

2025:PHHC:075919



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

**CRM-M-28459-2025
DECIDED ON:22.05.2025**

M/S DYNAMIC AURALLP AND OTHERS

.....PETITIONERS

VERSUS

STATE OF HARYANA AND ANOTHER

.....RESPONDENTS

CORAM: HON'BLE MR. JUSTICE SANDEEP MOUDGIL.

Present: Mr. Sumit Nandwani, Advocate
 for the petitioners (through Hybrid Mode).

 Mr. Chetan Sharma, DAG Haryana

 Mr. Karan Singh Chaudhary, Advocate for respondent.

SANDEEP MOUDGIL, J

1. The jurisdiction of this Court has been invoked under Section 528 BNSS seeking quashing of complaint No.2034/CP/25/BYH dated 29.01.2025 under Sections 316/318/336/351(2) (3) of BNS 2023, which is pending before Economic Offence Wing (EOW) Cell-1, Gurugram, Haryana (Annexure P-1) alongwith all consequential proceedings arising therefrom qua the petitioners.

2. Facts

 The brief facts of the present as narrated in the impugned complaint dated 29.01.2025 (Annexure P-1) read as under:-

3. The complainant company in India is working as facilitator to the export and domestic houses to execute their garments orders under name & style of Fashinza. It is alleged that in June 2021, accused No. 1 which is a garments manufacturing, (Limited Liability Partnership) LLP approached the complainant company through accused No. 2 & 3, who stated that they have a garments manufacturing factory but are unable to manage supply and have a deficiency of funds to secure garments raw material, on which accused No. 2 & 3 demanded advance money against agreement of Rs. 13,41,76,189/- (Rupees Thirteen Crore Forty One Lakhs Seventy Six Thousand One Hundred Eighty Nine Only).

4. Further allegation is that out of the abovementioned business transaction, Rs. 5,19,24,349/- got executed. Thereafter, it came to the knowledge of complainant that fake and forged invoices were issued and created by accused No. 2 & 3, which was done under the direction and advice of accused No. 4. Accused No. 4 and 5 were beneficiaries with accused No. 2 & 3. Accused No. 6 is the attesting witness of agreement dated 06.03.2024, which was signed by all partners of accused No. 1 for inducing delivery of money through cheating, fraud, and forgery of documents. The accused persons are also involved in other criminal activities through misappropriation to the general public.

5. The accused persons generated forged invoices but the goods were never delivered. Accused No. 2 in collusion with other partners tendered his property documents and gold as surety in agreement with complainant, which afterwards came to be known were already under bank mortgage, for cheating of Rs. 8,22,51,840/- (Rupees Eight Crore Twenty Two Lakhs Fifty One Thousand Eight Hundred Forty). When complainant

asked for legal action against accused persons, they threatened grievous consequences to the complainant.

6. Learned counsel for the petitioners submits that the present complaint amounts to re-litigation of the same allegations that had earlier been raised and subsequently settled through a Settlement Agreement dated 06.03.2024. Learned counsel for the petitioners argued that the dispute is of a purely civil nature arising out of a failed commercial transaction and that continuation of the criminal proceedings amounts to abuse of process of law.

7. Counsel further submits that the dispute was previously resolved amicably, with respondent No. 2 having agreed to withdraw all claims upon receiving a settlement sum of Rs. 7.30 crores. It is further contended that all transactions, agreements, and the alleged defaults occurred in Delhi or Noida, Uttar Pradesh; therefore, the present complaint is liable to be quashed for want of territorial jurisdiction.

8. It is also pointed out that respondent No. 2 has deliberately suppressed several material facts, including:

- 1. The existence and execution of the prior Settlement Agreement dated 06.03.2024;*
- 2. The receipt and continued possession of security cheques worth Rs. 7.30 crores pursuant to the said settlement;*
- 3. The part performance by the petitioners post-settlement, including fresh supplies and payments;*
- 4. The prior complaint lodged by respondent No. 2, and its amicable closure following the settlement;*
- 5. The fact that respondent No. 2 availed GST input on goods supplied by the petitioners;*
- 6. The delivery of goods worth Rs. 5,19,24,349/-, the receipt of which was not disputed at the time of delivery;*
- 7. That the complainant retained the remedy of civil recovery and therefore cannot initiate successive criminal proceedings for the same transaction.*

9. Learned counsel further submits that even assuming a breach of contract or commercial arrangement, such a breach, in itself, does not attract criminal liability under Sections 406 or 420 IPC unless it is established that there was fraudulent intent at the inception of the transaction a factor which is completely absent in the present case.

