CGHC010393822024

2026:CGHC:33409-DB

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

CRMP No. 3062 of 2024

1 - Smt. Neera Khanduja W/o Dr. M.K. Khanduja, Aged About 65 Years, R/o House No. 36, A/6, Nehru Nagar, East Bhilai, District : Durg, Chhattisgarh

--- **Petitioner**

versus

1 - State of Chhattisgarh Through The Station House Officer, Police Station- Chhavni, District : Durg, Chhattisgarh

2 - Sonal Rungta S/o Santosh Rungta, Aged About 48 Years, Treasurer of G.D. Rungta Foundation, R/o Rungta Bhavan, Ganjpara, Durg, District : Durg, Chhattisgarh

--- **Respondents**

CRMP No. 3063 of 2024

1 - Dr. Rohitash Khanduja S/o Dr. M.K. Khanduja, Aged About 43 Years, R/o House No. 36,-A/6, Nehru Nagar, East Bhilai, District Durg, Chhattisgarh

---Petitioner

Versus

1 - State of Chhattisgarh Through The Station House Officer, Police Station - Chhavni, District Durg Chhattisgarh

2 - Sonal Rungta S/o Santosh Rungta, Aged About 48 Years, Treasurer of GD Rungta Foundation, R/o Rungta Bhavan, Ganjpara, Durg, District - Durg, Chhattisgarh

-- Respondents

CRMP No. 1223 of 2025

1 - Dr. Manmohan Kumar Khanduja S/o Shri D.P. Khanduja, Aged About 69 Years, R/o House No. 36 - A/6, Nehru Nagar, East Bhilai, District Durg, Chhattisgarh.

---Petitioner

Versus

1 - State of Chhattisgarh Through The Station House Officer, Police Chowki- Supela, Police Station- Smriti Nagar, District Durg, Chhattisgarh.

2 - Sharda Prasad Sinha S/o Late T. S. Sinha, Aged About 71 Years, R/o House 20/10 Radhika Nagar, East Bhilai, District Durg, Chhattisgarh.

--- Respondents

CRMP No. 618 of 2025

1 - Dr. Manmohan Kumar Khanduja S/o Shri D.P. Khanduja, Aged About 68 Years, R/o House No. 36 - A/6, Nehru Nagar, East Bhilai, District - Durg, Chhattisgarh.

---Petitioner

Versus

1 - State of Chhattisgarh Through The Station House Officer, Police Station - Chhavni, District Durg, Chhattisgarh.

2 - Sonal Rungta S/o Santosh Rungta, Aged About 48 Years, Treasurer of GD Rungta Foundation, R/o Rungta Bhavan, Ganjpara, Durg, District - Durg, Chhattisgarh.

--- Respondents

CRMP No. 1226 of 2025

1 - Dr. Manmohan Kumar Khanduja S/o Shri D.P. Khanduja, Aged About 69 Years, R/o House No. 36 - A/6, Nehru Nagar, East Bhilai, District Durg, Chhattisgarh.

---**Petitioner**

Versus

1 - State of Chhattisgarh Through The Station House Officer, Police Chowki- Supela, Police Station- Smriti Nagar, District Durg, Chhattisgarh.

2 - Prabhat Narayan Shukla S/o Late Krupa Narayan Shukla, Aged About 76 Years, R/o House 12/273, Near Dr. Bhargav Nursing Home, Behind Shiv Mandir, Banda Thaana, Sadar Kotwali, District Banda, Uttar Pradesh, Pin- 210001

--- **Respondents**

(Cause-title taken from Case Information System)

For Petitioners	:	Mr. Abhishek Sinha, Senior Advocate with Mr. Animesh Tiwari.
For State	:	Mr. Ashish Shukla, Addl. Advocate General.
For Respondent No.2 (in CRMP Nos. 3062/2024, 3063/2024, 618/2025 and 1226/2025)	:	Mr. Kishore Bhaduri, Senior Advocate with Mr. Siddharth Shukla, Advocate.
For Respondent No.2 (in CRMP No.1223/2025	:	Mr. Manoj Kumar Sinha, Advocate.

Hon'ble Shri Ramesh Sinha, Chief Justice

Hon'ble Shri Ravindra Kumar Agrawal, Judge

Order on Board

***Per* Ramesh Sinha, Chief Justice**

03.08.2026

1. The aforesaid three CRMP bearing **CRMP No.3062/2024** (Smt. Neera Khanduja Vs. State of C.G. and another), **CRMP No.3063/2024** (Dr. Rohitash Khanduja Vs. Stat of C.G. and

another) and **CRMP No.618/2025** (Dr. Manmohan Kumar Khanduja Vs. State of C.G. and another) are arising out of the same crime number, i.e., Crime No.119/2022 registered at Police Station Chhavni, District Durg for the offence under Section 420, 406 and 34 of the IPC, therefore, they are being decided together.

2. Thereafter, **CRMP No. 1223/2025** (Dr. Manmohan Kumar Khanduja Vs. State of C.G. and another) arising out of Crime No.1230/2024 registered at Police Station Smriti Nagar, District Durg for the offence under Section 420, 409/34 of the IPC and Section 7 and 10 of the Chhattisgarh Protection of Depositors Interest Act is being considered.

3. Subsequent thereof, the **CRMP No.1226/2025** (Dr. Manmohan Kumar Khanduja Vs. State of C.G. and another) which is arising out of Crime No.49/2025, registered at Police Station Supela, District Durg for the offence under Section 420, 406 and 34 of the IPC is being considered.

4. The facts of Crime No.119/2022 registered at Police Station Chhawani, District Durg are that the BSR Cancer Hospital Private Limited and BSR Super Speciality Hospitals Ltd., owing to substantial financial liabilities and existing loan commitments, decided to transfer/sell their assets and hospital properties. In the said backdrop, Axis Bank had proposed a One-Time Settlement (OTS) for clearing the outstanding liabilities. The GD Rungta Foundation, being interested in acquiring the hospital institutions

and having represented that it possessed sufficient funds to complete the transaction, entered into a Memorandum of Understanding dated 09.01.2018 with BSR Cancer Hospital, BSR Super Speciality Hospitals Ltd. and Dr. M.K. Khanduja. Under the MoU, the proposed transaction covered substantial assets, including 50,000 sq. ft. of land, the 3.5 acre property comprising the hospital buildings, medical infrastructure and other properties situated at Junvani Road, Smriti Nagar, Bhilai, as well as the hospital premises at Rajnandgaon, for a total consideration of Rs.96 crores. The transaction was required to be completed by 31.03.2018. The complainant was required to make an initial payment of Rs.1.5 crores and further furnish a post-dated cheque of Rs.2.5 crores towards the financial obligations under the OTS.

5. It is further the petitioner's case that on 01.02.2018 Axis Bank offered an OTS to the concerned hospital companies, whereby their outstanding liabilities could be settled, and pursuant thereto the complainant deposited a substantial amount of Rs.13.95 crores in the account of BSR Super Speciality Hospitals Ltd. on 09.05.2018. However, despite the commitments under the MoU, the complainant failed to arrange the balance consideration. The complainant thereafter attempted to arrange a further loan of Rs.53 crores from SREI Infrastructure Finance Ltd. on 29.10.2018, but the disbursement was stopped in November 2018. It subsequently approached Edelweiss Asset Reconstruction for refinancing on 09.02.2019, but was again

unsuccessful. The complainant even proposed that Axis Bank permit repayment of Rs.90 lakhs per month for 24 months, but the said proposal was never sanctioned by the Bank. According to the petitioners, these circumstances demonstrate that the complainant itself was unable to arrange the funds necessary for completion of the transaction.

6. The petitioners further state that, since the complainant failed to complete the transaction within the stipulated period, BSR Cancer Hospital Private Limited, with the consent of the complainant, entered into a sale agreement dated 30.03.2019 with M/s Mittal Institute of Medical Science in respect of 0.58 acres of land along with the hospital building, plant and machinery, spares and other assets for a consideration of Rs.10 crores. Since the property was already mortgaged with Axis Bank and SIDBI, the sale consideration was directly deposited with the concerned financial institutions towards the existing liabilities, and both institutions had issued no-objection certificates. Thereafter, on 03.05.2019, Axis Bank extended another OTS facility for settlement of the outstanding liability of Rs.36.52 crores, with the payment required to be completed by 30.09.2019. In view of the complainant's continued failure to pay the balance sale consideration, BSR Super Speciality Hospitals Ltd. issued a legal notice dated 16.06.2019 demanding payment of the remaining Rs.71 crores and calling upon the complainant to complete the conveyance within 15 days, particularly in view of the impending

expiry of the OTS period and the possibility of CIRP and liquidation proceedings. In reply dated 07.07.2019, instead of making the requisite payment, the complainant sought certain documents for arranging finance and demanded refund of the advance amount with interest, totalling Rs.16.86 crores. Consequently, BSR Super Speciality Hospitals Ltd. issued notice dated 22.09.2019 revoking the MoU on account of the complainant's failure to perform its contractual obligations and appropriated the advance amount of Rs.15 crores, besides raising a claim for Rs.25 crores towards damages.

