IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

112

2026:PHHC:030163

CRM-M-68824-2025 (O&M).
Date of decision: 25.02.2026.

SUNIL

...Petitioner(s)

VERSUS

STATE OF HARYANA

...Respondent(s)

CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present :- Mr. Vrishank Suri, Advocate,
for the petitioner.

Ms. Chhavi Sharma, AAG, Haryana.

Mr. Pawan Singh, Advocate,
for the complainant.

VINOD S. BHARDWAJ, J. (Oral)

This is the first petition filed under Section 482 of the Bharatiya Nagarik Suraksha Sanhita, 2023, (wrongly mentioned as Section 483 of the BNNS, 2023 in the present petition) for grant of pre-arrest bail to the petitioner in case bearing FIR No.387 dated 07.10.2025, under Section(s) 420, 467, 468 and 471 of the Indian Penal Code, 1860, registered at Police Station Tehsil Camp, District Panipat.

2 Succinctly stated, the case of the prosecution, as emerging from Complaint No. 537-Peshi dated 28.05.2025, submitted by complainant Satender Singh and received from the office of the Superintendent of Police, Panipat, upon inquiry conducted by the Special Detective Cell, Panipat, is that the complainant is the proprietor of a concern known as Real Rugs Firm and is also a co-owner, in partnership with Azad Singh son of Baldev, of a factory premises situated at Panipat. In April 2015, the said factory premises was let out on rent to the petitioner–accused, Sunil, who commenced operations therein under the name and style of "Real Carpet". It is alleged that in December 2022, the petitioner–accused approached the complainant and represented that he had secured a bulk purchase order from Germany and required financial assistance in the nature of working capital to execute the said order. The petitioner–accused is stated to have requested that the complainant and his partner, Azad Singh, stand as guarantors to enable him to avail a bank credit facility. He assured them that the entire bank liability would be repaid within a period of approximately one and a half to two years to which the complainant consented. Acting upon such representation, and on the basis of the purchase order produced by the petitioner–accused, UCO Bank, G.T. Road, Panipat, in February 2023, sanctioned a credit limit of Rs.1.5 crores in favour of the petitioner–accused but only after the complainant and Azad Singh offered the aforesaid factory premises as collateral security/guarantee to secure the said bank facility. However, according to the prosecution, the petitioner–accused deposited only a sum of Rs.28,50,000/- towards repayment of the sanctioned limit during the period extending from February 2023 to March 2024. Thereafter, recovery

proceedings were initiated by the bank and a notice was issued to the petitioner–accused. In response thereto, the petitioner–accused is stated to have conveyed, through an e-mail dated 20.08.2024, his inability to repay the outstanding loan amount. It is further the case of the prosecution that subsequent to the default committed by the applicant–accused, the bank issued a recovery notice to the complainant in his capacity as guarantor. Faced with such demand and in order to avert coercive proceedings, the complainant is stated to have discharged the entire outstanding liability, along with accrued interest, in favour of the bank. Thereafter, the complainant came to learn that the purchase orders, on the strength of which the credit facility had been sanctioned by the bank, were not genuine and had been prepared by the petitioner–accused himself. It is further alleged that no advance payment had ever been received pursuant to the said purchase orders, thereby rendering the representation made to the bank and to the guarantors false and misleading. Thus, accusing the petitioner–accused of having intentionally deceived the bank by producing forged documents and of having betrayed the trust reposed in him by the complainant and his partner Azad Singh, the complainant sought initiation of appropriate legal action.

3 Learned counsel appearing on behalf of the petitioner(s) contends that the narrative projected by the prosecution is factually misconceived and suppresses the true nature of the relationship between the parties. Learned counsel appearing for the petitioner(s) contends that the complainant, along with Azad Singh, was not a passive guarantor but was actively associated with the petitioner in the functioning of the proprietorship concern Real Carpet." He refers to the snippet from the web portal of Real Carpet to contend that the

respondent–complainant and Azad Singh are depicted as members of the core team. He further refers to certain photographs taken during trade exhibitions and business events, wherein the respondent–complainant is seen accompanying the petitioner and participating in business-related activities which reflect active participation of the respondent-complainant in the entire process and he being aware of the entire transactions. It is further submitted that disputes had already arisen inter se the parties in relation to the business. The workers of the establishment had reportedly instituted proceedings for recovery of wages before the competent authority under the Payment of Wages Act. Additionally, it is pointed out that a complaint titled Sunil v. Azad Singh and others had also been filed under Section 173 of the Bharatiya Nagarik Suraksha Sanhita, 2023, seeking registration of a case concerning alleged forgery of purchase orders, thereby indicating pre-existing discord and mutual allegations.

