



**IN THE SUPREME COURT OF INDIA
(CRIMINAL APPELLATE JURISDICTION)**

CRIMINAL APPEAL NO. _____ OF 2025

(@ SPECIAL LEAVE PETITION (CRIMINAL) NO. 11151 OF 2025)

ROCKY

... APPELLANT

VERSUS

STATE OF TELANGANA & ANR.

... RESPONDENTS

J U D G M E N T

VIPUL M. PANCHOLI, J.

1. Leave granted.
2. This appeal challenges the final order dated 19.02.2025 passed by the High Court of Telangana at Hyderabad in Criminal Petition No. 1022 of 2019, whereby the High Court partly allowed the application of the appellant under Section 482 of the Code of Criminal Procedure, 1973 (hereinafter referred as “*the CrPC*”) by quashing cognizance under Section 406 of the Indian Penal Code, 1860 (hereinafter referred as “*the IPC*”),

while maintaining cognizance under Sections 420, 344 and 506 of the IPC.

- 3.** The dispute arises from contractual and financial dealings between appellant (accused no. 2) and respondent no. 2 (complainant) relating to construction work undertaken between 2008-2010. A No Dues Certificate dated 10.06.2010 was issued by respondent no. 2 and acknowledged on 12.06.2010. Subsequent disputes arose, culminating in cross-allegations.
- 4.** FIR No. 240 of 2015 was lodged by respondent no. 2 against appellant under Sections 420 and 506 of the IPC. After investigation, Charge Sheet No. 07 of 2016 was filed against appellant under Sections 420, 406, 344 and 506 of the IPC and the matter was registered as C.C. No. 1374 of 2016 before the learned III Additional Chief Metropolitan Magistrate, Hyderabad.
- 5.** The appellant filed an application under Section 482 of the CrPC before the High Court for quashing of the order dated 19.10.2016 passed by the learned Additional Chief Metropolitan Magistrate, taking cognizance of the offences punishable under

Sections 420, 506, 344 and 406 of the IPC and issuing summons to the appellant in C.C. No. 1374 of 2016. The High Court partly allowed the said application and quashed the order of taking cognizance of the offence under Section 406 of the IPC whereas, the High Court declined to quash proceedings under Sections 420, 344 and 506 of the IPC.

- 6.** Aggrieved by the aforesaid order, the appellant has filed the present appeal.
- 7.** Learned Senior Counsel for the appellant contended that the dispute between the parties is entirely civil in nature and has been improperly given a criminal color. It is submitted that the No-Dues Certificate dated 10.06.2010, duly acknowledged by respondent no. 2, unequivocally records that no payments were outstanding, thereby exposing the falsity of the allegations subsequently raised. According to the appellant, the criminal proceedings have been initiated solely to exert pressure and extract additional amounts under the guise of criminal law.
- 8.** It is further urged that the FIR is a motivated counterblast to the injunction order secured by the appellant in O.S. No. 98 of 2015. The filing of the FIR within three days of the said order

demonstrates, according to learned senior counsel, the mala fide intent of respondent no. 2 to harass and intimidate the appellant. The FIR, lodged after an unexplained delay of more than five years from the incident, is stated to suffer from inherent improbabilities and lacks credibility. Such an inordinate and unexplained delay, it is submitted, vitiates the prosecution and renders the allegations unreliable. Moreover, neither the FIR nor the charge sheet attributes any specific overt act to the appellant in relation to the incident dated 09.02.2015 and there are no allegations of initial fraudulent intention or inducement. The entire dispute, it is submitted, pertains to non-payment of contractual dues and falls squarely within the realm of civil law.

9. It is also submitted that the outstanding amount of Rs. 43,29,833/- pertains to contractual performance and that criminal proceedings cannot be invoked for the enforcement of civil liabilities. Reliance is placed on ***M/s Shikhar Chemicals v. State of Uttar Pradesh, 2025 SCC OnLine 1643***, and ***Mitesh Kumar J. Sha v. State of Karnataka, (2022) 14 SCC 572***, wherein this Court cautioned against the misuse of

criminal law to settle civil or commercial disputes and held that such attempts constitute an abuse of process.

10. Additionally, it is argued that the order of the learned Magistrate taking cognizance under Sections 420, 406, 344 and 506 of the IPC is mechanical and vitiated by non-application of mind. The order dated 19.10.2016, according to learned senior counsel, does not reflect any examination of the statutory ingredients of the offences, nor does it record satisfaction of the existence of a prima facie case. Reliance is placed on **Anil Kumar v. M.K. Aiyappa, (2013) 10 SCC 705**, and **Shaurabh Kumar Tripathi v. Vidhi Rawal, 2025 SCC OnLine 1158**, to submit that the absence of judicial application of mind renders the entire cognizance order unsustainable.
11. It is further contended that the High Court retains the power to quash proceedings even after the filing of a charge sheet. Reference is made to **Anand Kumar Mohatta v. State (NCT of Delhi), (2019) 11 SCC 706**, and **Abhishek v. State of Madhya Pradesh, 2023 SCC OnLine SC 1083**, which clarify that the filing of a charge sheet does not extinguish the jurisdiction of the High Court under Section 482 of the CrPC.

