025 between the petitioner's firm and Shri Anuj Bhardwaj, the latter stood as a witness to the agreement executed on 16-10-2025 between the petitioner and Shri Takam Sanjoy (proprietor of M/s Don Tanyi Enterprise), which, according to the informant, indicated collusion and conspiracy.

5. After receipt of the complaint by the Crime Branch, Itanagar, the same was forwarded to the Officer-in-Charge, Itanagar Police Station, vide forwarding letter dated 19-05-2026. Accordingly, the instant FIR, being Itanagar P.S. Case No. 137/2026 under Sections 316(5)/318(4)/61(2)/3(5) of the BNS, was registered on 21-05-2026 against the petitioner and Shri Anuj Bhardwaj. Consequent upon the registration of the FIR, the petitioner was served with a

notice under Section 35(3) of the BNSS on 04-06-2026. Pursuant to the said notice, the petitioner appeared before the Investigating Officer and disclosed the entire facts relating to the dispute between the informant and the petitioner. The petitioner, on 06-06-2026, also submitted a written clarification in connection with the case before the Officer-in-Charge, Itanagar Police Station, seeking registration of a counter-FIR against the informant/respondent No. 2.

4. Contentions of the Petitioner:

1. It is submitted that the informant has attempted to give a criminal colour to what is essentially a commercial dispute between the parties. According to the petitioner, the actual facts of the case are that the petitioner is the proprietor of a firm, namely, Kenge Construction Co. The Chief Engineer (Air Force), Shillong Zone, Military Engineering Services (MES), Elephant Falls Camp, Shillong, had issued a tender for the execution of the work titled "WORK FOR SERVICE INDUCTION OF CERTAIN TECHNICAL UNITS AT AF STN TEZPUR ON EPC MODE", with an Estimated Cost Put to Tender (ECPT) of ₹104.00 Crore. For the purpose of following up the tender process and undertaking liaison work, the petitioner had engaged Shri Anuj Bhardwaj, proprietor of M/s AMV Infra & Engineering, with an understanding that he would assist in the tender process and, if the work was successfully awarded, would also be associated with the

execution of the project. Consequently, the work was awarded to M/s Kenge Construction Co. for an accepted contract value of ₹94.668 Crores, vide Acceptance of Tender dated 16-07-2025. Accordingly, a Memorandum of Understanding (MOU) was executed between M/s AMV Infra & Engineering and M/s Kenge Construction Co. on 19-08-2025, which was subsequently revoked by mutual consent on 10-10-2025.

2. In the month of August 2025, Shri Anuj Bhardwaj, accused No. 2 named in the FIR, informed the petitioner that Shri Takam Sanjoy, proprietor of M/s Don Tanyi Enterprises (DTE), had expressed his willingness to execute the project on a back-to-back basis. Since Shri Takam Sanjoy was personally known to the petitioner and had previously approached him in connection with similar business opportunities, the petitioner agreed to consider his proposal. Accordingly, on 21-08-2025, a sum of Rs. 3,00,00,000/- (Rupees Three Crore only) was transferred to the petitioner's Cash Credit Account maintained with the Bank of Maharashtra, Itanagar Branch. The said amount had been arranged by M/s Don Tanyi Enterprises from other sources.

3. Immediately thereafter, the petitioner arranged and submitted a Performance Bank Guarantee (PBG) amounting to **R**s. 14.74 Crores in favour of the client department. Around the same time, Shri Takam Sanjoy introduced the

informant/respondent No. 2 to the petitioner as the person who would supervise and manage the project on behalf of M/s Don Tanyi Enterprises.

4. Despite repeated discussions and assurances, neither the informant nor M/s Don Tanyi Enterprises made any substantial progress towards the successful execution of the project. Almost two months passed without any meaningful mobilisation at the site, appearance before the MES authorities, or progress in the execution of the project. Repeated attempts made by the petitioner to obtain updates and expedite the work did not yield satisfactory results. As the delay continued, the project began to face serious concerns from the client department. Since the Performance Bank Guarantee had already been submitted and the project timelines were running, the delay posed a significant risk to the petitioner's firm as well as to the project itself. Thereafter, M/s Don Tanyi Enterprises expressed its inability to undertake the project without a proper MOU. Accordingly, a formal Memorandum of Understanding (MoU) was executed between M/s Kenge Construction Co. and M/s Don Tanyi Enterprises on 16-10-2025. On the same date, a Power of Attorney was also executed in favour of the informant, at the instance of Shri Takam Sanjoy.

