IN THE HIGH COURT OF ORISSA AT CUTTACK

A.F.R.

CRLMC No.3083 of 2025
along with
CRLMC Nos.3081, 3113 and 4083 of 2025

(Petitions under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS) for quashing of investigation and F.I.R. No.644 dated 20.12.2024 registered at Kamakhya Nagar Police Station)

Manoj Mamgaine &Anr. **....** ***Petitioner(s)***
(in CRLMC No.3083 of 2025)

Ashwini Mehra
(In CRLMC No.3081 of 2025)

Rahul Maheshwari
(in CRLMC No.3113 of 2025)

Rajib Banerjee
(In CRLMC No.4083 of 2025)

-versus-

State of Odisha & Anr. **....** ***Opposite Party (s)***

Advocates appeared in the case through Hybrid Mode**:**

For Petitioner(s) : *Mr. Bijoy Anand Mohanti, Sr. Adv.*
Along with associates
Ms. Mamta Tripathy, Adv.
Mr. Soumik Spandan Tripathy, Adv.
Mr. Pritam Pradhan, Adv.

For Opposite Party (s) : *Mr. Udit Ranjan Jena, AGA*
Mr. Biswajit Nayak, Adv.

CORAM:
DR. JUSTICE SANJEEB K PANIGRAHI

DATE OF HEARING:-24.02.2026
DATE OF JUDGMENT:-22.05.2026

Dr. Sanjeeb K Panigrahi, J.

1. Since the issues raised in all these CRLMCs referred to above involve common question of fact and law, those were heard analogously and are being disposed of by this common judgment. For the sake of convenience and effective adjudication, CRLMC No.3083 of 2025 is treated as the lead case.

2. The Petitioners, in CRLMC No.3083 of 2025, have made a prayer to quash the F.I.R. No.644 dated 20.12.2024 registered at Kamakhya Nagar Police Station under Sections 418/ 420/ 34 of the I.P.C. and all other investigation/ proceedings (if any) arising therefrom.

I. FACTUAL MATRIX OF THE CASE:

3. The brief facts of the case are as follows:

(i) As it transpires from the case record, the facts of the case, in a nutshell, are that pursuant to a successful tender process, on 17.05.2018 a contract ("Main Contract") was entered into between Punj Lloyd Ltd. (PLL) and the Gas Authority of India Ltd/ M/S Gail (India) limited ("GAIL") for the work of laying and construction of steel gas pipeline along with associated facilities from Dhamra to Angul section of Jagatisinghpur-Haldia-Bokaro-Dhamra Pipeline Project (JHBDPL) Phase-II (i.e., 0 to 207 kms).

(ii) The NCLT passed an order dated 08.03.2019admitting the application for initiating Corporate Insolvency Resolution Process

("CIRP") in respect of PLL. Mr. Gaurav Gupta was appointed as Interim Resolution Professional.

(iii) Subsequently, the Committee of Creditors of PLL at its meeting held on 08.05.2019 nominated Mr. Ashwini Mehra ("Liquidator of PLL")to act as a Resolution Processional ("RP") for PLL and the NCLT approved the appointment of the RP vide its order dated 22.05.2019.

(iv) During the pendency of CIRP, owing to the contract between PLL and GAIL, the RP of PLL started appointing subcontractors for carrying out the works. On 08.01.2021, PLL issued a Work Order to the Complainant's Company – DSP Infracon Pvt. Ltd. ("DSP"), ("Work Order")awarding the sub-contract work and setting out the terms and conditions for the agreed scope of work including execution of steel pipeline laying work from Dhamra to Angul in the State of Odisha. The agreed sub contract price was INR 20,05,89,089 (excluding GST) and payments were to be made on the basis of the actual work done and certification by PLL's representative. Thus, the relationship between the PLL and Complainant was purely commercial and contractual in nature.

(v) In view of the above, the Complainant raised invoices as per the actual work done pursuant to the Work Order and PLL made certain payments against such invoices. Since no resolution plan for PLL was approved, an application under section 33(1) of the Insolvency and Bankruptcy Code, 2016 ("IBC") was filed before the NCLT seeking liquidation of PLL as a going concern, which was allowed by the NCLT vide order dated 27.05.2022 and the RP was

appointed as the Liquidator of PLL. Presently, PLL is under liquidation as per the provisions of IBC.