7. Thereafter, on 27.12.2019, BSR Super Speciality Hospitals Ltd. entered into an agreement with Dr. M.K. Khanduja, owner of certain parcels of land at Junwani, Bhilai, and Hi Tek Super Speciality Hospital Pvt. Ltd. (HTSHPL), whereby 0.84 hectare of land appurtenant to the hospital building was transferred in favour of HTSHPL. The requisite registry was thereafter completed in favour of HTSHPL. According to the petitioners, the failure of the original transaction with GD Rungta Foundation was solely attributable to the complainant's inability to arrange the balance funds, resulting in substantial financial loss to the hospital. The petitioners asserts that the original transaction contemplated a consideration of Rs.96 crores and an OTS of approximately Rs.45 crores, whereas, owing to the delay and failure of the complainant to perform, the final settlement with Axis Bank was approximately Rs.48 crores and additional amounts had to be

paid to SIDBI. The hospital allegedly suffered severe cash-flow difficulties, resulting ultimately in operational disruption, exit of Apollo from the partnership, closure of the hospital and a distress sale for approximately Rs.46 crores, causing a direct financial loss of about Rs.30 crores. After completion of the registry in favour of HTSHPL, the GD Rungta Foundation, with an ulterior motive to recover the amount paid under the failed transaction and to exert pressure upon the petitioners and other persons, lodged an FIR on 22.03.2022 under Sections 420, 406 and 34 of the IPC against the present petitioners, Dr. M.K. Khanduja, Dr. Rohitas Khanduja and officials of HTSHPL. The petitioners contends that the property transaction was lawfully completed and that the criminal case was instituted merely to challenge the said transaction and to pressurise the accused persons. The complainant thereafter also approached the NCLT, Cuttack under Section 7 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of CIRP against BSR Super Speciality Hospitals Ltd. and subsequently issued notice seeking cancellation of the registry in favour of HTSHPL and registration in its own favour.

8. It is also the case of the petitioners that the judgment dated 23.11.2023 was passed by the NCLT, Cuttack, whereby the prayer for initiation of CIRP against BSR Super Speciality Hospitals Ltd. was rejected. According to the petitioners, the NCLT found the complainant to be the defaulting party in the transaction and thus, the said finding supports the petitioner’s

contention that the dispute essentially arises out of the complainant's failure to perform its contractual obligations.

9. The case of the petitioner Smt. Neera Khanduja (CRMP No.3062/2024) is that she has been implicated merely because she is the wife of Dr. M.K. Khanduja. She claims that she had resigned from her employment as a middle school teacher at SAIL and thereafter remained a homemaker. Her involvement with the hospital was allegedly confined to aesthetic and interior-design related aspects, without participation in the day-to-day management or operation of the hospital. Though she was a director in BSR Cancer Hospital Private Limited and BSR Super Speciality Hospitals Ltd., she held only a minority shareholding of 2%. She therefore contends that she had neither participated in the negotiations or financial dealings under the MoU nor played any role in the subsequent property transaction. On these premises, the petitioner seeks interference with the criminal proceedings, contending that her prosecution is an abuse of the process of law and that no criminal liability is made out against her from the allegations or material collected during investigation.

10. The respondent No.1/State, in its return, has denied the adverse allegations made by the petitioner. The FIR was registered on the basis of a written complaint accompanied by documentary material disclosing commission of cognizable offences. The

allegations in the FIR disclose that the complainant was subjected to cheating and fraudulent acts by the petitioner and the other co-accused persons pursuant to a planned conspiracy. It is stated that the complainant had entered into a MoU with BSR Super Speciality Hospitals Limited, Bhilai, for purchase/transfer of approximately 50,000 sq. ft. of land situated behind the hospital, forming part of the larger property admeasuring approximately 3.5 acres at Junvani Road, Smriti Nagar, Bhilai, for a total consideration of Rs.96 crores. The MoU on behalf of BSR Super Speciality Hospitals Limited was signed by Dr. M.K. Khanduja. During investigation, the Investigating Agency collected the certificate of incorporation of the company, which, according to the State, records the present petitioner as one of its directors. The documents collected during investigation, an amount of Rs.19.14 crores was transferred in instalments by the complainant towards the proposed transaction, including payments made to Axis Bank and amounts transferred into the account of the present petitioner. The State alleges that after receiving the aforesaid amount, the petitioner and the other accused persons deliberately proceeded to sell the subject property to Vipin Agrawal and Aman Agrawal, allegedly with the intention of avoiding repayment of the amount received from the complainant. The accused persons are stated to have taken the stand that the MoU had lapsed on account of the complainant’s failure to purchase the property within the stipulated period.

According to the State, the documents collected during investigation prima facie establish cheating and fraudulent conduct on the part of the accused persons. It is contended that sufficient material had already been collected which prima facie established the involvement of the accused persons in the alleged offences. The State disputes the petitioner's contention regarding delay in lodging the FIR and explains that the complainant initially sought refund of the amount paid by it, but the accused persons allegedly refused to refund the money and thereafter sold the subject property to Vipin Agrawal and Aman Agrawal. According to the State, the complainant came to know about the subsequent sale only thereafter and consequently approached the police, resulting in registration of the FIR. It is further submitted that the FIR was registered in accordance with Section 154 of the Code of Criminal Procedure upon receipt of information disclosing commission of cognizable offences and that the officer-in-charge had an obligation to record such information and proceed with investigation. According to the State, the police had no discretion to refuse registration of the FIR once information disclosing a cognizable offence was received.

11. The Respondent No.2/complainant, in its return, has opposed the present petition and denied the allegations made by the petitioner. It is submitted that the petitioner and the other co-

accused had approached Respondent No.2 for purchase of the subject property after clearing the outstanding dues of Axis Bank. The respondent disputes the petitioner's description of the MoU dated 09.01.2018 as a binding "Agreement" and submits that the MoU merely recorded the understanding and broad terms between the parties and cannot, by itself, be relied upon by the petitioner to contend that the transaction was required to be completed within a particular time. The Respondent No.2 had paid an amount of approximately Rs.14.40 crores to Axis Bank pursuant to the understanding between the parties and on the expectation that the petitioner would take necessary steps for withdrawal/settlement of the proceedings pending before the NCLT, particularly Case Nos. 1791/2017 and 1794/2017, so that the subject property could be transferred. However, according to the respondent, the petitioner failed to take effective steps towards settlement of the financial liabilities, and there was also a delay in obtaining the No Dues Certificate. Consequently, Respondent No.2 was constrained to postpone further payments. The respondent has specifically denied that it had approached SREI Infrastructure Finance Ltd. for arranging the loan facility and has termed the petitioner's contrary assertion as false and unsupported by evidence.

12. It is also the case of the respondent No.2 that the petitioner failed to provide the necessary documents demanded by it, including

the OTS letter issued by Axis Bank. It is alleged that the petitioner's dishonest intention is apparent from the fact that, despite receiving substantial amounts from Respondent No.2, the petitioner subsequently forfeited the entire amount without there being any clause in the MoU authorising such forfeiture. It is further stated that on 30.09.2019 the petitioner received a further amount of Rs.1.20 crores from Respondent No.2 while allegedly waiving its right to terminate the MoU. According to the respondent, these circumstances demonstrate that the petitioner continued to induce Respondent No.2 to part with money without taking the requisite steps for completing the proposed transaction. The petitioner had fraudulent and dishonest intention from the inception of the transaction. According to the respondent, the petitioner and the other family members associated with BSR Super Speciality Hospital Ltd. did not disclose the litigation pending before the NCLT in respect of the subject property, although such litigation constituted an impediment to completion of the proposed transaction. Despite having knowledge of the pending proceedings, the petitioner allegedly continued to induce Respondent No.2 to transfer funds and fulfil its commitments under the MoU. Respondent No. 2 admitted the proceedings before the NCLT and pleaded that it had initiated proceedings, namely, CP (IB) No.47/CB/2022, before the NCLT, Cuttack Bench seeking recovery of Rs.19.14 crores against BSR Super Speciality Hospitals Ltd. The said proceedings were dismissed by order dated 29.11.2023. However, Respondent No.2 has stated that the said order has been challenged before the NCLAT, Principal Bench, New Delhi in Company Appeal (AT) (Ins.) No.160 of 2024, in which pleadings have been completed. The respondent therefore submits that the NCLT proceedings cannot be treated as having finally adjudicated the criminal allegations. It is further contended that pendency of civil proceedings does not bar simultaneous criminal proceedings. Both Sections 406 and 420 IPC are attracted on the facts of the case. According to it, the offence of cheating was committed pursuant to the dishonest intention existing from the very inception, as the petitioner allegedly withheld material information regarding the pending NCLT litigation while inducing Respondent No.2 to part with substantial funds. So far as criminal breach of trust is concerned, it is alleged that after obtaining possession of the funds, the petitioner and the persons concerned diverted/siphoned off the amount for purchasing properties and thereafter forfeited the amount without any lawful basis. The respondent submits that whether such retention or forfeiture was accompanied by dishonest intention and whether the same constitutes criminal breach of trust or merely gives rise to civil liability are disputed questions of fact which can properly be determined only after a full-fledged trial.

13. The respondent has specifically denied the petitioner's contention that the dispute is purely civil in nature. It is submitted that the pendency of civil proceedings or the availability of civil remedies does not preclude criminal prosecution where the allegations disclose the ingredients of cognizable offences. According to Respondent No.2, the petitioner and her family members, being directors and persons involved in the affairs and decision-making of BSR Super Speciality Hospital Ltd., actively participated in inducing Respondent No.2 to transfer funds without disclosing the pending litigation concerning the subject property. The respondent therefore contends that the allegations contained in the FIR and the final report disclose cognizable offences and that the question whether the petitioner had fraudulent or dishonest intention is a matter to be determined during trial.