5. Even after the execution of the MoU and the Power of Attorney, no substantial progress was made towards the execution of the project. Further,

the informant repeatedly failed to respond to telephone calls from the client department, which was a matter of serious concern. In view of the continued lack of progress, the petitioner was compelled to issue a letter dated 11-12-2025 to M/s Don Tanyi Enterprises, calling upon it to expedite the execution of the work.

6. After nearly six months of delay and non-performance, a settlement meeting was convened on 20-01-2026 at the residence of Shri Takam Sanjoy at Senki View, Itanagar, with a view to amicably resolving the disputes that had arisen between the parties. The meeting was attended by the petitioner, Shri Takam Sanjoy, Shri Khoda Sanjoy, the informant, Shri Mayu Taring (Mediator/Witness), Shri Yumlam Achung (Mediator/Witness), and Smti. Khoda Renu Takam.

7. During the course of the meeting, Shri Takam Sanjoy disclosed that the funds utilised for arranging the Performance Bank Guarantee (PBG) and meeting other related expenditures had been sourced through the informant's family, particularly through his wife, Smti. Dado Renu Takam. Considering the long-standing relationship between the parties and with a view to avoiding prolonged disputes and litigation, the petitioner agreed to resolve the matter amicably in accordance with the dispute resolution mechanism contemplated under the

Memorandum of Understanding (MoU), as well as the suggestions made by the witnesses and the request of Shri Takam Sanjoy.

8. It was agreed during the said meeting that the sum of Rs. 3,00,00,000/- (Rupees Three Crore only) deposited into the account of M/s Kenge Construction Co. would be refunded along with interest calculated from 21-08-2025 until the date of final repayment. The parties mutually agreed that the said amount would be repaid on or before 31-03-2026. Although no formal written agreement was executed on that date, the aforesaid understanding was arrived at in the presence of all the attendees.

9. During the meeting, the informant presented a statement showing expenditures of approximately Rs. 13,00,000/- incurred towards consultancy charges, legal expenses, banking expenses, accommodation and other project-related expenses, allegedly incurred during the period from August 2025 to January 2026. In the interest of maintaining cordial relations and bringing about a comprehensive settlement, the petitioner paid a sum of Rs. 13,00,000/- towards the said claims through RTGS on 20-01-2026 to the account of M/s IAM Developers, belonging to the wife of the informant, from the petitioner's account bearing No. 59109436040359, maintained with HDFC Bank Ltd., Itanagar, in full and final settlement of the said expenses. A Scorpio vehicle

provided by M/s Don Tanyi Enterprises and stationed at the project site was also agreed to be returned. In compliance with the settlement, the said vehicle was subsequently returned to the concerned party.

10. At the instance and persuasion of Shri Takam Sanjoy, a second meeting was convened on 04-03-2026 at his residence at Senki View, Itanagar. The meeting was attended by the petitioner, Shri Takam Sanjoy, respondent No. 2, Shri Yumlam Achung (Mediator/Witness), Smti. Khoda Renu Takam and Smti. Tarh Monka Takam. During the said meeting, the parties arrived at a final and comprehensive settlement of all outstanding disputes. Pursuant thereto, a handwritten Mutual Settlement Deed dated 04-03-2026 was prepared and executed by the concerned parties in the presence of the witnesses. As per the terms of the mutual settlement, it was agreed that the amount of Rs. 3,00,00,000/- deposited into the account of M/s Kenge Construction Co. would be refunded along with a mutually agreed amount of Rs. 90,00,000/- towards compensation/interest. Accordingly, a total sum of Rs. 3,90,00,000/- (Rupees Three Crore Ninety Lakh only) became payable by the petitioner. Out of the said amount, a sum of Rs. 1,60,00,000/- was paid immediately on 05-03-2026 through RTGS to the account of M/s IAM Developers from the petitioner's account bearing No. 59109436040359, maintained with HDFC Bank Ltd., Itanagar. The balance amount of Rs. 2,30,00,000/- was agreed to be paid on or

before 08-04-2026. An additional amount of Rs. 2,00,000/- was also paid separately, outside the purview of the settlement deed, on humanitarian grounds and pursuant to a mutual understanding with the informant.