(vi) On 07.06.2022, GAIL filed an Application before the National Company Law Tribunal, Principal Bench inter alia seeking certain monies from the liquidator {erstwhile RP). In these proceedings, an Additional Affidavit dated 13.09.2022 had been filed by GAIL wherein it has been disclosed that GAIL has paid a cumulative sum of INR10,71,65,387 to sub-vendors of PLL and a list of vendors is also annexed. Among these lists of vendors, even DSP is a vendor whose dues have been fully paid. The Petitioners crave leave to refer to the documents in the abovementioned proceedings as and when produced.

(vii) On 16.04.2025, the Petitioners came to know thatthe FIR was registered against the Petitioners, being the employees of PLL under Sections 418,420 and 34 of the IPG by the Complainant at Kamakhya Nagar Police Station. It appears that the FIR was filed pursuant to a complaint dated 20.12.2024.

(viii) From the FIR, it appears that the Complainant has made on baseless allegations which are devoid of truth. The contents of the FIR that on account of PLL's contract with GAIL, PLL subcontracted several works to sub-contractors, wherein the Complainant was one such sub-contractor who had carried out some work as per the Work Order. It is alleged that an amount of INR3.28 crores remains outstanding and pending from PLL against the total work carried out by the Complainant. It is also alleged

that PLL is withholding these amounts while availing GST benefit with the intention to cheat the Complainant.

(ix) Being aggrieved, the Petitioners are constrained to approach this Court by way of the present criminal appeal seeking appropriate relief.

II. SUBMISSIONS ON BEHALF OF THE PETITIONERS:

4. The learned counsel for the Petitioners earnestly made the following submissions in support of his contentions:

(i) The allegations in the FIR do not satisfy the essential ingredients of Sections 418 or 420 of the IPC. Specifically, Section 418 IPC requires "cheating" with the intent of wrongful gain or wrongful loss, which is absent in the allegations.

(ii) The FIR is absolutely silent on any fact which directly or indirectly states or implies that the Petitioners have induced the Complainant to deliver/retain any property. There is no averment or allegation that the Petitioners have dishonestly with fraudulent intent deceived the Complainant.

(iii) The agreement/ sub-contract between the Complainant and Petitioners was a legally valid contract for a specific scope of work which was being executed until the main Contract of the Petitioners was terminated. It is pertinent to note that such termination was beyond the control of the Petitioners, and primarily due to the lapses of the Complainant.

(iv) There is no allegation that the sub-contract was illegal or not mutually agreed upon by the Parties. Until termination of the Main Contract, there was no issue that the Complainant faced or ever

raised. Thus, it would be absurd now to assume that the Petitioners from the inception of the Sub-contract had intended to deceive the Complainant.

(v) Further, there is no wrongful gain caused to the Petitioners at the behest of the Complainant through this sub-contract or otherwise. Therefore, it is absolutely false and baseless to allege that the Petitioners have intentionally deceived the complainant.

(vi) Similarly, Section 420 of the I.P.C. necessitates dishonest inducement to deliver property or valuable security which is not substantiated by the Complainant in any manner.

(vii) Further, the Supreme Court has emphasized that mere non-performance of a contractual obligation does not amount to cheating under Section 418g of I.P.C. unless there is deliberate deception or fraud since the beginning. Therefore, as in the present case, the matter involves a civil or financial dispute without the necessary ingredients of cheating or fraudulent intention, prosecution under Section 418 IPC cannot be maintainable.

(viii) The registration of FIR is also contrary to the settled position of law which has been reiterated by the Supreme Court in ***Ramdev Food Products Private Limited v. State of Gujarat***[1], that courts exercise caution to protect parties from malicious tendency of criminal proceedings being used to settle disputes which are essentially civil in nature.