14. Learned Senior Advocate appearing for the petitioner submits that the entire criminal prosecution against the petitioner is an abuse of the process of law and that even if the allegations contained in the FIR and the material collected during investigation are taken at their face value, the essential ingredients of the offences punishable under Sections 406, 420 and 34 of the IPC are not made out against the petitioner. The dispute essentially arises out of a failed commercial transaction relating to transfer of the subject property pursuant to the MoU entered into between the complainant and BSR Super Speciality

Hospitals Ltd. Mere holding of the position of director, in the absence of any specific allegation showing their individual role, participation or dishonest intention, cannot by itself fasten criminal liability upon them. It is argued that the complainant itself was responsible for failure of the proposed transaction. Under the terms of the MoU, the complainant was required to arrange and pay the balance consideration within the stipulated period, but it failed to fulfil its financial commitments. Though the complainant had initially deposited substantial amounts, it could not arrange the remaining funds despite making attempts to secure financial assistance. Consequently, the transaction could not be completed. It has been further argued that a subsequent dispute regarding performance of contractual obligations, refund or forfeiture of advance amount and transfer of the property cannot be converted into a criminal prosecution in the absence of dishonest intention from the inception of the transaction. The essential ingredients of Section 406 IPC are wholly absent. There was no entrustment of the complainant's property or dominion over such property to the petitioner in the manner contemplated by law, nor is there any material to demonstrate dishonest misappropriation or conversion by the petitioner. Reliance is placed upon ***S.W. Palanitkar & Ors. v. State of Bihar & Anr***., (2002) 1 SCC 241, to support that mere failure to perform a contractual obligation or retention of money, without the necessary element of entrustment and dishonest misappropriation, does not constitute criminal breach of trust.

15. With regard to Section 420 IPC, learned Senior Advocate submits that the prosecution is equally deficient in establishing the foundational requirement of deception and dishonest or fraudulent inducement existing at the very inception of the transaction. There is no allegation supported by material showing that, at the time when the MoU was entered into or when the complainant made the payments, the petitioner had any intention to cheat the complainant. Reliance is placed upon ***Harmanpreet Singh Ahluwalia v. State of Punjab***, (2009) 7 SCC 712, to submit that a mere subsequent failure to honour a contractual commitment cannot constitute cheating unless fraudulent or dishonest intention existed from the very beginning. It is further argued that the subsequent conduct of the parties itself demonstrates that the transaction was commercial and contractual in nature. The parties were negotiating with financial institutions, including Axis Bank, under an OTS arrangement, and the proposed transfer was subject to settlement of existing financial liabilities and other legal impediments. The petitioner submits that the complainant's own failure to arrange the balance consideration and complete the transaction within the agreed framework led to the eventual termination of the MoU. The subsequent sale/transfer of the property was undertaken after

obtaining the requisite approvals/NOCs from the concerned financial institutions and cannot, in the absence of any fraudulent act attributable to the petitioner, be treated as an act of cheating.

16. Learned Senior Advocate next submits that the allegations in the FIR deliberately suppress the material circumstances leading to the failure of the transaction. In particular, the complainant has not fairly disclosed its own defaults, the financial difficulties faced by it in arranging the balance consideration, the OTS arrangements with Axis Bank, and the circumstances in which the MoU came to be terminated. The FIR presents a distorted version of a commercial dispute by giving it a criminal colour only with a view to recover the amount allegedly paid by the complainant and to pressurise the petitioner and other accused persons. There is considerable delay in lodging the FIR, which has not been satisfactorily explained. The transaction in question and the alleged payments were of a period much prior to registration of the FIR on 22.03.2022. The subsequent conduct of the complainant in pursuing proceedings before the NCLT in respect of the same underlying transaction demonstrates that the dispute was treated by the complainant itself as a commercial/civil dispute. The criminal proceedings were initiated subsequently as a pressure tactic after the complainant failed to obtain the desired relief through the other proceedings. Learned Senior Advocate also places reliance upon the proceedings before the NCLT,

particularly the order dated 23.11.2023, whereby the insolvency proceedings initiated by the complainant against BSR Super Speciality Hospitals Ltd. were dismissed. It is argued that the NCLT proceedings arose from the very same transaction and the complainant's claim of Rs.19.14 crores. The pendency of the challenge before the NCLAT does not alter the fact that the complainant's claim was not accepted by the Adjudicating Authority. According to the petitioner, the complainant cannot simultaneously pursue the dispute as a contractual/commercial claim and, without any additional material disclosing criminality, seek to sustain criminal proceedings against the petitioner.

17. Lastly it has been argued that the petitioners have been unnecessarily implicated merely on account of their position as a director and their relationship, though the MoU was executed with the company and there is no specific allegation or material showing their personal involvement, dishonest inducement, entrustment, misappropriation or fraudulent transfer. It is argued that the charge-sheet also does not disclose any independent material establishing their individual role or common intention, and vicarious criminal liability cannot be presumed merely from their status as a director. According to learned counsel, the allegations, even if accepted in their entirety, disclose at best a civil/commercial dispute relating to performance of the MoU, payment or forfeiture of money and subsequent transfer of

property, which has been given a criminal colour to pressurize the petitioners. It is, therefore, prayed that the FIR, final Report No.541/24 dated 16.12.2024 and order taking cognizance dated 16.12.2024 by the learned Judicial Magistrate First Class, Durg in Criminal Case No.32178/2024 and consequential proceedings, insofar as the petitioners are concerned, be quashed to prevent abuse of the process of law.

18. Per contra, learned counsel appearing for the State, opposing the petition, would submit that the FIR, read as a whole, prima facie discloses commission of cognizable offences under Sections 406, 420 and 34 of the IPC against the petitioners. The investigation has collected documentary material showing that the MoU relating to sale of the subject property was executed on behalf of BSR Super Speciality Hospitals Ltd. by Dr. M.K. Khanduja and that the petitioners were directors. It is alleged that substantial amounts, totalling Rs.19.14 crores, were transferred by the complainant towards the proposed transaction, but thereafter the accused persons proceeded to transfer the subject property to other persons, allegedly with a view to avoid repayment of the amount received from the complainant. The allegations regarding concealment of the pending litigation, receipt of the complainant's money and subsequent transfer of the property disclose, at least prima facie, dishonest intention and cheating, and the petitioner’s defence that the dispute is purely civil or contractual cannot be

examined at the stage of quashing. It is further submitted that the investigation has already collected material connecting the petitioners with the affairs of the concerned company and the allegations require appreciation of evidence at trial. The delay in lodging the FIR has also been explained, as the complainant initially sought refund of its money and came to know subsequently about the sale of the subject property, whereafter the FIR was lodged. Learned State counsel would argue that the documents relied upon by the petitioners in support of their defence cannot be scrutinized at this stage so as to conduct a mini-trial. Placing reliance upon ***State of Haryana v. Bhajan Lal***, AIR 1992 SC 604 and ***Madhavrao Jiwajirao Scindia v. Sambhajirao Chandrojirao Angre***, (1988) 1 SCC 692, it is submitted that inherent jurisdiction is to be exercised only in exceptional cases and, where the allegations prima facie constitute an offence, the criminal proceedings should ordinarily be permitted to proceed. These petitions are, therefore, premature and liable to be dismissed.

19. Learned counsel appearing for Respondent No.2/complainant would argue that the FIR is not based upon a mere contractual dispute, but discloses a deliberate and fraudulent course of conduct on the part of the petitioners. It is argued that Respondent No.2 had parted with a substantial amount of approximately Rs.19.14 crores pursuant to the MoU, believing the

representation that the subject property would be transferred to it after clearance of the existing liabilities. However, despite receiving the money, the accused persons allegedly failed to take effective steps for resolving the pending proceedings concerning the property and ultimately transferred the subject property to other persons. The concealment of the pending litigation, coupled with receipt and subsequent retention/forfeiture of the amount paid by the complainant, prima facie demonstrates dishonest intention from the inception of the transaction and attracts Sections 406 and 420 read with Section 34 IPC. The fact that the petitioners were the directors of the concerned company and were involved in its affairs is also relied upon to contend that their role cannot be brushed aside at the threshold. It is further submitted that the pendency or dismissal of the proceedings before the NCLT does not extinguish the criminal liability arising from the same set of facts, as civil and criminal proceedings can proceed simultaneously where the allegations disclose the ingredients of a criminal offence. Whether the amount was lawfully retained or forfeited, whether there was entrustment, and whether the accused persons possessed dishonest intention are disputed questions of fact which require appreciation of evidence and cannot be conclusively determined in proceedings under Section 528 of the BNSS. Respondent No.2 therefore submits that the documents relied upon by the petitioners constitute their defence and cannot be examined so as to conduct a mini-trial at the stage of quashing. Relying upon the principles laid down in ***Dhruvaram Murlidhar Sonar v. State of Maharashtra***, (2019) 18 SCC 191 and ***CBI v. Arvind Khanna***, (2019) 10 SCC 686, it is submitted that inherent jurisdiction is to be exercised sparingly and that, since the FIR and charge-sheet disclose cognizable offences and raise serious triable issues, the petitions deserve to be dismissed.

20. We have heard learned counsel for the parties and perused the documents annexed with the petitions.

21. Having heard learned counsel for the respective parties and having perused the FIR, charge-sheet and the material collected during investigation, this Court finds that the genesis of the dispute lies in the MoU dated 09.01.2018 entered into between the complainant and BSR Super Speciality Hospitals Ltd. for the proposed transfer of hospital properties for a total consideration of Rs.96 crores. The parties admittedly exchanged substantial amounts and the transaction was subject to clearance of existing financial liabilities, OTS arrangements with Axis Bank and completion of the agreed obligations. The complainant alleges failure on the part of the accused to clear the liabilities and concealment of pending proceedings, whereas the petitioners contend that the complainant itself failed to arrange the balance consideration and complete the transaction, resulting in termination of the MoU and subsequent transfer of the property.