5. It is submitted that, despite the payment of a substantial amount of Rs. 1,60,00,000/- (Rupees One Crore Sixty Lakh only) into the account of M/s IAM Developers, the informant, whose wife is the proprietor of the said firm, has lodged the instant FIR by making false allegations and suppressing the aforesaid facts, including the factum of the said payment.

6. It is further submitted that the allegation that the petitioner had entered into an MoU with M/s Don Tanyi Enterprises despite the existence of an earlier MoU with accused No. 2, Shri Anuj Bhardwaj, is irrelevant to the dispute in question.

7. It is submitted that the parties commenced their business relationship with the understanding that M/s Don Tanyi Enterprises, represented by respondent No. 2, would undertake and execute the project on behalf of M/s Kenge Construction Co., in terms of the MoU executed between the two entities. However, M/s Don Tanyi Enterprises (DNT) failed to mobilise the resources, finances, manpower, machinery, etc., necessary for the execution of the project valued at nearly Rs. 100 Crores, and had invested only a sum of Rs. 13 Lakhs.

As a consequence, the arrangement became commercially unworkable, leading to foreclosure of the MoU by mutual consent. Subsequently, the matter was resolved through mutual settlement. Therefore, it is evident that the present FIR has been lodged with a view to giving a criminal colour to a purely commercial dispute, which already stands resolved, for oblique motives.

8. It is submitted by learned counsel for the petitioner that, prior to the lodging of the FIR, an amount of Rs. 1.6 Crores had already been repaid to the firm owned by the wife of respondent No. 2/informant and that, subsequently, the balance amount was also repaid. In other words, the entire amount of Rs. 3.9 Crores, as agreed upon under the settlement agreement, has been repaid to the said firm, namely, M/s Don Tanyi Enterprises (DNT), which fact is also admitted by learned counsel appearing for respondent No. 2. Bank statements in respect of the above payments have been annexed to the petitioner.

9. Per contra, learned counsel appearing for respondent No. 2/informant submits that, although the petitioner has repaid the amount of Rs. 3.9 Crores, the fact remains that the petitioner had entered into an MoU with the firm of accused No. 2, namely, M/s A.M.V. Infra & Engineering, on 19-08-2025, i.e., two days prior to the transfer of Rs. 3 Crores by the firm of the wife of respondent No. 2 to the petitioner's firm, which, according to learned counsel, indicates the

dishonest intention of the petitioner to misappropriate the said amount. It is further submitted that the receipt of the aforesaid amount of Rs. 3 Crores by the petitioner stands admitted in the clarification submitted by the petitioner himself before the Investigating Officer.

10. Referring to the affidavit-in-opposition filed on behalf of respondent No. 2, it is submitted that the petitioner, in active collusion with accused No. 2, proprietor of M/s A.M.V. Infra and Engineering, and Shri Takam Sanjoy, proprietor of M/s Don Tanyi Enterprise, deliberately concealed the material fact that a parallel back-to-back contract/understanding had already been executed on 19-08-2025, prior to and contemporaneously with the receipt of the funds arranged by respondent No. 2. Therefore, the dispute was not a sudden or bona fide commercial dispute, but the transaction appears to have been pre-planned from its inception, with the intention of deceiving and causing wrongful loss to the deponent and his wife, the proprietor of M/s I.A.M. Developers.

11. It is further submitted with reference to the aforesaid affidavit-in-opposition that accused No. 2, along with Shri Takam Sanjoy, had approached respondent No. 2, requesting him to arrange funds to save the aforesaid contract, which was on the verge of termination. Acting solely on the representations and assurances of Shri Takam Sanjoy and Shri Anuj Bhardwaj,

the deponent arranged the aforesaid sum of Rs. 3 Crores and, pursuant to the instructions and with the consent of Shri Takam Sanjoy, transferred the said amount from the account of M/s I.A.M. Developers to the account of the petitioner, i.e., M/s Kenge Construction Company, on 21-08-2025. However, Shri Anuj Bhardwaj, proprietor of M/s A.M.V. Infra and Engineering, did not disclose the existence of the back-to-back contract entered into with the petitioner, allegedly with the mala fide intention of cheating respondent No. 2 and his wife from the very inception.