[1](2015) 6 SCC 439

(ix) The Supreme Court in ***Indian Oil Corporation v. NEPC India Ltd.***[2]***,*** cautioned criminal courts about converting purely civil disputes into criminal cases and held that any effort to settle civil disputes (which do not involve any criminal offence) by applying pressure through criminal prosecution should be deprecated and discouraged.

(x) The allegations in the FIR are so preposterous that any further prolongation of prosecution would be tantamount to sheer harassment. It is submitted that it is a gross violation of the Petitioners' rights if the rigmarole of criminal prosecution continues for years. The present facts clearly show that it is purely a civil dispute where no offences are disclosed against the Petitioners. The Opposite Party No.2 has sought to wrongly give the commercial disputes a colour of criminality.

(xi) The grievance raised by the Complainant appears to be purely contractual in nature, arising from alleged non-payment of outstanding dues in a contractual arrangement between the Petitioners and the Complainant. As stated above, a claim for recovery of money or financial grievances cannot be construed as a penal offense requiring criminal prosecution.

(xii) ln ***Naresh Kumar and Another -vrs-. State of Karnataka and Another***[3]***,***the Supreme Court held that where the allegations clearly stem from a contractual dispute, criminal proceedings in such cases deserve to be quashed. Therefore, it is evident that the FIR in

[2](2006) 6 SCC 736

[3]2024 SCC Online SC 268

the present case is an abuse of process and is being used as a coercive measure for monetary recovery, warranting interference by this Court.

(xiii) The Supreme Court in ***Chandrapal Singh -vrs.-Mohraj Singh***[4], observed that frustrated litigants should not be permitted to vent their frustration by cheaply invoking jurisdiction of the criminal court.

(xiv) The Petitioner, Ashwini Meher in CRLMC No.3081 of 2025acting as the official liquidator, is bound by legal procedures governing the Liquidation process. It is settled position of law that the actions of the liquidator appointed by the Court are not only in good faith but are also in court monitored. Thus, it clearly lacks any dishonest intention. The alleged non-payment of dues, even if admitted as outstanding, there is an appropriate recourse available under the civil laws to recover the dues, if any. Merely using criminal prosecution as means of recovery of dues, baselessly making bald allegations of fraudulent or dishonest actions against the court appointed liquidator should not be permitted.

(xv) Similarly, the other petitioners also had no criminal intent whatsoever. The alleged grievance of the Complainant pertains to the amount of unpaid money in lieu of the sub-contract However, the Complainant itself has stated that the main contract between the PLL came to be terminated and the scope of work was given to Complainant vide the Work Order on 08.01.2021. It is evident that, the Work Order was subsequent to the initiation of the liquidation

[4](1982) 1 SCC 466

process of PPL. Therefore, the functioning of the PLL was entrusted to the petitioner (Ashwini Mehra) being the RP and/or the liquidator of PLL. Ever since the RP was appointed by the NCLT, the rest of the petitioners ceased to be responsible for functioning of the PPL. Thus, they had no control or authority in course of the Work Order/ sub contract awarded to the Complainant. All these events were beyond the control of the Petitioners and, thus, there is lack of criminal intent on the part of the petitioners.

(xvi) It is further contended that there is no allegation or evidence to imply that either of the petitioners have made any unlawful gains from the transactions mentioned in the FIR. There is absolutely no gain to the petitioners if any such alleged loss is caused to the Complainant. Therefore, neither any motive was for the Petitioners to commit the alleged offence nor was any intentions or any benefit that the petitioners could have derived by cheating of the Complainant, as alleged in the FIR.

(xvii) It is also submitted that filing of the FIR amounts to an abuse of the criminal justice process, with an intent to pressurize the Petitioners to fulfill the financial claims. The Complainant has misused the Government machinery for achieving their ulterior motives for their wrongful enrichment

(xviii) In ***Paramjeet Batra-vrs.- State of Uttarakhand***[5], the Supreme Court recognized that criminal proceedings arising from

[5](2013) 11 SCC 673

essentially civil disputes are liable to be quashed under Section 482 of the Cr.P.C. to prevent abuse of process

(xix) It is also contended that continuation of the investigation and prosecution under the FIR will cause undue harassment to the Petitioners and disrupt the lawful liquidation proceedings, thereby prejudicing the interests of all stake holders of PLL.