- 12.** In light of the fact that the charge sheet was filed in 2016 and that the proceedings have remained pending for nearly a decade without any substantive progress, it is submitted that the continuation of the criminal case would amount to an abuse of the criminal justice system. Therefore, the appellant prayed that FIR No. 240 of 2015 and all consequential proceedings be quashed.
- 13.** *Per contra*, learned counsel for the State (respondent no. 1) submitted that although this Court issued notice in the SLP, no stay was granted. Despite this, learned counsel for the appellant incorrectly represented before the Trial Court that stay had been granted, leading to unwarranted adjournments. This conduct, it is submitted, reflects lack of bona fides and an attempt to stall proceedings.
- 14.** Learned Amicus Curiae appointed for respondent no. 2 submitted that three bills amounting to approximately Rs. 1.17 crores were raised for the construction work undertaken by respondent no. 2, whereas the appellant's company made payments totaling only about Rs. 52 lakhs. It is contended that

a substantial balance remains unpaid, in addition to further construction work completed at the request of the appellant.

- 15.** It is argued that the No-Dues Certificate relied upon by the appellant is fabricated and does not reflect the true financial position between the parties. The respondent no. 2 has consistently disputed its authenticity, and therefore, the document cannot form the basis for quashing criminal proceedings at the threshold.
- 16.** It is further submitted that the materials collected during investigation, including the statements of four witnesses, fully support the respondent no. 2's allegations and disclose a prima facie case against the appellant. It is emphasised that the veracity of these statements and the defense put forth by the appellant are matters to be examined during trial and this Court may not interfere at the pre-trial stage.
- 17.** With respect to the contention of the appellant that the dispute is purely civil, it is submitted that the mere absence of civil recovery proceedings by respondent no. 2 does not, by itself, establish mala fides or demonstrate that the criminal complaint was lodged to exert undue pressure. It is urged that the nature

of the allegations and not the choice of civil remedies, must guide the Court in assessing the maintainability of proceedings.

18. Reliance is placed on ***State of Haryana v. Bhajan Lal, 1992 Supp (1) SCC 335***, to urge that the power to quash criminal proceedings under Section 482 of the CrPC is to be exercised sparingly and in exceptional circumstances. Courts must refrain from entering into the truthfulness or otherwise of the allegations at this stage and may interfere only where the case falls within the narrowly recognised categories warranting quashing.
19. Further reliance is placed on ***Pradeep Kumar Kesarwani v. State of Uttar Pradesh & Anr., 2025 SCC OnLine SC 1947***, to contend that the appellant has not produced unimpeachable or incontrovertible material capable of dislodging the case of the prosecution. In particular, when the No-Dues Certificate is seriously contested and uncorroborated, it cannot be relied upon to nullify the proceedings.
20. Reliance is also placed on ***Muskan v. Ishaan Khan (Sataniya) and Others, 2025 SCC OnLine SC 2355***, wherein this Court has held that with regard to the power to quash criminal

proceedings under Section 482 of the CrPC, it is settled that at the stage of quashing, the court is not required to conduct a “mini trial”. Thus, the jurisdiction under Section 482 of the CrPC with respect to quashing is somewhat limited as the court has to only consider whether any sufficient material is available to proceed against the accused or not. If sufficient material is available, the power under Section 482 of the CrPC should not be exercised.

- 21.** In view of the above, it is submitted that the present appeal lacks merit and that the High Court committed no error in refusing to quash the criminal proceedings. It is accordingly urged that the present appeal be dismissed.
- 22.** We have carefully considered the rival submissions and perused the material placed on record.
- 23.** The primary issue in this appeal is whether the High Court was justified in declining to quash the proceedings for offences under Sections 420, 344 and 506 of the IPC, while exercising its inherent jurisdiction under Section 482 of the CrPC.
- 24.** The appellant’s core contention, that the dispute is purely civil in nature, is untenable at this stage. Although courts must

guard against giving criminal colour to civil disputes, it is equally well settled that the existence of civil remedies does not preclude criminal prosecution where the allegations disclose the essential ingredients of an offence. Civil and criminal proceedings may validly coexist if the factual matrix supports both.