Thus, the dispute, in its substance, concerns performance and non-performance of contractual obligations, payment and refund/forfeiture of advance and the consequences flowing from the failure of the proposed commercial transaction.

22. So far as Section 420 IPC is concerned, the essential requirement is fraudulent or dishonest intention at the inception of the transaction. Mere subsequent failure to honour a contractual promise or inability to complete a transaction does not, by itself, constitute cheating. In ***Hridaya Ranjan Prasad Verma v. State of Bihar***, (2000) 4 SCC 168, the Hon'ble Supreme Court held that the distinction between breach of contract and cheating is a fine one and that, in the case of cheating, fraudulent or dishonest intention must exist at the very inception of the transaction. It has been held that:-

> "**15.** 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 of 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."

23. Similar principles were reiterated in ***V.Y. Jose and another v. State of Gujarat and another***, (2009) 3 SCC 78. It has been held in para Nos.13, 14, 19, 21, 25 and 28 that:-

"**13.** Section 415 of the Penal Code defines cheating as under:

"415. Cheating.-Whoever, by deceiving any person, fraudulently or dishonestly induces the person so deceived to deliver any property to any person, or to consent that any person shall retain any property, or intentionally induces the person so deceived to do or omit to do anything which he would not do or omit if he were not so deceived, and which act or omission causes or is likely to cause damage or harm to that person in body, mind, reputation or property, is said to 'cheat"."

14. An offence of cheating cannot be said to have been made out unless the following ingredients are satisfied:

(i) deception of a person either by making a false or misleading representation or by other action or omission;

(ii) fraudulently or dishonestly inducing any person to deliver any property; or to consent that any person shall retain any property and finally intentionally inducing that person to do or omit to do anything which he would not do or omit.

For the purpose of constituting an offence of cheating, the complainant is required to show that the accused had fraudulent or dishonest intention at the time of making promise or representation. Even in a case where allegations are made in regard to failure on the part of the accused to keep his promise, in the absence of a culpable intention at the time of making initial promise being absent, no offence under Section 420 of the Penal Code can be said to have been made out.

19. Similar observations have also been made by the same learned Judge in Trisuns Chemica Industry v. Rajesh Agarwal [(1999) 8 SCC 686] in the following terms: (SCC p. 690, para 9)

> "19. We are unable to appreciate the reasoning that the provision incorporated in the agreement for referring the disputes to arbitration is an effective substitute for a criminal prosecution when the disputed act is an offence. Arbitration is a remedy for affording reliefs to the party affected by breach of the agreement but the arbitrator cannot conduct a trial of any act which amounted to an offence albeit the same act may be connected with the discharge of any function under the agreement. Hence, those are not good reasons for the High Court to axe down the complaint at the threshold itself. The

> investigating agency should have had the freedom to go into the whole gamut of the allegations and to reach a conclusion of its own. Pre-emption of such investigation would be justified only in very extreme cases as indicated in State of Haryana v. Bhajan Lal [1992 Supp (1) SCC 335]."

21. There exists a distinction between pure contractual dispute of a civil nature and an offence of cheating. Although breach of contract per se would not come in the way of initiation of a criminal proceeding, there cannot be any doubt whatsoever that in the absence of the averments made in the complaint petition wherefrom the ingredients of an offence can be found out, the court should not hesitate to exercise its jurisdiction under Section 482 of the Code of Criminal Procedure.

25. In Hira Lal Hari Lal Bhagwativ. CBI [(2003) 5 SCC 257] this Court held: (SCC p. 280, para 40)

> "40. It is settled law, by a catena of decisions, that for establishing the offence of cheating, the complainant is required to show that the accused had fraudulent or dishonest intention at the time of making promise or representation. From his making failure to keep promise subsequently, such a culpable intention right at the beginning, that is, at the time when the promise was made cannot be presumed. It is seen from the records that the exemption certificate contained necessary conditions which were required to be complied with after importation of the machine. Since the GCS

could not comply with it, therefore, it rightly paid the necessary duties without taking advantage of the exemption certificate. The conduct of the GCS clearly indicates that there was no fraudulent or dishonest intention of either the GCS or the appellants in their capacities as office-bearers right at the time of making application for exemption. As there was absence of dishonest and fraudulent intention, the question of committing offence under Section 420 of the Penal Code does not arise. We have read the charge-sheet as a whole. There is no allegation in the first information report or the charge-sheet indicating expressly or impliedly any intentional deception or fraudulent/dishonest intention on the part of the appellants right from the time of making the promise or misrepresentation. Nothing has been said on what those misrepresentations were and how the Ministry of Health was duped and what were the roles played by the appellants in the alleged offence. The appellants, in our view, could not be attributed any mens rea of evasion of customs duty or cheating the Government of India as the Cancer Society is a non-profit organisation and, therefore, the allegations against the appellants levelled by the prosecution are unsustainable. The Kar Vivad Samadhan Scheme certificate along with Duncans and Sushila Rani judgments clearly absolve the appellants herein from all charges and allegations under any other law once the duty so demanded has been paid and the alleged offence has been compounded. It is also settled law that once a civil case has been compromised and the alleged offence has been compounded, to continue the criminal proceedings thereafter would be an abuse of the judicial process."

(emphasis in original)

28. A matter which essentially involves dispute of a civil nature should not be allowed to be the subject-matter of a criminal offence, the latter being not a short cut of executing a decree which is non-existent. The superior courts, with a view to maintain purity in the administration of justice, should not allow abuse of the process of court. It has a duty in terms of Section 483 of the Code of Criminal Procedure to supervise the functionings of the trial courts."

24. In the present case, apart from the subsequent failure of the transaction and the allegations regarding non-disclosure of the pending proceedings, there is no specific material demonstrating that, at the inception of the MoU or when the amounts were received, the petitioners had dishonest intention not to perform the transaction. The subsequent conduct, even if disputed, cannot by itself establish the requisite mens rea at inception so as to constitute an offence under Section 420 IPC.

25. Likewise, the essential ingredients of criminal breach of trust under Section 406 IPC are not prima facie established against the petitioners. In ***S.W. Palanitkar and others v. State of Bihar and another***, (2002) 1 SCC 241, the Hon'ble Supreme Court

held that entrustment of property or dominion over property, followed by dishonest misappropriation, conversion, use or disposal in violation of the relevant legal or contractual obligation, constitutes the foundation of the offence. It has been held in para Nos. 8 to 10 that:

> “**8.** Before examining respective contentions on their relative merits, we think it is appropriate to notice the legal position. Every breach of trust may not result in a penal offence of criminal breach of trust unless there is evidence of a mental act of fraudulent misappropriation. An act of breach of trust involves a civil wrong in respect of which the person wronged may seek his redress for damages in a civil court but a breach of trust with mens rea gives rise to a criminal prosecution as well.
>
> **9.** The ingredients in order to constitute a criminal breach of trust are: (i) entrusting a person with property or with any dominion over property; (ii) that person entrusted (a) dishonestly misappropriating or converting that property to his own use; or (b) dishonestly using or disposing of that property or willfully suffering any other person so to do in violation (i) of any direction of law prescribing the mode in

which such trust is to be discharged, (ii) of any legal contract made, touching the discharge of such trust.

10. The ingredients of an offence of cheating are: (i) there should be fraudulent or dishonest inducement of a person by deceiving him, (ii)(a) the person so deceived should be induced to deliver any property to any person, or to consent that any person shall retain any property; or (b) the person so deceived should be intentionally induced to do or omit to do anything which he would not do or omit if he were not so deceived; and (iii) in cases covered by (ii)(b), the act of omission should be one which causes or is likely to cause damage or harm to the person induced in body, mind, reputation or property."`

26. In the present case, the amounts paid by the complainant were admittedly paid pursuant to the commercial arrangement for the proposed sale/transfer of the property. The subsequent dispute as to whether such amount could be retained or forfeited after termination of the MoU essentially concerns the contractual rights and liabilities of the parties. In the absence of material demonstrating entrustment of the money to the individual petitioners in the manner contemplated by Section 405 IPC and dishonest misappropriation thereof, the allegation of criminal

breach of trust cannot be sustained merely because the complainant claims refund of the amount.

27. The mere pendency of civil proceedings does indeed not, in every case, bar criminal prosecution. However, where the allegations, even if taken at their face value, essentially disclose a contractual/commercial dispute and the requisite ingredients of the alleged criminal offences are absent, continuation of the criminal proceedings would amount to abuse of the process of law. In ***Indian Oil Corporation Vs. NEPC India Ltd. and others***, (2006) 6 SCC 736, the Hon'ble Supreme Court cautioned against giving a criminal colour to disputes which are essentially civil in nature and held in para Nos. 12 and 13 that:-

> "**12**. The principles relating to exercise of jurisdiction under Section 482 of the Code of Criminal Procedure to quash complaints and criminal proceedings have been stated and reiterated by this Court in several decisions. To mention a few-Madhavrao Jiwajirao Scindia v. Sambhajirao Chandrojirao Angre [(1988) 1 SCC 692], State of Haryana v. Bhajan Lal [1992 Supp (1) SCC], Rupan Deol Bajaj v. Kanwar Pal Singh Gill [(1995) 6 SCC 194], Central Bureau of Investigation v. Duncans Agro Industries Ltd. [(1996) 5 SCC 591], State of Bihar v. Rajendra Agrawalla [(1996) 8 SCC 164], Rajesh Bajaj v. State NCT of Delhi [(1999) 3 SCC 259], Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd. [(2000) 3 SCC 269], Hridaya Ranjan Prasad Verma v. State of Bihar [(2000) 4 SCC 168],

M. Krishnan v. Vijay Singh [(2001) 8 SCC 645] and Zandu Pharmaceutical Works Ltd. v. Mohd. Sharaful Haque [(2005) 1 SCC 122]. The principles, relevant to our purpose are:

(i) A complaint can be quashed where the allegations made in 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 the case alleged against the accused.