(xx) The Supreme Courtin the case of ***State of Haryana v. Bhajan Lal***[6], identified that Court ought to interfere and quash a first information report / Magistrate's order in cases where:

(a) 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;

(b)the allegations made in the first information report 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;

(c) the proceeding is maliciously instituted with an ulterior motive to draw vengeance on the accused and with a view to spite him due to private and personal grudge.

(xxi) The Supreme Court, in ***Chandrapal Singh -vrs.-Mahraj Singh***[7],observed that frustrated litigants should not be permitted to

[6](1992) Supp (t) SCC 335

[7](1982) 1 SCC 466

vent their frustration by cheaply invoking jurisdiction of the criminal court.

(xxii) In view of the aforesaid submissions, the petitioners pray and submit that FIR No.0644 of 2024 for commission of offences under Section 418, 420 and 34 of the I.P.C. registered at Kamakhya Nagar Police Station dated 20.12.2024 against the Petitioner and others and all actions taken pursuant thereto/ in pursuance thereof, merits quashing as ex facie. Admittedly, no offense far less any criminal offence has been committed by the petitioners herein and the NCLT, New Delhi is seized of the matter and further the police have no authority to delve into the proceedings of the NCLT. In this connection, the petitioners have relied on two relevant judgments i.e. ***M/S Shikhar Chemicals v. The State of Uttar Pradesh &Anr.***[8]and ***M/s Tuf Metallurgical Pvt. Ltd. v. M/s AlbusIndia Ltd. (NCLT New Delhi)***[9]:

III. SUBMISSIONS ON BEHALF OF THE OPPOSITE PARTY NO.2:

5. *Per contra*, the learned counsel for the Opposite PartyNo.2 earnestly made the following submission in support of his contentions:-

(i) The petitioners have merely filed a downloaded FIR form as Annexure-5 and have not annexed the certified copy of the impugned FIR which has been prayed to be quashed before this Court. Most importantly, the contents of the FIR which is sought to be quashed have not been filed along with the form of the FIR.

[8]2025 INSC 945

[9]in CP IB 1089/PB)/ 20l 8

Only the form of the FIR has been annexed in the present CRLMC. In absence of the impugned FIR, the very foundation of the challenge is missing and no effective judicial review can be undertaken.

(ii) It is trite that a petition seeking exercise of inherent jurisdiction under Section 528 of BNSS must be, accompanied by the order sought to be quashed /interfered with, and failure to annex the impugned FIR is, by itself, a sufficient ground to reject the petition at the very threshold. The petitioners, having chosen not to place the impugned FIR on record, cannot be permitted to maintain the present challenge on incomplete pleadings and defective CRLMC.

(iii) In fact, the petitioners have separately filed I.A. only to seek exemption from filing certified copy of FIR (Annexure-5), showing that he is fully aware of the High Court Rules regarding mandatory annexures yet has chosen not to place the complete impugned order on record. A petitioner who withholds the very order under challenge cannot invoke the inherent jurisdiction of this Court. The CRLMC is, thus, liable tobe rejected at the threshold for non-compliance with the Orissa High Court Rules or suppression/ incompleteness of material record.

(iv) Even otherwise, the contention of the petitioners that the present dispute is purely commercial is misconceived and premature, in as much as the FIR specifically alleges that the accused persons, including the petitioners particularly the petitioner in CRLMCNo.3081 of 2025, Aswini Meher, has dishonestly withheld

admitted dues of about Rs.3.2 crores, while simultaneously availing GST credit on RA Bill No.13,thereby causing wrongful loss to the informant and wrongful gain to themselves. These allegations, taken on face value, clearly disclose the ingredients of cheating under Sections 418 and 420 IPC at the stage of registration of the F.I.R. and investigation.

(v) It is also submitted that the Investigating Officer issued Notice to the GST Department for supplying the requisite data under Section 94 of BNSS and the GST Department vide Letter dated 10.11.2025 supplied the information that the RP Aswini Meher dishonestly availed net Input Tax Credit of Rs.18,74,563.40 in respect of the invoice dated 11.03.2022 issued by the present Informant.