12. It is further stated that both Shri Takam Sanjoy and Shri Anuj Bhardwaj represented to respondent No. 2 that it was imperative to save the contract work and that the necessary documentation could be completed subsequently. Shri Takam Sanjoy further represented to respondent No. 2 that he had very good relations with the petitioner and assured him that all necessary documentation concerning the transfer and continuation of the contract work would be duly executed and completed subsequently. It is stated that the aforesaid facts clearly demonstrate that the deponent was induced to arrange and deploy substantial capital for the purpose of saving and sustaining the project solely on the representations, assurances and commitments made by Shri Takam Sanjoy and Shri Anuj Bhardwaj.

13. From the above statements and submissions of respondent No. 2, it appears that he acted on the assurances and representations made by Shri Takam Sanjoy and Shri Anuj Bhardwaj, and not by the petitioner himself. It is only his belief that the said persons were representing and acting on the instructions of the petitioner himself.

14. Further, learned Additional P.P., with reference to the material available in the case diary, has submitted that the proprietor of M/s I.A.M. Developers, Smt. Dadu Renu Khoyoda, who is the wife of respondent No. 2/informant, has stated that her firm had entered into an MoU with M/s Don Tanyi Enterprise (DTE), owned by Shri Takam Sanjoy, for business purposes, and that, except for the said MoU, her firm did not execute or enter into any memorandum of understanding, agreement, contract, or any other business arrangement with the firm of the petitioner, i.e., M/s Kenge Construction Company, or M/s A.M.V. Infra & Engineering, owned by accused No. 2, Shri Anuj Bhardwaj. She had also stated that, in connection with the aforesaid business transaction, an amount of Rs. 3 Crores was invested. Subsequently, a total amount of Rs. 3,90,00,000/- (Rupees Three Crore Ninety Lakh only), inclusive of the principal amount and interest, was credited to the bank account of her firm, M/s I.A.M. Developers, and that the dispute that had arisen in relation to the said transaction with the petitioner was subsequently resolved amicably in the presence of her husband,

respondent No. 2.

15. Learned Additional P.P., therefore, fairly submits that there is no basis for proceeding against the petitioner and, accordingly, does not object to the petitioner's prayer for quashing of the FIR.

16. A perusal of the case diary submitted before this Court substantiates the submissions of the learned Addl. Public Prosecutor.

17. Learned counsel for the respondent No. 2 had relied upon the decision of the Apex Court in ***Neeharika Infrastructure Private Limited vs. State of Maharashtra & Ors., (2021) 19 SCC 401***. Therein it was held inter alia as follows:

> "*33.1. Police has the statutory right and duty under the relevant provisions of the Code of Criminal Procedure contained in Chapter XIV of the Code to investigate into a cognizable offence.*
>
> *33.2. Courts would not thwart any investigation into the cognizable offences.*
>
> *33.4. The power of quashing should be exercised sparingly with circumspection, as it has been observed, in the "rarest of rare cases" (not to be confused with the formation in the context of death penalty).*

33.12. The first information report is not an encyclopaedia which must disclose all facts and details relating to the offence reported. Therefore, when the investigation by the police is in progress, the court should not go into the merits of the allegations in the FIR. Police must be permitted to complete the investigation. It would be premature to pronounce the conclusion based on hazy facts that the complaint/FIR does not deserve to be investigated or that it amounts to abuse of process of law. After investigation, if the investigating officer finds that there is no substance in the application made by the complainant, the investigating officer may file an appropriate report/ conferment of wide power requires the court to be more cautious. It casts an onerous and more diligent duty on the court.