- 25.** In the present case, the material on record, including the FIR and the charge sheet, contains specific allegations that the appellant induced Respondent No. 2 to undertake substantial construction work on the assurance of payment, which was withheld as per the complaint. Four witnesses have corroborated the complaint's version during the investigation. These assertions cannot, at this stage, be regarded as inherently improbable, absurd or incapable of attracting criminal liability so as to warrant quashing.
- 26.** The appellant's reliance on the disputed No-Dues Certificate does not advance the case for quashing. Respondent No. 2 alleges that the certificate is fabricated. Its authenticity, evidentiary value and legal effect are matters that can only be

adjudicated at trial. Quashing cannot be premised on disputed documents whose validity is itself a matter in issue.

27. In the case of ***Pradeep Kumar Kesarwani (supra)***, this Court outlined a structured four-step test to assess claims for quashing under Section 482 of the CrPC. The material relied on by the accused must be (i) of sterling and impeccable quality, (ii) sufficient to completely negate the allegations, (iii) uncontested or incapable of legitimate contest by the prosecution, and (iv) such that continuing the trial would amount to abuse of process. Unless all four tests are satisfied, quashing is unwarranted. The relevant paragraph of the said decision reads as under: -

“20. The following steps should ordinarily determine the veracity of a prayer for quashing, raised by an accused by invoking the power vested in the High Court under Section 482 of the Cr.P.C.:-

(i) Step one, whether the material relied upon by the accused is sound, reasonable, and indubitable, i.e., the materials is of sterling and impeccable quality?

(ii) Step two, whether the material relied upon by the accused, would rule out the assertions contained in the charges levelled against the accused, i.e., the material is sufficient to reject and overrule the factual assertions contained in the complaint, i.e., the material is such, as would persuade a reasonable

person to dismiss and condemn the factual basis of the accusations as false.

(iii) Step three, whether the material relied upon by the accused, has not been refuted by the prosecution/complainant; and/or the material is such, that it cannot be justifiably refuted by the prosecution/complainant?

(iv) Step four, whether proceeding with the trial would result in an abuse of process of the court, and would not serve the ends of justice?

If the answer to all the steps is in the affirmative, judicial conscience of the High Court should persuade it to quash such criminal-proceedings, in exercise of power vested in it under Section 482 of the Cr. P.C. Such exercise of power, besides doing justice to the accused, would save precious court time, which would otherwise be wasted in holding such a trial (as well as, proceedings arising therefrom) specially when, it is clear that the same would not conclude in the conviction of the accused. [(See: Rajiv Thapar v. Madan Lal Kapoor (Criminal Appeal No. 174 of 2013))]

- 28.** However in the present case, the material relied on by the appellant fails to satisfy the above-mentioned benchmarks.
- 29.** Similarly, the categories enumerated in the case of **Bhajan Lal** (*supra*) provide illustrative circumstances in which quashing may be justified. The relevant paragraphs read as under:

“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 have given 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 a criminal proceeding is 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.

103. We also give a note of caution to the effect that the power of quashing a criminal proceeding should be exercised very sparingly and with circumspection and that too in the rarest of rare cases; that the court will not be justified in embarking upon an enquiry as to the reliability or genuineness or otherwise of the allegations made in the FIR or the complaint and that the extraordinary or inherent powers do not confer an arbitrary jurisdiction on the court to act according to its whim or caprice."

- 30.** On perusal of the above-mentioned judgments, it is clear that the present case does not fall within any of the narrowly crafted circumstances in which quashing may be justified, as held in ***Bhajan Lal (supra)***. The allegations are neither absurd nor patently improbable, nor is there any express legal bar to prosecution. At this stage, the Court cannot embark upon an evaluation of the reliability or genuineness of the allegations or the defence documents.

- 31.** It is pertinent to note that the High Court, after analysing the record, correctly concluded that the ingredients of the offence under Section 406 of the IPC were not made out and, therefore, quashed the cognizance under that provision. However, the High Court also found that the allegations *prima facie* disclose the elements of offences under Sections 420, 344 and 506 of the IPC, and thus, rightly refrained from quashing proceedings relating to those offences.
- 32.** It is trite that the power under Section 482 of the CrPC is to be exercised sparingly, with circumspection and only in exceptional situations. Courts must avoid delving into disputed facts at the pre-trial stage. Interference is warranted only where the case clearly falls within the recognised parameters for quashing.
- 33.** In appellate jurisdiction, this Court does not ordinarily reappreciate evidence or revisit factual findings of the High Court unless the order suffers from manifest illegality, perversity or arbitrariness. The appellant has failed to demonstrate any such infirmity in the impugned decision.

- 34.** Having regard to the overall facts, materials and allegations, we are satisfied that the High Court committed no error in refusing to quash the proceedings for offences under Sections 420, 344 and 506 of the IPC.
- 35.** For the said reasons, the present appeal is dismissed as devoid of any merit.
- 36.** Pending applications, if any, shall stand disposed of.

.....J.
[SANJAY KAROL]

.....J.
[VIPUL M. PANCHOLI]

NEW DELHI
DECEMBER 04, 2025