(vi) The GST department further intimated the I.O. that action under Rule 37 of the CGST Rules, 2017 will be initiated against the RP Aswini Meher.

(vii) It is contended that the State counsel failed to produce the case diary and the instruction of the I.O before this Court. Therefore, the status of the Investigation whether Charge Sheet has already been filed or the Investigation is going on and the involvement of the accused persons in the offences have not been produced before this Court either by the Petitioners or by the State counsel for better adjudication of the cases.

(viii) The GAIL has intimated the Investigating Officer that there is no clause for sub-contract to third parties during the contract period between GAIL and Punj Lloyd. Despite that the RP, Aswini

Meher in connivance with the other petitioners with the intention of wrongful gain has given work order to the present Informant and in such a process the RP Aswini Meher availed the input GST without giving payment to the Informant and cheated lakhs of rupees.

(ix) The RP Aswini Meher has previous criminal antecedents similar in nature to the present case. He is a habitual offender.

(x) The FIR narrates that the complainant had executed substantial work under the work order dated08.01.2021, raised RA Bills (including RA Bill No.l3),and that the accused, in spite of receiving benefit and claiming GST input credit on such billed amount, have deliberately withheld payment with dishonest intention. The deliberate withholding of payment after deriving fiscal benefit, coupled with the promise to settle and repeated avoidance, prima facie indicates a fraudulent and dishonest intention, which takes the matter out of the realm of a mere civil/ commercial dispute.

(xi) Whether, at the conclusion of investigation and on appreciation of entire materials, the offence of cheating is ultimately made out or not is a matter for the Investigating Agency and, thereafter, the trial court; at this nascent stage, this Court ought not to stifle a legitimate investigation by branding the case as “purely civil” on the basis of the petitioners’ unilateral version. The plea of “commercial dispute” is a disputed factual defence which cannot be adjudicated in a quashing petition.

(xii) The reliance of the petitioner on his status as Liquidator and on Section 233 of the IBC is also misconceived. The statutory protection under Section233 is available only in respect of bonafide acts done "in good faith" under the provisions of the IBC; the said provision does not grant blanket immunity against investigation into specific allegations of cheating and dishonest conduct. Whether the acts were in good faith or were pan of a criminal design is itself a matter for investigation and cannot be pre-judged in a petition under Section 528 of BNSS.

(xiii) The petitioner has heavily relied upon his own emails, reconciliations and internal records to contend that no amount is due and that excess payment has been made by GAIL to the complainant and its vendors. All such materials are purely defensive in nature, emanate from the accused side and require thorough investigation, verification from GAIL, examination of vendors and scrutiny of GST records. These are matters of evidence and factual adjudication; they cannot be made a basis to quash an FIR at the threshold.

(xiv) The petitioner has selectively relied on certain Supreme Court decisions concerning conversion of civil disputes into criminal proceedings. However, those authorities proceed on the settled principle that where the FIR itself does not disclose any dishonest intention or inducement at inception, quashing may be justified. In the present case, the FIR, read as a whole, does allege a dishonest design in withholding admitted dues while enjoying tax benefits and using criminal intimidation/coercion in

negotiations; hence, the ratio of such cases is not attracted at this preliminary stage.

(xv) It is further submitted that the petitioner has, on the one hand, engaged with the informant through draft settlement agreements and negotiations (as evident from the email correspondence), and on the other hand, seeks to wash his hands off all liability by terming the dispute as purely civil and hiding behind his designation as Liquidator. Such conduct itself raises triable issues as to the petitioner's role, knowledge and intention, which can only be appreciated after a full and fair investigation. On this short ground alone, the present petition deserves to be rejected at the admission stage.

(xvi) The FIR clearly alleges that the accused, including the present petitioner, jointly withheld an admitted outstanding of about Rs.3.28 crores (RA-13, retention and equipment rental) and "deceitfully availed the GST amount of Rs.35.95 lakh against Invoice RA-13" with the intention to cheat, thereby causing financial distress to the complainant company.