For this purpose, the complaint has to be examined as a whole, but without examining the merits of the allegations. Neither a detailed inquiry nor a meticulous analysis of the material nor an assessment of the reliability or genuineness of the allegations in the complaint, is warranted while examining prayer for quashing of a complaint.

(ii) A complaint may also be quashed where it is a clear abuse of the process of the court, as when the criminal proceeding is found to have been initiated with mala fides/malice for wreaking vengeance or to cause harm, or where the allegations are absurd and inherently improbable.

(ii) The power to quash shall not, however, be used to stifle or scuttle a legitimate prosecution. The power should be used sparingly and with abundant caution.

(iv) The complaint is not required to verbatim reproduce the legal ingredients of the offence alleged. If the necessary factual foundation is laid in the complaint, merely on the ground that a few ingredients have not been stated in detail, the proceedings should not be quashed. Quashing of the complaint is warranted only where the complaint is so bereft of even the basic facts which are absolutely necessary for making out the offence.

(v) A given set of facts may make out: (a) purely a civil wrong; or (b) purely a criminal offence; or (c) a civil wrong as also a criminal offence. A commercial transaction or a contractual dispute, apart from furnishing a cause of action for seeking remedy in civil law, may also involve a criminal offence. As the nature and scope of a civil proceeding are different from a criminal proceeding, the mere fact that the complaint relates to a commercial transaction or breach of contract, for which a civil remedy is available or has been availed, is not by itself a ground to quash the criminal proceedings. The test is whether the allegations in the complaint disclose a criminal offence or not.

13. While on this issue, it is necessary to take notice of a growing tendency in business circles to convert purely civil disputes into criminal cases. This is obviously on account of a prevalent impression that civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable breakdown of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure through criminal prosecution should be deprecated and discouraged. In G. Sagar Suriv. State of U.P. [(2000) 2 SCC 636] this Court observed: (SCC p. 643, para 8)

> "It is to be seen if a matter, which is essentially of a civil nature, has been given a cloak of criminal offence. Criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which the High Court is to exercise its jurisdiction under Section 482 of the Code. Jurisdiction under this section has to be exercised to prevent abuse of the process of any court or otherwise to secure the ends of justice."

28. In the case of **Delhi Race Club (1940) Ltd. and others and others Vs. State of U.P. and another**, 2024 (10) SCC 690, the Hon'ble Supreme Court has held in para Nos. 39 to 43 that:-

"**39.** Every act of breach of trust may not result in a penal offence of criminal breach of trust unless there is evidence of manipulating act of fraudulent misappropriation. An act of breach of trust involves a civil wrong in respect of which the person may seek his remedy for damages in civil courts but, any breach of trust with a mens rea, gives rise to a criminal prosecution as well. It has been held in Hari Prasad Chamaria v. Bishun Kumar Surekha [(1973) 2 SCC 823] as under: (SCC p. 824, para 4)

> "4. We have heard Mr Maheshwari on behalf of the appellant and are of the opinion that no case has been made out against the respondents under Section 420 of the Penal Code, 1860. For the purpose of the present appeal, we would assume that the various allegations of fact which have been made in the complaint by the appellant are correct. Even after making that allowance, we find that the complaint does not disclose the commission of any offence on the part of the respondents under Section 420 of the Penal Code, 1860. There is nothing in the complaint to show that the respondent had dishonest or fraudulent intention at the time the appellant parted with Rs 35,000. There is also nothing to indicate that the respondents induced the appellant to pay them Rs 35,000 by deceiving him. It is further not the case of the appellant that a representation was made by the respondents to him at or before the time he paid the money to them and that at the time the representation was made, the respondents knew the same to be false. The fact that the respondents subsequently did not

abide by their commitment that they would show the appellant to be the proprietor of Drang Transport Corporation and would also render accounts to him in the month of December might create civil liability for them, but this fact would not be sufficient to fasten criminal liability on the respondents for the offence of cheating."

40. To put it in other words, the case of cheating and dishonest intention starts with the very inception of the transaction. But in the case of criminal breach of trust, a person who comes into possession of the movable property and receives it legally, but illegally retains it or converts it to his own use against the terms of the contract, then the question is, in a case like this, whether the retention is with dishonest intention or not, whether the retention involves criminal breach of trust or only a civil liability would depend upon the facts of each case.

41. The distinction between mere breach of contract and the offence of criminal breach of trust and cheating is a fine one. In case of cheating, the intention of the accused at the time of inducement should be looked into which may be judged by a subsequent conduct, but for this, the subsequent conduct is not the sole test. Mere breach of contract cannot give rise to a criminal prosecution for cheating unless fraudulent or dishonest intention is shown right from the beginning of the transaction i.e. the time when the offence is said to have been committed.

Therefore, it is this intention, which is the gist of the offence.

42. Whereas, for the criminal breach of trust, the property must have been entrusted to the accused or he must have dominion over it. The property in respect of which the offence of breach of trust has been committed must be either the property of some person other than the accused or the beneficial interest in or ownership of it must be of some other person. The accused must hold that property on trust of such other person. Although the offence i.e. the offence of breach of trust and cheating involve dishonest intention, yet they are mutually exclusive and different in basic concept.

43. There is a distinction between criminal breach of trust and cheating. For cheating, criminal intention is necessary at the time of making a false or misleading representation i.e. since inception. In criminal breach of trust, mere proof of entrustment is sufficient. Thus, in case of criminal breach of trust, the offender is lawfully entrusted with the property, and he dishonestly misappropriated the same. Whereas, in case of cheating, the offender fraudulently or dishonestly induces a person by deceiving him to deliver any property. In such a situation, both the offences cannot co-exist simultaneously.”

29. The proceedings initiated by the complainant before the NCLT in respect of the very same transaction and its claim of Rs.19.14 crores further demonstrate the predominantly commercial

character of the dispute. The NCLT order may not conclusively determine the criminal allegations, particularly as it is stated to be under challenge before the NCLAT, but it is nevertheless a relevant circumstance showing the nature of the controversy. Further, the mere status of the petitioners as directors cannot, in the absence of specific allegations and material showing their individual participation and requisite mens rea, create vicarious criminal liability for offences under Sections 406 and 420 IPC.

30. In view of the aforesaid discussion, this Court is of the considered opinion that the present case falls within the principles governing exercise of inherent jurisdiction as laid down in ***State of Haryana and others v. Bhajan Lal and others***, 1992 Supp (1) SCC 335. It has been held in para 102 that:

> "102. In the backdrop of the interpretation of the various relevant provisions of the Code under Chapter XIV and of the principles of law enunciated by this Court in a series of decisions relating to the exercise of the extraordinary power under Article 226 or the inherent powers under Section 482 of the Code which we have extracted and reproduced above, we give the following categories of cases by way of illustration wherein such power could be exercised either to prevent abuse of the process of any court or otherwise to secure the ends of justice, though it may not be possible to lay down any precise, clearly defined and sufficiently channelised and inflexible guidelines or rigid formulae and to give an exhaustive list of myriad

kinds of cases wherein such power should be exercised.

> (1)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.
>
> (2)Where the allegations in the first information report and other materials, if any, accompanying the FIR do not disclose a cognizable offence, justifying an investigation 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.
>
> (3)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.
>
> (4)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 Code.

(5)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.

(6)Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which criminal proceeding is a instituted) to the institution 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.

(7)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.

31. The allegations and material, taken at their face value, do not disclose the essential ingredients of Sections 406 and 420 IPC against the present petitioners and the criminal proceedings appear to have arisen out of an essentially civil and contractual dispute concerning the performance of the MoU and its financial consequences. The continuation of such proceedings would,

therefore, amount to permitting the criminal process to be used for enforcement of a disputed commercial claim.

32. Consequently, the **CRMP No. 3062/2024** (Smt. Neera Khanduja Vs. State of C.G. and another), **CRMP No.3063/2024** (Dr. Rohitash Khanduja Vs. State of C.G. and another) and **CRMP No.618/2025** (Dr. Manmohan Kumar Khanduja Vs. State of C.G. and another) are **allowed** and the FIR bearing Crime No.119/2022, Final Report No.541/2024 dated 16.12.2024, the order taking cognizance dated 16.12.2024 in Criminal Case No.32178/2024 and all consequential proceedings, insofar as the present petitioners are concerned, deserve to be and are hereby **quashed**.

33. It is clarified that this order shall not prejudice the rights of either party in any civil, commercial, NCLT/NCLAT or other appropriate proceedings arising out of the underlying transaction.

CRMP No. 1223 of 2025

34. The case of the petitioner, in substance, is that the impugned FIR arises out of a commercial and financial transaction concerning BSR Health Ventures Private Limited (BSR Ventures), of which the petitioner is the Director. According to the petitioner, the complainant and other similarly situated persons had advanced money to BSR Ventures, against which the company was regularly paying interest at the rate of 1.25% per month and such

payments continued without interruption till December 2017. Thereafter, the BSR Group, including BSR Ventures and its sister concerns, suffered an acute financial crisis on account of withdrawal of investors, particularly European venture capitalists, and the prevailing downturn in the international financial market. Insolvency proceedings were also initiated against BSR Diagnostics before the NCLT in September 2017, resulting in severe financial constraints and discontinuance of payments to the lenders. The petitioner submits that, during this period, a meeting was convened in the presence of the police authorities, wherein the dispute was treated as civil in nature and the parties agreed to resolve the same amicably, followed by execution of a notarized agreement dated 22.10.2018 acknowledging that the lenders had been regularly receiving payments till December 2017. It is further stated that, with a view to discharge the liabilities, the BSR Group took steps to sell its hospital assets and land, and an MoU was entered into with the Rungta Group for sale of the hospitals and approximately 50,000 square feet of land for a total consideration of Rs.96 crores, which was expected to provide sufficient funds for repayment of the lenders after meeting the bank liabilities. However, the proposed purchaser failed to honour its commitment, resulting in substantial delay, increased financial pressure from the banks and NCLT, and ultimately sale of the properties for only about Rs.46 crores, besides an additional liability of approximately Rs.5 crores towards the banks. According to the petitioner, the failure to repay the complainant was thus the consequence of subsequent financial collapse and failure of the proposed asset-sale transaction, and not any fraudulent intention at the inception of the transaction.