4 Learned counsel vehemently argues that the gravamen of the present allegation relates to the genuineness of the purchase orders on the basis of which the bank sanctioned the credit facility. At best, any grievance regarding alleged misrepresentation or forgery would lie with the lending bank, which sanctioned the facility after due appraisal. It is contended that the bank, being the primary stakeholder and the entity allegedly deceived, has not pursued any independent criminal complaint against the petitioner. It is further submitted that the dispute essentially emanates from a commercial transaction involving a loan facility, wherein the respondent–complainant stood as co-borrower/guarantor and, upon default, repaid the outstanding dues to the bank. In such circumstances, the complainant possessed a clear and efficacious civil

remedy for recovery of the amount from the principal borrower. It is contended that the attempt to clothe a contractual or financial dispute with the trappings of criminality amounts to misuse of the criminal process to secure what is essentially a monetary claim.

5 A specific query was put to the counsel as to whether Real Carpets was a proprietorship firm or a partnership firm. He contends that it was a proprietorship concern.

6 It was also put to the counsel for the petitioner as to whether the amount of cash credit of Rs.1,50,000,00/- was transferred to the Real Carpet, the proprietorship concern of the petitioner herein, or to the account of Real Rugs the partnership concern of the respondent-complainant Satender herein. Counsel fairly concedes that the amount had been transferred to the current account of the Real Carpets i.e. the proprietorship concern of the petitioner herein.

7 It was also put to the counsel for the petitioner as to whether the complainant was a signatory to any of the accounts of the Real Carpets or not. Counsel for the petitioner fairly concedes that he is not an authorised signatory to manage the accounts of Real Carpets.

8 A question has also been put to the counsel for the petitioner to refer to the accounting transactions on the basis whereof it may be assumed that the amount availed, by way of enhancement of C.C. limit, was transferred to the account of Real Rugs i.e. the proprietorship concern of the respondent-complainant. He is not in a position to refer to any such document as well.

9 It was also put to the counsel for the petitioner to refer to any document such as a mate’s receipt, bill of lading, export invoice etc.

evidencing that, pursuant to the alleged purchase orders, any shipment had in fact been effected and any cargo had been loaded and dispatched. Counsel for the petitioner concedes that there is no such document in his possession.

10 Per contra, State counsel as well as counsel for the complainant contends that as a matter of fact, the industrial plot in question, admeasuring 500 square yards, was jointly purchased by the complainant Satender Singh and Azad Singh. The petitioner, who was operating under the proprietorship concern "Real Carpets," was inducted as a tenant in respect of the half share owned by Azad Singh, who was subsequently appointed to Government service. It is contended that the petitioner approached the complainant and Azad Singh representing that he had secured genuine purchase orders from Germany and required additional capital to execute the same. On the strength of such representation and in view of the petitioner's ongoing business operations from the very premises owned by them, the complainant and Azad Singh, acting in good faith, agreed to stand as guarantors to facilitate the sanction of a bank credit facility. It is further submitted that the petitioner requested that the industrial plot owned by Satender Singh and Azad Singh be offered as collateral security for the loan. Trusting the petitioner's assurances and the authenticity of the purchase orders, they permitted creation of collateral mortgage over their property in favour of the bank. It is contended that the petitioner paid only approximately Rs.20 lakhs towards the sanctioned loan amount and thereafter addressed communication to the bank expressing his inability to repay the remaining dues and calling upon the bank to take appropriate recovery action. Resultantly, recovery notices were issued and in view of the collateral security created over the property of the complainant

and Azad Singh, the bank initiated proceedings against them as guarantors. Faced with such action, the complainant discharged the entire outstanding liability of the bank, including interest, in order to save his property from coercive recovery. Learned counsel further submits that the bank, having recovered its dues, may not have a subsisting interest in pursuing criminal proceedings. However, that does not erase the fraudulent conduct of the petitioner. It is contended that the primary victim of the alleged deception is the complainant, whose property was encumbered and who was compelled to liquidate the entire loan liability on account of the petitioner's misrepresentation.

11 Counsel for the complainant further contends that the mischief of the petitioner can further be gauged by the fact that at an earlier point in time, the petitioner, along with Azad Singh and the complainant Satender Singh, had purchased plots situated at Barsat Road, Panipat. He contends that prior to addressing communication to the bank expressing his inability to repay the cash credit limit and inviting recovery action, the petitioner transferred his own share in the said property in favour of his wife and then informed the bank about his failure to pay the C.C. Limit and to initiate the recovery proceedings. It is submitted that such transfer was effected by the petitioner with the intent to shield his assets from potential recovery proceedings and to defeat the legitimate claims arising from the loan liability.