(xvii) The email dated 14.04.2025, sent after the alleged coercive detention of accused No.4 states that the company is committed to ensuring that all payments are processed in a lawful manner and that DSP's rights and claims will be duly considered. This indicates that the claim was never treated as "non-existent" or "frivolous" by the petitioner at that time. The correspondence around the draft settlement agreement and the detailed calculations exchanged on29.04.2025 etc. show that, on facts, there

was a serious dispute about admitted dues, timing and mode of payment and the petitioner considered executing a settlement while in parallel planning to pursue quashing of FIR. These circumstances prima facie support the informant's stand that the accused induced and prolonged negotiations instead of paying admitted amounts, and that whether the conduct was bona fide or dishonest is a matter for investigation and trial, not for summary termination of proceedings.

(xviii) The petitioner claims that IBBI had sought clarifications on DSP's complaints and, after the petitioner's email dated 25.05.2023, "no further inquiry has been made". Therefore, the explanations "were found satisfactory" and "the matter was considered closed". There is nothing on record to show any formal closure order in favour of the petitioner; it is only his inference that the matter stood closed. In any case, an administrative/regulatory exchange with IBBI on insolvency-process issues cannot oust or nullify the jurisdiction of the police to investigate a cognizable offence of cheating arising from the same factual matrix; the two jurisdictions are distinct and can proceed in parallel.

(xix) In view of the above submissions, it is submitted by the Opposite Party the present CRLMCs are not maintainable, inter alia, on the ground that the impugned FIR has not been annexed to the petition either in certified or in photocopy form;

IV. COURT'S REASONING AND ANALYSIS:

6. Heard learned counsel for the parties at considerable length. Perused the pleadings, the materials placed on record and the rival submissions advanced on behalf of the parties with the depth of scrutiny the matter demands. Since the present batch of CRLMCs arises out of the same F.I.R., involves identical factual foundations and raises overlapping questions concerning the interplay between contractual disputes, insolvency proceedings and criminal prosecution for the offence of cheating, all the matters were heard analogously and are being disposed of by this common judgment, treating CRLMC No.3083 of 2025 as the lead case.

7. The central issue which falls for consideration before this Court is whether the allegations contained in the impugned F.I.R., taken at their face value and accepted in their entirety for the limited purpose of adjudication under Section 482 Cr.P.C./ Section 528 B.N.S.S., disclose the commission of offences punishable under Sections 418/420/34 IPC, or whether the criminal proceeding is merely an attempt to impart a colour of criminality to what is essentially a contractual and commercial dispute arising out of non-payment of alleged dues under a sub-contract executed in the backdrop of insolvency and liquidation proceedings under the Insolvency and Bankruptcy Code, 2016.

8. At the outset, this Court considers it necessary to remind itself of the settled contours governing the exercise of inherent jurisdiction under Section 482 Cr.P.C./ Section 528 B.N.S.S. The inherent powers of the High Court are undoubtedly wide and are intended to secure the ends of justice and prevent abuse of the process of Court. However, the very

amplitude of such jurisdiction requires it to be exercised with great circumspection, restraint and judicial discipline. The jurisdiction is extraordinary in nature and cannot be permitted to become an instrument either for prematurely stifling legitimate prosecution or for converting the High Court into a forum for adjudication of disputed factual controversies at the threshold stage itself

9. It is a settled principle of criminal jurisprudence that while exercising jurisdiction for quashing of criminal proceedings, the Court is not expected to undertake a meticulous appreciation of evidence, weigh the sufficiency of materials collected during investigation, or adjudicate upon the probable defence of the accused. The Court must proceed on the basis that the allegations contained in the complaint or the F.I.R. are prima facie true and determine whether the foundational ingredients of the alleged offences are disclosed. At the same time, it is equally well established that criminal law cannot be permitted to be weaponised for exerting pressure in disputes which are overwhelmingly civil or commercial in character. The criminal process cannot be utilised as a substitute for recovery proceedings, contractual enforcement or debt realisation. Courts have consistently cautioned that a mere breach of contract or failure to honour a commercial obligation does not ipso facto constitute the offence of cheating unless fraudulent or dishonest intention existed from the very inception of the transaction.