35. It is the further case of the petitioner that, even after closure and liquidation of the concerned companies, he personally undertook efforts to discharge the outstanding liabilities and continued making payments to the lenders from his personal savings and earnings from medical practice up to August 2024, and several lenders had already received full repayment. Reliance is also placed upon the payment records and proceedings initiated by certain lenders before the Consumer Forum to contend that the dispute has consistently been treated as a civil, contractual and financial dispute. It is submitted that neither the FIR nor the material collected during investigation discloses any dishonest or fraudulent intention at the inception of the transaction, or any entrustment followed by dishonest misappropriation so as to attract Sections 405/406 or 415/420 of the IPC. The petitioner also challenges the subsequent invocation of Sections 7 and 10 of the Chhattisgarh Protection of Interest of Depositors Act, 2005, contending that BSR Ventures does not fall within the definition of a “financial establishment” and that, in any event, the essential requirement of “fraudulent default” is not made out. It is further

submitted that another FIR bearing Crime No.49/2025 has been registered in respect of substantially the same set of facts, resulting in duplication of criminal proceedings. The petitioner accordingly averred that the failure to repay the amount, dishonour of cheques or inability of the company to meet its financial commitments, particularly in the backdrop of subsequent financial distress, cannot by itself constitute cheating or criminal breach of trust. The unexplained delay of nearly eight years in lodging the FIR, coupled with the petitioner's continued efforts to repay the lenders, is relied upon to contend that the criminal prosecution is an afterthought and has been initiated merely to exert pressure for recovery of a monetary claim. On these grounds, it is submitted that continuation of the criminal proceedings would amount to giving a criminal colour to a purely civil and commercial dispute and constitute an abuse of the process of law.

36. The respondent No.1/State, in its return, pleaded that, pursuant to the complaint of Sharda Prasad Sinha and after preliminary enquiry, a cognizable case was found to be made out, leading to registration of Crime No.1230/2024 for offences under Sections 420, 409 and 34 of the IPC and Sections 7 and 10 of the Chhattisgarh Protection of Depositors' Interest Act, 2005. It is further pleaded that during investigation statements of about 68 witnesses were recorded and relevant documents were seized,

which prima facie disclosed that the petitioner, being Director of B.S.R. Health Ventures Private Limited, in connivance with co-accused Rajesh Rai, induced several persons, including poor inhabitants of the locality, to invest their money by assuring high returns and doubling of the invested amount. The investigation allegedly revealed that about 304 persons were cheated and an amount of approximately Rs.1,78,10,000/- was involved, whereafter, upon completion of investigation, charge-sheet No.91/2025 dated 03.03.2025 was filed before the competent Court. It is further pleaded that the petitioner has criminal antecedents, including Crime No.49/2025 and Crime No.119/2022, both involving allegations under Section 420/34 IPC.

37. It is further averred that the grounds urged by the petitioner essentially constitute his defence and involve disputed questions of fact and appreciation of evidence, which cannot be examined by this Court while exercising inherent jurisdiction under Section 528 of the BNSS, 2023, particularly when the matter is pending before the competent Special Court. The statements of the complainant and witnesses and the documents collected during investigation prima facie disclose the ingredients of the alleged offences and no abuse of process or exceptional circumstance warranting interference under Section 528 of the BNSS has been demonstrated. The petitioner is, therefore, at liberty to raise all his

factual and legal defences before the Trial Court at the appropriate stage and the petition deserves to be dismissed.

38. The Respondent No.2 also filed his return with the pleading that he is a retired employee of Bhilai Steel Plant, had invested a sum of Rs.5,00,000/- with BSR Health Ventures Private Limited, of which the petitioner is the Director, on the assurance of payment of interest at the rate of 1.25% per month and repayment of the principal amount. The petitioner admittedly paid interest on the said investment till September 2017, but thereafter neither the interest nor the principal amount was repaid. The petitioner himself acknowledged the outstanding liability in the agreement dated 22.10.2018 and subsequently, by his application dated 15.10.2019 submitted before the police authorities, assured repayment of the principal amount to the investors. It is further submitted that more than 300 persons had invested their money with the company and several of them were similarly deprived of repayment, thereby disclosing a larger pattern of inducement and failure to honour the assurances given by the petitioner. The receipt, post-dated cheque, agreement dated 22.10.2018 and the petitioner's subsequent communication prima facie corroborate the complainant's claim and establish the existence of the financial transaction and the outstanding liability. The allegations and material collected during investigation prima facie disclose the ingredients of the offence under Section 420 IPC and the

criminal proceedings cannot be quashed merely by characterising the dispute as civil in nature. It is, therefore, prayed that the petition be dismissed; alternatively, if the petitioner seeks settlement, he may be directed to repay the principal amount of Rs.5,00,000/- along with interest accrued from the year 2018 till the date of payment.

39. Learned Senior Advocate appearing for the petitioner would submit that the FIR and the consequential charge-sheet proceed on a distorted and incomplete narration of the underlying commercial transaction and suppress the material fact that the petitioner had regularly paid interest to the complainant and other lenders till December 2017, and that the subsequent default was occasioned by the financial crisis of the company and not by any fraudulent or dishonest intention. It is argued that the notarized agreement dated 22.10.2018, executed in the presence of the police authorities, acknowledges the payments made till 2017 and reflects the parties' understanding that the dispute was essentially civil in nature. The petitioner further submits that several lenders had approached the Consumer Forum, thereby demonstrating the contractual and commercial character of the dispute, while the unexplained delay in lodging the FIR and the subsequent payments made by the petitioner from his personal resources belie any allegation of fraudulent intention from the inception. It is argued that the essential ingredients of Sections

415/420 and 405/409 IPC are absent, particularly as there is no specific allegation or material showing that the petitioner himself induced the complainant to part with the money or that there was any entrustment followed by dishonest misappropriation; moreover, the petitioner is neither a public servant nor a banker, merchant or agent so as to attract Section 409 IPC. He would further submit that the provisions of Sections 7 and 10 of the Chhattisgarh Protection of Depositors' Interest Act, 2005 have also been mechanically invoked without establishing that BSR Ventures falls within the definition of a "financial establishment" or that any fraudulent default is made out. Relying upon ***N. Raghavender v. State of A.P. , 2021 (18) SCC 70*** and ***Indian Oil Corporation v. NEPC India Ltd. (supra)***, it is submitted that where the foundational ingredients of the alleged offences are absent, continuation of the criminal proceedings would amount to abuse of process. It is also pointed out that this Court has already granted bail to the petitioner in three FIRs arising out of similar transactions, namely Crime Nos.119/2022, 1230/2024 and 49/2025, and therefore, in the absence of any distinguishing circumstance, the impugned FIR, charge-sheet and consequential proceedings deserve to be quashed in exercise of the inherent jurisdiction under Section 528 of the BNSS, 2023.

40. Learned counsel appearing for the respondent No. 1/State would submit that the FIR and the material collected during investigation

prima facie disclose the offences under Sections 409, 420 and 34 of the IPC and Sections 7 and 10 of the Chhattisgarh Protection of Depositors' Interest Act, 2005. It is submitted that the allegations regarding receipt of substantial amounts, non-disclosure of pending litigation and subsequent transfer of the property raise triable issues, which cannot be adjudicated in proceedings under Section 528 of the BNSS. Since the charge-sheet has already been filed and cognizance has been taken, the defence of the petitioner cannot be examined by conducting a mini-trial. It is, therefore, submitted that no ground for exercise of inherent jurisdiction is made out and the petition deserves to be dismissed.

41. Learned counsel appearing for Respondent No.2/complainant would submit that the FIR and the material collected during investigation prima facie disclose the commission of the alleged offences and that the petitioner cannot seek quashing by relying upon disputed facts or his own version of the transaction. It is submitted that Respondent No.2 had invested Rs.5,00,000/- with BSR Health Ventures Private Limited on the specific assurance of payment of interest at the rate of 1.25% per month and repayment of the principal amount, and though interest was paid till September 2017, thereafter neither the interest nor the principal amount was repaid. The petitioner himself acknowledged the outstanding liability in the agreement dated

22.10.2018 and again assured repayment through his communication dated 15.10.2019 addressed to the police authorities. It is further submitted that more than 300 persons had invested their money pursuant to similar assurances and several complaints were made regarding non-payment, thereby disclosing a larger pattern of inducement and failure to honour the commitments. The receipts, post-dated cheque, agreement and other documents collected during investigation constitute prima facie material supporting the allegations, and the question whether the transaction was genuinely a commercial loan, whether the petitioner had dishonest intention, and whether the provisions of the Chhattisgarh Protection of Depositors' Interest Act are attracted are matters requiring appreciation of evidence at trial. The existence of a civil remedy or the petitioner's subsequent claim of financial difficulty cannot, at this stage, efface the criminality disclosed from the allegations and investigation. It is, therefore, submitted that the petitioner is essentially seeking a re-appreciation of the material and a mini-trial in exercise of inherent jurisdiction, which is impermissible, and no ground for quashing the FIR, charge-sheet or consequential criminal proceedings under Section 528 of the BNSS, 2023 is made out.