33.15. When a prayer for quashing the FIR is made by the alleged accused and the court when it exercises the power under Section 482 CrPC, only has to consider whether the allegations in the FIR disclose commission of a cognizable offence or not. The court is not required to consider on merits whether or not the merits of the allegations make out a cognizable offence and the court has to permit the investigating agency/police to investigate the allegations in the FIR."

18. In the said decision, reliance was placed upon the decision in ***State of Haryana & Ors. vs. Bhajan Lal & Ors., 1992 Supp (1) SCC 335***, wherein it was held that:

"*(i) Where the allegations made in the First Information Report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused;*

(ii) Where the allegations in the First Information Report and other materials, if any, accompanying the F.I.R. do not disclose a cognizable offence, justifying an investi- gation by police officers under Section 156(1) of the Code except under an order of a Magistrate within the purview of Section 155(2) of the Code;

(iii) Where the uncontroverted allegations made in the FIR or 'complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused;

(iv) Where the allegations in the FIR do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the CrPC.

(v) Where the allegations made in the FIR or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused;

(vi) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institu- tion and continuance of the proceedings and/or where there is a specific provision in the Code or the concerned Act, providing efficacious redress for the grievance of

the aggrieved party;

(vii) Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge."

19. Reference was also made and reliance placed upon the decision in ***R.P. Kapur vs. State of Punjab, 1960 SCC OnLine SC 21***, wherein it was held inter alia as follows:

"*10.1…..*

(iii) Where the allegations made against the accused person do constitute an offence alleged but there is either no legal evidence adduced in support of the case or the evidence adduced clearly or manifestly fails to prove the charge. ***In dealing with this class of cases it is important to bear in mind the distinction between a case where there is no legal evidence or where there is evidence which is manifestly and clearly inconsistent with the accusation made and cases where there is legal evidence which on its appreciation may or may not support the accusation in question.*** *In exercising its jurisdiction under Section 561-A the High Court would not embark upon an enquiry as to whether the evidence in question is reliable or not. That is the function of the trial Magistrate, and ordinarily it would not be open to any party to invoke the High Court's inherent jurisdiction and contend that on a*

reasonable appreciation of the evidence the accusation made against the accused would not be sustained." (Emphasis added).

20. In ***Sanapareddy Maheedhar Seshagiri vs. State of A.P., (2007) 13 SCC 165***, which was also relied upon in Niharika (supra), it has been held as follows:

"*10.6…..*

31. A careful reading of the abovenoted judgments makes it clear that the High Court should be extremely cautious and slow to interfere with the investigation and/or trial of criminal cases and should not stall the investigation and/or prosecution except when it is convinced beyond any manner of doubt that FIR does not disclose commission of any offence or that the allegations contained in FIR do not constitute any cognizable offence or that the prosecution is barred by law or the High Court is convinced that it is necessary to interfere to prevent abuse of the process of the Court. In dealing with such cases, the High Court has to bear in mind that judicial intervention at the threshold of the legal process initiated against a person accused of committing offence is highly detrimental to the larger public and societal interest. The people and the society have a legitimate expectation that those committing offences either against an individual or the society are expeditiously brought to trial and, if found guilty, adequately punished. Therefore, while deciding a petition filed for quashing FIR or complaint or restraining the competent authority from investigating the

allegations contained in FIR or complaint or for stalling the trial of the case, the High Court should be extremely careful and circumspect. If the allegations contained in FIR or complaint disclose commission of some crime, then the High Court must keep its hands off and allow the investigating agency to complete the investigation without any fetter and also refrain from passing order which may impede the trial. The High Court should not go into the merits and demerits of the allegations simply because the petitioner alleges malus animus against the author of FIR or the complainant. The High Court must also refrain from making imaginary journey in the realm of possible harassment which may be caused to the petitioner on account of investigation of FIR or complaint. Such a course will result in miscarriage of justice and would encourage those accused of committing crimes to repeat the same. ***However, if the High Court is satisfied that the complaint does not disclose commission of any offence or prosecution is barred by limitation or that the proceedings of criminal case would result in failure of justice, then it may exercise inherent power under Section 482 CrPC.****" (Emphasis's mine)*

21. What clearly transpires from the above is that, while considering a petition for quashing, the Court is not required to confine itself only to the contents of the FIR but may also examine the material on record to determine whether there is any legal evidence in support of the case or whether the evidence on record clearly or manifestly fails to establish the charge. This is distinguishable

from cases where legal evidence exists which, upon appreciation, may or may not support the accusation in question.