10. The distinction between a mere contractual breach and the offence of cheating is not merely technical but foundational to criminal jurisprudence. The gravamen of the offence under Sections 418 and 420 IPC lies in the existence of dishonest or fraudulent intention at the very

inception of the transaction. To attract the offence of cheating, it must prima facie appear that the accused had deceitfully induced the complainant to part with property or undertake an act which resulted in wrongful loss, while harbouring dishonest intention from the very beginning. Mere subsequent failure to keep a promise, inability to discharge contractual liabilities or non-payment of outstanding dues, without anything more, ordinarily gives rise to civil consequences and not criminal culpability. Criminal law intervenes not because a promise has been broken, but because the promise itself was allegedly false and deceptive at the inception.

11. Tested on the aforesaid principles, this Court finds that the factual substratum of the present dispute unmistakably emanates from a commercial and contractual arrangement arising out of a sub-contract awarded by Punj Lloyd Ltd. to the complainant company for execution of pipeline laying work pursuant to the principal contract with GAIL. The records reveal that work orders were issued, invoices were raised, part payments were admittedly made and disputes subsequently arose regarding alleged outstanding dues payable to the complainant. The allegations in the F.I.R., when read in their entirety, fundamentally pertain to non-payment or withholding of alleged contractual dues, adjustment of accounts, GST liabilities and disputes relating to financial reconciliation between the parties. Such matters, by their very nature, lie predominantly within the realm of civil and commercial adjudication.

12. Significantly, the materials placed before this Court do not prima facie indicate that at the inception of the contractual relationship the Petitioners had harboured any fraudulent or dishonest intention to

deceive the complainant. On the contrary, the undisputed circumstances reveal that the work order was issued in the course of ongoing business operations, substantial work was admittedly executed by the complainant and payments were also released from time to time. The continuation of contractual dealings over a prolonged period, exchange of invoices, reconciliations, negotiations and settlement discussions substantially militate against the theory that the transaction itself was conceived as a fraudulent device from the very beginning. A subsequent dispute regarding the quantum of outstanding dues or delayed payment cannot, without more, retroactively convert a commercial transaction into an offence of cheating.

13. This Court also finds considerable force in the contention advanced on behalf of the Petitioners that the allegations primarily revolve around recovery of alleged outstanding monetary claims. The complainant asserts that certain amounts remain unpaid despite execution of work and that GST benefits were availed by the accused persons. Even assuming such allegations to be correct for the sake of argument, the same would still require detailed examination of contractual obligations, billing structures, GST adjustments, reconciliation statements, insolvency proceedings and financial liabilities arising out of the sub-contract. These are matters deeply embedded in commercial accounting and contractual interpretation requiring adjudication before competent civil, arbitral or insolvency forums. Criminal prosecution cannot ordinarily be invoked as a coercive mechanism for enforcing disputed financial claims arising from commercial transactions.

14. The role of the Petitioner Ashwini Mehra, acting as Resolution Professional/Liquidator under the supervision of the NCLT, also assumes considerable significance. The materials on record prima facie indicate that the affairs of Punj Lloyd Ltd. were being administered under the framework of the Insolvency and Bankruptcy Code pursuant to orders passed by the National Company Law Tribunal. Decisions relating to disbursement of funds, treatment of operational creditors, settlement of liabilities and continuation of contracts were necessarily intertwined with the statutory insolvency process. Whether the complainant's dues stood admitted, disputed, adjusted or otherwise payable are issues intrinsically connected with the liquidation proceedings and cannot be simplistically isolated from the statutory framework governing insolvency resolution.

15. The attempt of the complainant to attribute criminal intent solely on the basis of alleged non-payment of dues and availing of GST credit does not, in the considered opinion of this Court, prima facie satisfy the foundational ingredients of Sections 418 or 420 IPC. Allegations of wrongful withholding of payment, financial disputes regarding invoices or even regulatory consequences under GST law may possibly give rise to civil, contractual or statutory liabilities, but criminal prosecution for cheating requires something more than mere non-payment. The element of deception at inception remains the sine qua non for constituting the offence. In the present case, the F.I.R. conspicuously lacks specific averments demonstrating that the Petitioners induced the complainant into entering the sub-contract by making representations which they knew to be false from the very beginning.