10. It is contended that the institution of successive criminal complaints arising out of the same commercial transaction is in clear violation of the principles laid down by the Hon'ble Supreme Court in ***Gian Singh v. State of Punjab*** [(2012) 10 SCC 303], ***State of Haryana v. Bhajan Lal*** [1992 Supp (1) SCC 335], and ***Vesa Holdings Pvt. Ltd. v. State of Kerala*** [(2015) 8 SCC 293], wherein it has been consistently held that civil disputes ought not to be given a criminal colour, and where no element of criminal intent is present, such proceedings are liable to be quashed.

11. Learned State counsel assisted by learned counsel for the complainant prays for dismissal of the present petition on the ground that the complaint/FIR discloses serious and specific allegations constituting cognizable offences. He further submits that the petitioners/accused misrepresented that they had a functioning garments factory and lacked funds only to procure raw material. Based on these assurances, a formal agreement was executed for Rs. 13.41 crore and Rs. 5.19 crore was advanced by the complainant. Despite issuance of invoices, no goods were ever delivered. Upon inquiry, it was discovered that the invoices were fabricated and forged.

12. It is argued that the complaint attributes clear roles to each of the accused persons. Accused Nos. 2 and 3 actively misrepresented facts,

accused Nos. 4 and 5 were direct beneficiaries of the fraudulent invoices, and accused No. 6 attested the agreement, thereby giving it a false appearance of legitimacy. The entire scheme was premeditated and executed in conspiracy.

13. Heard learned counsel for the respective parties.

14. As per the complaint, the accused persons generated forged invoices to show supply of goods which were never delivered. It is further alleged that accused Nos. 4 and 5 were the beneficiaries of the fraudulent scheme, while accused No. 6 attested a fabricated agreement dated 06.03.2024, thereby giving it an appearance of legality. Property and gold furnished as surety were later discovered to be already mortgaged to financial institutions, demonstrating a premeditated act of deception.

15. It is well settled by the Hon'ble Supreme Court in a catena of decisions, including *State of Haryana v. Bhajan Lal*, AIR 1992 SC 604, that inherent powers under Section 528 of BNSS, 2023 can be exercised only in rarest of rare cases where the complaint fails to disclose any offence or is manifestly attended with *mala fide* intention.

16. This Court finds that the allegations in the complaint are not vague or baseless but are supported by documentary material and a consistent narrative of inducement, misrepresentation, and fraudulent conduct. The case involves deliberate acts of forgery and misuse of trust, which prima facie disclose commission of serious offences that require thorough investigation and trial.

17. In the present case, the allegations against the petitioners are specific and serious in nature and cannot be brushed aside as merely civil disputes. The complaint also refers to acts of inducement, misrepresentation,

use of forged documents, and subsequent threats, which give rise to criminal liability.

18. In the light of aforesaid discussions, this Court is of the considered opinion that the allegations levelled in the complaint prima facie disclose the commission of cognizable offences including cheating, forgery, criminal breach of trust, and criminal conspiracy.

19. At this stage, the Court is not expected to go into the truthfulness or otherwise of the allegations or conduct a meticulous appreciation of evidence. The complaint discloses sufficient material necessitating investigation and possible trial. The disputed facts and defences raised by the petitioners are matters to be considered during the course of investigation or trial and not at the stage of quashing.

20. In view of the foregoing, this Court finds that the present petition is devoid of merit, has been filed with *mala fide* intent, and amounts to abuse of process. Accordingly, the petition deserves to be dismissed with exemplary costs.

21. Dismissed with a cost of Rs.1,00,000/-, which shall be deposited with the Punjab and Haryana High Court Bar Clerk's Association within a period of two weeks from the date of issuance of a certified copy of this order.

22. However, Registry is directed to list the matter after ensuring the compliance of this order.

(SANDEEP MOUDGIL)
JUDGE

22.05.2025

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