



CRM-M-26559-2017 (O&M) 1

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

Sr. No.141

CRM-M-26559-2017 (O&M)
Date of Decision: 24.03.2026

SANDEEP SINGH AND ORS.

...Petitioners

Versus

STATE OF PUNJAB AND ORS

....Respondents

CORAM: HON'BLE MS. JUSTICE MANDEEP PANNUPresent:- Mr. A.S. Sayan, Advocate
for the petitioners.

Mr. H.S. Wadhwa, DAG, Punjab.

Mr. Nitesh Singhi and Ms. Priya Singhi, Advocates
for respondents No. 2 to 4.

MANDEEP PANNU, J. (Oral)

1. The present petition has been filed under Section 482 Cr.P.C. for quashing of FIR No.160 dated 22.08.2016 registered under Sections 420 and 120-B IPC at Police Station Kotwali, Patiala and all consequential proceedings arising therefrom.

2. Brief facts necessary for disposal of the present petition are that petitioners No.1 to 3 are running a registered partnership firm in the name and style of *M/s Super Fuel at Patiala. M/s SHV Energy Private Limited (Super Gas)* had appointed the said firm as its franchisee for promotion and supply of LPG gas in the area of District Patiala. In order to expand the supply and distribution network of LPG gas, the said firm entered into a Memorandum of Understanding dated 06.11.2013 with the



complainants/respondents No.2 to 4 for dealership/agency in the area of Sanaur, District Patiala. In pursuance of the said understanding, the complainants paid certain amounts to the petitioners including a sum of ₹3,00,000/- as refundable security and a sum of ₹1,00,000/- as processing fee which, as per the terms of the Memorandum of Understanding, was non-refundable. The business pursuant to the said arrangement actually commenced and the complainants started working under the said dealership arrangement.

3. However, after some time the complainants themselves decided not to continue with the said business on account of alleged lack of profit and in this regard they executed an affidavit in December, 2014 expressing their intention to discontinue the dealership and requesting that the amount paid by them be refunded. Pursuant thereto, the petitioners also issued a legal notice informing the complainants that the refundable security amount would be returned to them as per the terms of the Memorandum of Understanding. It is also not in dispute that the petitioners admitted their liability with regard to the refundable security amount of ₹3,00,000/- and during the course of proceedings the said amount was deposited before the Court in compliance of the order passed by this Court while granting anticipatory bail to petitioner No.1. The dispute raised by the complainants regarding an additional amount of ₹3,20,000/- is essentially a matter of evidence and accounting between the parties and at best gives rise to a civil claim.

4. A perusal of the allegations contained in the FIR and the material placed on record further shows that the complainants were well



aware of the terms and conditions of the Memorandum of Understanding and the business arrangement between the parties was acted upon. The complainants themselves chose to terminate the business relationship and sought refund of the money already paid. Significantly, the allegation that the petitioners did not possess authority from the parent company to further grant dealership was neither the basis of the original complaint nor has any specific loss been demonstrated to have been suffered by the complainants on account of such alleged lack of authority. The grievance of the complainants essentially pertains to refund of the amounts allegedly paid by them, part of which, namely ₹3,00,000/-, has already been admitted and deposited by the petitioners, whereas the remaining amount is disputed and is a matter which can appropriately be adjudicated in civil proceedings. The payment of ₹1,00,000/- as processing fee was admittedly non-refundable as per the terms of the Memorandum of Understanding.

5. From the overall facts and circumstances of the case, it is apparent that the Memorandum of Understanding was executed prior to commencement of the business and the parties acted upon the same. The complainants themselves discontinued the business and demanded refund of the amount paid by them. The essential ingredient of the offence of cheating, namely dishonest intention at the inception of the transaction, is conspicuously absent in the present case. The allegations contained in the FIR do not disclose that the petitioners had any fraudulent or dishonest intention at the time of entering into the Memorandum of Understanding. Rather, the material on record indicates that the dispute between the parties



primarily arises out of a business transaction and relates to refund of money, which is predominantly civil in nature.

6. It is well settled that criminal proceedings cannot be permitted to be used as a tool for settling civil disputes arising out of contractual obligations. Where the allegations made in the FIR do not disclose the essential ingredients of the alleged offences and the dispute is essentially of a civil nature, continuation of criminal proceedings would amount to abuse of the process of law.

7. In view of the aforesaid circumstances, this Court is of the considered opinion that the continuation of the criminal proceedings against the petitioners would be nothing but misuse of the process of law.

8. Accordingly, the present petition is allowed and FIR No.160 dated 22.08.2016 registered under Sections 420 and 120-B IPC at Police Station Kotwali, Patiala and all consequential proceedings arising therefrom are hereby quashed.

9. All pending applications, if any, also stand disposed of.

24.03.2026
Anu

(MANDEEP PANNU)
JUDGE

Whether speaking/reasoned	:	Yes/No
Whether reportable	:	Yes/No