16. The chronology of events further weakens the prosecution narrative regarding fraudulent intention at inception. The work order itself was issued after commencement of CIRP proceedings and during the subsistence of statutory supervision under the IBC regime. The complainant was fully aware of the commercial framework within which the contract was being executed. The continuation of business dealings, issuance of running account bills, partial release of payments and subsequent negotiations for reconciliation all indicate the existence of a subsisting commercial relationship rather than a pre-designed criminal conspiracy to cheat the complainant.

17. It is also trite that the pendency of civil remedies or insolvency proceedings does not by itself bar criminal prosecution where genuine ingredients of criminal offences are disclosed. However, the converse is equally true that the existence of a civil dispute cannot be artificially dressed in criminal colours merely to exert pressure for settlement or recovery. Courts must remain vigilant against the growing tendency of converting commercial disagreements into criminal litigation with a view to compel financial settlements through coercive criminal process. The criminal justice system cannot be permitted to become a tool of arm-twisting in business disputes.

18. The reliance placed by the Opposite Party on alleged GST irregularities and subsequent correspondence with authorities also does not materially alter the core nature of the dispute at this stage. Whether GST input credit was wrongly availed, whether statutory liabilities arose under the CGST framework, or whether there existed accounting discrepancies are matters which may attract examination under the relevant fiscal statutes.

Such allegations, without clear and specific averments of initial deception or fraudulent inducement, do not automatically elevate a contractual payment dispute into the offence of cheating punishable under Sections 418 and 420 IPC.

19. This Court is also unable to overlook the broader factual backdrop that the company itself was undergoing CIRP and eventual liquidation under orders of the NCLT. Commercial decisions undertaken during insolvency proceedings are subject to statutory supervision, adjudicatory oversight and competing claims of various stakeholders. The complexities arising from insolvency administration, operational creditor claims and contractual liabilities cannot ordinarily be compressed into allegations of criminal cheating in the absence of clear material disclosing mens rea of a criminal nature.

20. Having regard to the totality of circumstances, this Court finds that the allegations made in the impugned F.I.R., even if accepted in their entirety, predominantly disclose a commercial dispute relating to alleged non-payment of contractual dues and financial reconciliation arising from a sub-contract executed during insolvency proceedings. The foundational ingredients constituting the offences under Sections 418 and 420 IPC, particularly the existence of fraudulent or dishonest intention at the inception of the transaction, are conspicuously absent from the prosecution narrative. Continuation of the criminal proceeding in such circumstances would amount to permitting the criminal process to be employed as a coercive mechanism for recovery of disputed monetary claims, which is impermissible in law.

21. In the considered opinion of this Court, the present case squarely falls within the categories illustratively laid down by the Hon'ble Supreme Court in ***State of Haryana v. Bhajan Lal***[10], wherein interference is warranted where the allegations, even if accepted at face value, fail to disclose the commission of any offence or where the criminal proceeding is manifestly attended with mala fide intent and instituted with an ulterior motive for wreaking pressure or vengeance. The criminal prosecution initiated against the Petitioners appears to be a clear attempt to impart criminal colour to a fundamentally civil and commercial dispute. Permitting such prosecution to continue would amount to abuse of the process of Court

V. CONCLUSION:

22. In view of the discussions made hereinabove, this Court is of the considered opinion that the impugned F.I.R. No.644 dated 20.12.2024 registered at Kamakhya Nagar Police Station under Sections 418/420/34 IPC and all consequential proceedings arising therefrom are unsustainable in law and liable to be quashed.

23. Accordingly, the CRLMCs stand **allowed** and the impugned F.I.R. together with all consequential proceedings arising therefrom are hereby quashed.

24. Interim order, if any, passed earlier stands vacated.

(Dr. Sanjeeb K Panigrahi)
Judge

Orissa High Court, Cuttack,
Dated 22nd May, 2026/

[10] (1992) Supp.(1) SCC 335