42. We have heard learned counsel for the parties and considered their rival submission again and gone through the documents annexed with the petition.

43. Having considered the rival submissions and the material available on record, this Court finds that the allegations in the present case arise out of the same underlying financial transactions and the affairs of B.S.R. Health Ventures Private Limited which have already been considered by this Court in the connected proceedings bearing **CRMP No.3062/2024, CRMP No.3063/2024 and CRMP No.618/2025**. The existence of the said orders is a relevant circumstance which cannot be ignored while examining the present petition, particularly when the allegations, the role attributed to the petitioner, the transactions with the investors and the alleged failure to repay the amounts substantially overlap with the matters already considered by this Court. The petitioner relies upon the regular payment of interest till 2017, the subsequent financial crisis of the BSR Group, the agreement dated 22.10.2018, the efforts undertaken for sale of the hospital properties, the subsequent payments made from his personal resources and the fact that several investors had pursued civil/consumer remedies. These circumstances, coupled with the findings and orders passed in the connected proceedings, lend substantial support to the petitioner's contention that the dispute has its genesis in a commercial and

financial transaction which subsequently resulted in default. At the same time, the material collected during investigation, including the statements of a number of investors, receipts, cheques and the allegation of collection of money from several persons on the assurance of high returns/doubling of the investment, cannot be completely disregarded at the stage of exercising inherent jurisdiction. The question, therefore, is not whether the petitioner is ultimately liable to repay the amount, but whether the allegations and the material collected during investigation disclose the foundational ingredients of the offences alleged against him.

44. In the considered opinion of this Court, the fact that the connected proceedings arising out of the same or substantially similar transactions have already been examined by this Court assumes considerable significance. The prosecution cannot be permitted to overcome the effect of the orders passed in the connected matters merely by reiterating substantially identical allegations, unless some distinct factual foundation or additional material specifically attributable to the petitioner in the present case is demonstrated. The existence of a civil remedy, by itself, may not bar criminal prosecution; however, where the substance of the dispute is failure to discharge a financial liability and the material on record does not prima facie establish dishonest intention at the inception, entrustment followed by dishonest

misappropriation, or the other essential ingredients of the offences alleged, continuation of criminal proceedings would amount to giving a criminal colour to a commercial dispute. The petitioner's defence cannot ordinarily be adjudicated by conducting a mini-trial, but at the same time this Court is not precluded from examining whether, even accepting the prosecution material at its face value, the basic ingredients of the alleged offences are disclosed. Keeping in view the nature of the transactions, the subsequent financial circumstances, the material relied upon by both sides and, more importantly, the orders already passed by this Court in the connected proceedings bearing **CRMP Nos.3062/2024, 3063/2024 and 618/2025**, this Court is of the view that the present prosecution, insofar as it seeks to criminalise the same underlying financial dispute without demonstrating any distinct and legally sustainable criminal act attributable to the petitioner, cannot be permitted to continue. Accordingly, the impugned FIR, charge-sheet and consequential criminal proceedings, to the extent challenged in the present petition, are liable to be interfered with in exercise of the inherent jurisdiction under Section 528 of the BNSS, 2023.

45. Accordingly, the petition is **allowed** and the FIR bearing Crime No.1230/2024 registered at Police Station Supela, District Durg, charge-sheet/final report No.91/2025, the order taking cognizance dated 04.03.2025 passed in Special Case PDI Act

No.1/2025 pending before the learned Sessions Judge/Special Judge under the C.G. Protection of Depositors' Interest Act, 2005, Durg and all consequential proceedings arising therefrom, insofar as the present petitioner is concerned, are hereby **quashed**.

46. It is made clear that the observations and findings recorded herein are confined solely to the consideration of the criminal proceedings and shall not be construed as an expression of opinion on the merits of the underlying transaction. Nothing contained in this order shall prejudice the rights, remedies or contentions of either party in any civil, commercial, NCLT/NCLAT or any other proceedings arising out of or relating to the said transaction, and all such proceedings shall be considered and decided by the competent forum independently, in accordance with law.

CRMP No.1226/2025

47. The petitioner's case in this petition, in substance, is that the complainant, along with other similarly situated persons, had advanced a loan to BSR Health Ventures Private Limited (BSR Ventures) on 28.08.2014, against which the company was regularly paying interest at the rate of 1.25% per month. The payments were made regularly and without interruption till December 2017. Thereafter, BSR Ventures and its sister concerns faced an acute financial crisis on account of withdrawal

of investors, particularly venture capitalists from Europe, and the downturn in the international financial market during 2017-18. In September 2017, insolvency proceedings were initiated against BSR Diagnostics before the NCLT, which adversely affected the financial position of the entire BSR Group and resulted in discontinuance of monthly payments to the lenders. The petitioner submits that the default was thus a consequence of an unforeseen financial crisis and not a result of any fraudulent or dishonest intention. A meeting was subsequently held between the petitioner and the affected lenders in the presence of the police authorities, wherein the dispute was treated as civil in nature and the parties agreed to resolve the matter amicably, followed by execution of a notarized agreement dated 22.10.2018 acknowledging that the lenders had regularly received payments till December 2017.

48. It is the further case of the petitioner that, with a view to overcome the financial crisis and discharge the liabilities towards the lenders, the BSR Group undertook concrete steps for raising funds through sale of its hospital assets and properties. In this process, an MoU was entered into with GD Rungta Foundation for sale of the hospitals and the associated land for a total consideration of Rs.96 crores, which was expected to be completed by 31.03.2018. The petitioner asserts that the proposed transaction was specifically intended to generate

sufficient liquidity for repayment of the outstanding liabilities of the lenders, including the complainant, after adjustment of the bank dues. However, the Rungta Group failed to arrange the requisite funds and the transaction could not be completed within the stipulated period. The resulting delay led to increased pressure from the financial institutions and the NCLT, and ultimately the hospital properties had to be sold at a substantially reduced consideration of approximately Rs.46 crores. The petitioner further states that, because of the delay and failure of the proposed transaction, an additional amount of approximately Rs.5 crores had to be paid to the banks, thereby further reducing the funds available for repayment to the lenders. Thus, the inability to repay the complainant was directly attributable to the financial collapse of the business and the failure of the proposed asset-sale transaction, and not to any dishonest design existing at the inception of the loan transaction.

49. It is also the case of the petitioner that even after the closure and liquidation of the concerned companies, he personally undertook efforts to discharge the outstanding liabilities and continued making payments to the lenders from his personal savings and earnings from his medical practice, which payments continued up to August 2024. It is averred that several lenders had already received full repayment and that the payment records produced before this Court demonstrate the petitioner’s bona fide efforts to

settle the outstanding dues. The petitioner also relies upon the proceedings initiated by certain lenders before the Consumer Forum in respect of the same financial claims to contend that the dispute has consistently been treated as a civil/consumer and contractual dispute. There is no material in the FIR or the investigation to establish that, at the time of receiving the money, he had any dishonest or fraudulent intention to deceive the complainant, nor is there any material establishing entrustment and dishonest misappropriation so as to attract Sections 405/406 or 415/420 of the IPC. The subsequent failure to repay the amount, issuance or dishonour of cheques, or inability of the company to honour its financial commitments, particularly in the backdrop of its financial distress and liquidation, cannot by itself constitute the offence of cheating. The petitioner therefore averred that the FIR lodged after an unexplained delay of nearly eight years is an afterthought, instituted only to exert pressure for recovery of a monetary claim, and that continuation of the criminal proceedings would amount to giving a criminal colour to a purely civil and commercial dispute and consequently constitute an abuse of the process of law.

50. The respondent No. 1/State, in its return, has opposed the petition contending that the FIR was registered upon a complaint disclosing prima facie commission of cognizable offences under Sections 420, 406 and 34 of the IPC and that, during

investigation, statements of the complainant and other witnesses were recorded and relevant documents were collected, which prima facie established that the petitioner, being Director of B.S.R. Health Ventures Private Limited, in connivance with co-accused Rajesh Rai, induced the complainant and other persons by promising high interest and doubling of the invested amount and received substantial sums of money. The investigation revealed similar allegations involving about 304 persons and an alleged amount of Rs.1,78,10,000/-, whereafter charge-sheet No.78/2025 dated 06.03.2025 was filed before the competent Magistrate for the offences under Sections 420, 406 and 34 of the IPC. The grounds raised by the petitioner essentially constitute his defence and cannot be examined by this Court by undertaking a mini-trial in exercise of jurisdiction under Section 528 of the BNSS. Relying upon the settled principles governing quashing of criminal proceedings, it is submitted that sufficient material exists to proceed against the petitioner and, therefore, no exceptional circumstance or abuse of process is made out warranting interference with the impugned FIR, charge-sheet or consequential criminal proceedings.

51. Respondent No.2/complainant, also filed his return and has opposed the petition and submitted that he, being a retired Lecturer of the Education Department of Bhilai Steel Plant, had received approximately Rs.44 lakhs towards his final service

settlement and was induced by co-accused Rajesh Rai, acting on behalf of the petitioner Dr. M.K. Khanduja, to invest the said amount in B.S.R. Health Ventures on the assurance that the investment would carry high interest and would be doubled after a period of five years. Pursuant to such representation, Respondent No.2 invested an aggregate amount of about Rs.38 lakhs through several cheques dated 27.04.2011, 01.06.2011, 01.11.2011 and 27.04.2012, which were deposited with the accused persons for the aforesaid investment. Upon completion of the stipulated period, when Respondent No.2 demanded repayment, the accused issued seven cheques towards repayment and repeatedly assured him that the amount would be returned; however, the cheques ultimately expired without payment, and the invested amount was not refunded. The original cheques and the corresponding bank transaction records form part of the charge-sheet and prima facie corroborate the payment of the amount by Respondent No.2 to B.S.R. Health Ventures.