22. In the instant FIR, allegations of criminal breach of trust and cheating on the part of the petitioner, as well as criminal conspiracy, have been made, as already adverted to hereinbefore. However, from the affidavit of the informant/respondent No. 2 himself, it appears that his allegations are directed against two persons, namely, Takam Sanjoy and Anuj Bhardwaj, upon whose representations and alleged inducement, the sum of Rs. 3 crores was deposited into the account of the petitioner's firm. There is no allegation whatsoever that the petitioner himself had induced respondent No. 2 or the firm of his wife to part with the money.

22. In addition to that, the wife of the informant, who is the proprietor of the firm from whose account the money was transferred to the petitioner's firm, has categorically stated that her firm had no agreement, understanding or arrangement with the petitioner's firm. She has thereby fully exonerated the petitioner in her statement before the I.O.

23. Further to that, the prosecution, during the course of hearing, has taken an unequivocal stand that no criminal liability arises on the part of the petitioner.

24. In ***Hridaya Ranjan Prasad Verma and Others vs. State of Bihar and Another, MANU/SC/0223/2000***, it has been held as follows:

> "*On a reading of the section it is manifest that in the definition there are set forth two separate classes of acts which the person deceived may be induced to do. in the first place he may be induced fraudulently or dishonestly to deliver any property to any person. The second class of acts set forth in the section is the doing or omitting to do anything which the person deceived would not do or omit to do if he were not so deceived. In the first class of cases the inducing must be fraudulent or dishonest. In the second class of acts, the inducing must be intentional but not fraudulent or dishonest.*
>
> *In determining the question it has to be kept in mind that the distinction between mere breach of contract and the offence of cheating is a fine one. It depends upon the intention of the accused at the time to inducement which may be judged by his subsequent conduct but for this subsequent conduct is not the sole test. Mere breach of contract cannot give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction, that is the time when the offence is said to have been committed. Therefore it is the intention which is the gist of the offence. To hold a person guilty of cheating it is necessary to show that he had fraudulent or dishonest intention at the time of making the promise. From his mere failure to keep up promise subsequently such a culpable intention right at the beginning, that is, when he made the promise cannot be presumed."*

25. As held in the aforesaid decision, subsequent conduct is one of the tests **f**or judging the intention of the accused at the time of the alleged inducement.

26. In the instant case, the petitioner has returned the entire principal amount, along with interest, amounting to Rs. 3.9 crores, against the amount of Rs. 3 crores received, which is a factor that certainly assumes importance in judging his intention at the relevant time.

27. On the other hand, it is respondent No. 2/informant who suppressed the fact that Rs. 1.6 crores had already been refunded before the FIR was lodged, and instead, stated in the FIR that the petitioner had failed to return the invested money. This circumstance itself suggests that respondent No. 2/informant had lodged the FIR perhaps with a view to securing the return of the remaining balance amount, which has subsequently been refunded along with interest pursuant to the mutual agreement between the parties referred to hereinbefore.

28. Furthermore, even a close perusal of the FIR itself would show that there is no specific allegation against the petitioner that he had induced respondent No. 2 to involve himself or his wife's firm in the project and transfer the amount of Rs. 3 crores to the account of the petitioner's firm. The entire allegations in that respect are against Takam Sanjoy and Anuj Bhardwaj, and yet the said

Takam Sanjoy has not been named as an accused; instead, only the petitioner and Anuj Bhardwaj have been named as accused in the FIR. It is entirely possible that this may be because respondent No. 2 can secure a refund of his money from the petitioner and not from Takam Sanjoy.