12 It is further contended that as a matter of fact the petitioner had been extending threats to the respondent-complainant by sending recorded voice messages qua which FIR bearing No.0041 dated 03.02.2026 had also

been registered at Police Station13/17 Panipat for commission of offence under Section 232 (1) of the BNS, 2023.

13 I have heard the learned counsel appearing for the respective parties and have gone through the documents appended along with the present petition.

14 The undisputed facts as emerge from the rival contention of the parties are that the industrial plot admeasuring 500 square yards was jointly owned by Azad Singh and Satender Singh, the complainant herein. It is likewise admitted that both of them stood as guarantors to secure the cash credit facility obtained by the petitioner from the bank. It is further undisputed that a sum of Rs.1,50,00,000/- (Rupees One Crore Fifty Lakhs) was sanctioned and disbursed by the bank and stood credited to the account of the petitioner. The material on record also reflects that the bank extended the said cash credit limit on the basis of purchase orders produced before it, which were drawn in favour of “Real Carpets,” the proprietorship concern owned and operated by the petitioner. It is further not in dispute that the account in which the cash credit facility was sanctioned and operated was not maintained or operated by the respondent–complainant. The utilisation, withdrawal and operational control of the said sanctioned amount were exclusively undertaken by the petitioner in his capacity as proprietor of the concern to which the facility had been extended.

15 Counsel for the petitioner has further failed to refer to any of the documents on the basis whereof, it could prima facie be inferred that, pursuant to the purchase orders relied upon for obtaining the cash credit facility, any corresponding invoices were raised or that any consignment was in fact

dispatched. The primary commercial documents ordinarily accompanying export transactions such as consignment notes, mate's receipts, bills of lading, letters of credit, or export shipping bills have not been placed on record. Learned counsel for the petitioner has, in fairness, conceded that no such documents are presently in his possession. Thus, the argument of the petitioner that the complainant was equally at the helm of affairs and actively involved in the operations of "Real Carpets" cannot be capitalize by him considering that the purchase orders, on the strength whereof the C.C. Limit was sanctioned, were issued exclusively in the name of "Real Carpets", the sole proprietorship concern of the petitioner and the entire banking transaction had undertaken place through the said sole proprietorship account, which was operated solely by the petitioner herein and the disbursed funds were also appropriated by him. Apart from certain photographs reflecting the presence of the complainant alongside the petitioner at trade exhibitions or business events, no documentary material has been brought on record to substantiate any managerial, supervisory or participatory role of the complainant in the day-to-day operations or financial management of "Real Carpets." In the absence of substantive evidence, mere social association or presence at commercial events cannot give rise to a presumption of joint management or shared responsibility for the business transactions in question and accordingly, no adverse inference can be drawn against the respondents.

16 Nonetheless, there is nothing on record on the basis whereof it may even prima facie be inferred that the respondent–complainant had benefitted from the transactions whereby C.C. limit to the tune of Rs.1.5 crore had been availed by the petitioner herein. The sanctioned amount was credited

to, and operated through, the sole proprietorship account of "Real Carpets," exclusively controlled by the petitioner. There is nothing to suggest that the complainant shared in the proceeds of the said transaction or appropriated any part thereof. Hence, in the absence of any demonstrable financial gain or participatory control, the theory sought to be advanced by the petitioner, that the complainant was a co-conspirator in the alleged acts, does not inspire confidence. Mere association or prior business proximity cannot substitute for substantive material establishing complicity. When viewed in concert with the subsequent conduct of the petitioner, including the manner in which the credit facility was operated and the default was communicated, I find that the present petition is severely lacking in merits.

17 The petitioner has not only submitted forged documents to secure the sanction of the cash credit facility but also allured the bank to extend financial accommodation on the strength of such representations. Simultaneously, he availed the confidence reposed in him by the complainant and Azad Singh, who, acting in good faith, permitted their jointly owned property to be offered as collateral security for the advancement of the loan facility in favour of the petitioner. He thus committed a breach of the faith as well. The act of the petitioner thus cannot be said to be a civil dispute on the ground that it was only an act of cheating with the bank. Inasmuch as the complainant and Azad Singh were constrained to liquidate the entire outstanding credit limit to protect their encumbered property, they assumed the position of persons who suffered actual financial loss. They are, therefore, not peripheral actors but the aggrieved parties who prima facie appear to have been defrauded. Merely because the petitioner may have succeeded, at an

earlier stage, in persuading or misleading the complainant cannot enure to his benefit. Criminal law cannot be rendered otiose merely because the alleged deception was sophisticated or the victim initially acted in trust.

18 In view of the aforesaid considerations and finding no ground to interfere in the exercise of jurisdiction at this stage, the present petition stands dismissed.

19 Ordered accordingly.

February 25, 2026. **(VINOD S. BHARDWAJ)**
raj arora **JUDGE**

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