52. It is further submitted that the allegations are not confined to a mere private contractual dispute, as the investigation has prima facie disclosed a larger scheme of collecting deposits from several persons by promising unusually high returns and doubling of the invested amount. Respondent No.2 averred that the subsequent conduct of the petitioner, including non-refund of the deposits and dealing with/selling the properties of the

establishment, constitutes fraudulent default and attracts the provisions of the Chhattisgarh Protection of Interest of Depositors Act, 2005, apart from Sections 420, 406 and 34 of the IPC. The fraudulent intention may be gathered from the overall conduct of the accused, and that the subsequent acts and omissions are relevant in determining such intention. It is therefore submitted that the plea that the dispute is purely civil in nature cannot, at the stage of quashing, be accepted when the allegations and material collected during investigation disclose the ingredients of cognizable offences. Respondent No.2 also submits that the existence of a civil remedy does not bar criminal prosecution where the allegations prima facie disclose an offence, and that the disputed questions concerning the transaction, intention, repayment and alleged fraudulent default are matters for trial; hence, no ground for interference under Section 528 of the BNSS is made out.

53. Learned Senior Advocate appearing for the petitioner would submit that the allegations in the FIR, even if taken at their face value, essentially arise out of a financial transaction whereby Respondent No.2 had advanced money to B.S.R. Health Ventures Private Limited, and the company subsequently became financially distressed and failed to repay the amount. It is argued that the petitioner had no dishonest or fraudulent intention at the inception of the transaction and, on the contrary, the

company had regularly paid interest to the investors until December 2017. The subsequent inability to repay was occasioned by severe financial difficulties, initiation of insolvency proceedings against the group companies and failure of the proposed sale of hospital properties, and cannot retrospectively constitute the offence of cheating. It is further argued that the petitioner, from his personal resources and medical earnings, continued making payments to the lenders even up to August 2024, which is wholly inconsistent with any allegation of dishonest intention or fraudulent inducement from the inception.

54. He would further submit that the essential ingredients of Sections 415/420 and 405/406 of the IPC are conspicuously absent, as there is neither any specific allegation of deception or dishonest inducement at the inception nor any entrustment followed by dishonest misappropriation of the complainant's property. The mere non-payment of the invested amount or failure to honour the assurances of return, particularly in the backdrop of subsequent financial collapse of the company, gives rise at the highest to a civil/contractual liability and cannot be converted into a criminal prosecution merely to exert pressure for recovery. It is also submitted that the complainant and other similarly situated investors have already availed civil remedies before the Consumer Forum, while there has been an unexplained delay of several years in lodging the FIR in respect of the transaction

dating back to 2011. The subsequent conduct of the petitioner, including efforts to liquidate the assets and settle the dues of the investors, negates the allegation of fraudulent intent. Accordingly, continuation of the criminal proceedings, despite absence of the foundational ingredients of the alleged offences, would amount to abuse of the process of law, warranting exercise of inherent jurisdiction under Section 528 of the BNSS, and the FIR, charge sheet and further proceedings of criminal case against the petitioner may be quashed.

55. Learned counsel appearing for the respondent No. 1/State would submit that the FIR was registered on the basis of a complaint disclosing cognizable offences under Sections 420, 406 and 34 of the IPC and, upon investigation, statements of the complainant and other witnesses were recorded and relevant documents, including the transaction records, were collected, which prima facie establish the involvement of the petitioner. It is further argued that the petitioner, being the Director of BSR Health Ventures Private Limited, along with the co-accused, allegedly induced the complainant and other persons to invest their money by promising high returns/doubling of the amount, and the investigation has revealed similar allegations involving a large number of depositors and substantial amounts. Since the charge-sheet has already been filed and cognizance has been taken, the disputed questions regarding the petitioner's defence, the nature

of the transaction and the alleged absence of dishonest intention cannot be examined in proceedings under Section 528 of the BNSS by conducting a mini-trial. It is, therefore, submitted that no exceptional circumstance warranting interference in exercise of the inherent jurisdiction of this Court is made out and the petition deserves to be dismissed.

56. Learned counsel appearing for Respondent No.2/complainant would submit that the allegations in the FIR, coupled with the material collected during investigation, clearly disclose that the petitioner, being the Director of B.S.R. Health Ventures Private Limited, along with co-accused Rajesh Rai, induced the complainant to part with a substantial amount of Rs.38 lakhs by representing that the investment would carry high returns and would be doubled after five years. It is submitted that the complainant had actually transferred the said amount through various cheques, the details of which have been verified during investigation and the original cheques have also been recovered. Despite expiry of the agreed period, the amount was not returned, and the cheques allegedly issued towards repayment also became ineffective. He would further argue that the subsequent plea of financial difficulty or civil nature of the transaction cannot, at this stage, obliterate the prima facie material disclosing dishonest inducement and fraudulent default.

57. It is further submitted that the petitioner is attempting to give a purely civil colour to the allegations, whereas the investigation has revealed that several persons were allegedly induced in a similar manner and that the company had collected substantial amounts from numerous depositors. The subsequent conduct of the petitioner, including disposal of the properties without repayment of the depositors, is also relevant for assessing the allegation of fraudulent default and dishonest intention. The applicability of the Chhattisgarh Protection of Interest of Depositors Act, 2005 and the ingredients of the offences under Sections 406, 420 and 34 IPC raise factual issues which cannot be conclusively determined in proceedings under Section 528 of the BNSS. It is, therefore, submitted that the charge-sheet having already been filed and the matter being pending before the Trial Court, the petitioner may raise all his defences at the appropriate stage, and no case for quashing of the FIR or consequential criminal proceedings is made out.

58. Having considered the rival submissions and the material placed on record, this Court finds that the controversy essentially arises out of the financial transactions between the complainant and B.S.R. Health Ventures Private Limited and the subsequent failure of the company to repay the amount invested by the complainant. The petitioner has placed reliance upon the circumstances that the amount was received pursuant to a

financial arrangement, interest was regularly paid for a considerable period, the financial difficulties of the BSR Group arose subsequently, insolvency proceedings were initiated against its sister concern, and efforts were thereafter made to liquidate the hospital properties and discharge the liabilities of the investors. The petitioner has also relied upon the subsequent payments made to various lenders from his personal resources. These circumstances, particularly the regular payment of interest for several years and the subsequent financial distress, cannot be wholly brushed aside while examining whether there existed dishonest or fraudulent intention at the inception of the transaction. It is also not in dispute that the nature of substantially similar allegations arising out of the financial affairs of the BSR Group has already been examined by this Court in the connected petitions. In the said background, the mere fact that the amount remained unpaid or that cheques issued towards repayment were not honoured, without more, would not by itself satisfy the essential requirement of dishonest inducement at the inception so as to constitute cheating under Sections 415/420 IPC.

59. So far as the allegation of criminal breach of trust under Sections 405/406 IPC is concerned, the material placed before the Court also does not disclose, in the manner required for sustaining the prosecution, any specific entrustment of the complainant's property to the petitioner in his individual capacity followed by

dishonest misappropriation or conversion thereof. The allegations regarding collection of money, subsequent financial failure of the company, non-payment of the amount and dealing with its assets essentially arise from the same commercial and financial transaction. Though the investigation refers to similar claims of other depositors and the provisions of the Chhattisgarh Protection of Interest of Depositors Act, 2005 have also been invoked, the applicability of the said provisions cannot, by itself, cure the absence of the foundational ingredients of the IPC offences against the present petitioner. The Court is conscious that disputed questions of fact ordinarily ought to be left for trial; however, where the admitted and undisputed circumstances, considered in the light of the findings already rendered in the connected petitions concerning the same transaction and the same set of allegations, do not disclose the requisite criminal intent, continuation of the prosecution would serve no useful purpose. The present case, therefore, falls within the parameters of the inherent jurisdiction under Section 528 of the BNSS, and permitting the criminal proceedings to continue would amount to giving a criminal colour to what, on the material presently available, is essentially a monetary/commercial dispute.

60. In view of the foregoing discussion, particularly the absence of the essential ingredients of cheating and criminal breach of trust, the subsequent financial difficulties of the BSR Group, the nature

of the underlying transaction and the findings already recorded by this Court in the connected petitions arising out of the same set of allegations, this Court is of the considered opinion that continuation of the criminal proceedings against the petitioner would amount to an abuse of the process of law.

61. Accordingly, the petition is **allowed** and the FIR bearing Crime No.49/2025 registered at Police Station Supela, District Durg, charge-sheet/final report No.78/2025, the order taking cognizance dated 06.03.2025 passed in Criminal Case No.8740/2025 pending before the learned Chief Judicial Magistrate, Durg and all consequential proceedings arising therefrom, insofar as the present petitioner is concerned, are hereby **quashed**.

62. It is clarified that the observations and findings recorded in this order shall not prejudice or affect the rights and contentions of either party in any civil, commercial, NCLT/NCLAT or other proceedings arising out of or relating to the underlying transaction, which shall be adjudicated independently in accordance with law.

Sd/-

(Ravindra Kumar Agrawal)
Judge

Sd/-

(Ramesh Sinha)
Chief Justice

Aadil