29. The only specific allegation against the present petitioner is that he had executed an agreement with Takam Sanjoy, proprietor of Don Tanyi Enterprise, on 16.10.2025, and not with respondent No. 2, his wife, or her firm. Therefore, there appears to be no privity of contract between the petitioner and respondent No. 2. The only allegation against the present petitioner is that he unilaterally revoked the agreement with Takam Sanjoy and thereby breached the subsequent agreement between the firms of Takam Sanjoy and the wife of respondent No. 2, which, at best, could have resulted in a civil dispute. The further allegation that the petitioner failed to return the invested money, as already noted hereinabove, involves suppression of a material fact, inasmuch as a substantial amount of Rs. 1.6 crores out of Rs. 3 crores had already been refunded to the firm of the wife of respondent No. 2/informant prior to the lodging of the FIR.

30. From the above discussion, it appears that the present FIR has been lodged with an ulterior motive of ensuring the repayment of the invested

money, for which the informant would otherwise have had to institute a civil proceeding, which would, in turn, have been difficult for him to pursue, as there was no privity of contract between him and the petitioner.

31. This view is further strengthened by the fact that respondent No. 2, in his affidavit-in-opposition, has referred to having arranged and managed another sum of Rs. 1 crore on 12.09.2025, out of which an amount of Rs. 64,05,000/- was utilized towards settlement of an earlier loan liability by the deponent in his capacity as a fund manager, with the knowledge and consent of Takam Sanjoy, a transaction which finds no mention in the FIR. Learned counsel for respondent No. 2, in the course of hearing, had submitted that the aforesaid amount was due from the petitioner to respondent No. 2, but fairly conceded that the same had nothing to do with the present FIR. Therefore, it also appears that the present FIR is being utilized to secure the recovery of other amounts allegedly due from the petitioner, although such amounts have no connection with the transactions forming the basis of the present FIR.

32. In ***Pradeep Kumar Kesawani vs. State of Uttar Pradesh & Anr., MANU/SCR/68068/2025***, it has been held:

> "*17. The duty of the court in cases where an accused seeks quashing of an FIR or proceedings on the ground that such proceedings are manifestly frivolous, or vexatious, or instituted with an ulterior motive*

for wreaking vengeance was delineated by this Court in Mohammad Wajid v. State of U.P., reported as 2023 SCC OnLine SC 951." We may refer to the following observations:

"34. At this stage, we would like to observe something important. Whenever an accused comes before the Court invoking either the inherent powers under Section 482 of the Code of Criminal Procedure (CrPC) extraordinary jurisdiction under Article 226 of the Constitution to get the FIR or the criminal proceedings quashed essentially on the ground that such proceedings are manifestly frivolous or vexatious or instituted with the ulterior motive for wreaking vengeance, then in such circumstances the Court owes a duty to look into the FIR with care and a little more closely. We say so because once the complainant decides to proceed against the accused with an ulterior motive wreaking personal vengeance, etc., then he would ensure that the FIR/complaint is very well drafted with all the necessary pleadings. The complainant would ensure that the averments made in the FIR/complaint are such that they disclose the necessary ingredients to constitute the alleged offence. Therefore, it will not be just enough for the Court to look into the averments made in the FIR/complaint alone for the purpose of ascertaining whether the necessary ingredients to constitute the alleged offence are disclosed or not. In frivolous or vexatious proceedings, the Court owes a duty to look into many other attending circumstances emerging from the record of the case over and above the averments and, if need be with due care and circumspection try to read in between the lines. The Court while exercising its jurisdiction under Section 482 of the CrPC or Article 226 of the Constitution need not restrict itself only to the stage of a case

but is empowered to take into account the overall circumstances leading to the initiation/registration of the case as well as the materials collected in the course of investigation. Take for instance the case on hand. Multiple FIRs have been registered over a period of time. It is in the background of such circumstances the registration of multiple FIRS assumes importance, thereby attracting the issue of wreaking vengeance out of private or personal grudge as alleged." (Emphasis supplied)

33. Having regard to the material available on record, as discussed hereinabove, as well as the categorical stand of the prosecution regarding the non-maintainability of the criminal proceedings, allowing the investigation to proceed further would amount to an abuse of the process of law.

34. Consequently, the impugned FIR dated 21.05.2026, pertaining to Itanagar P.S. Case No. 137 of 2026, under Sections 316(5)/318(4)/61(2)/3(5), along with all further proceedings arising therefrom, insofar as the present petitioner is concerned, stands quashed.

35. The petition stands disposed of.

JUDGE

Comparing Assistant