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IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CRM-M-47021-2025(O&M)

Date of decision: 03.08.2026

RAHUL SOOD

...PETITIONER

VERSUS

STATE OF HARYANA AND ANR

...RESPONDENTS

CORAM: HON'BLE MR. JUSTICE H.S.GREWAL

Present: Mr. Saransh Sabharwal, Advocate for the petitioner.

Mr. Neeraj Sheoran, Sr. DAG, Haryana.

None for respondent No.2.

H.S.GREWAL, J. (ORAL)

1. This petition has been filed under Section 482 of the Cr.P.C., the petitioner seeks quashing of the:- (i) Criminal Complaint No. COMA/100/2017 dated 18.04.2017, titled as "Rao Laxman Dass Trading Company Vs. Amira Pure Foods and others"; (ii) Summoning order dated 15.06.2017 passed by the Sub Divisional Judicial Magistrate, Gohana vide which the petitioner along with other co-accused were summoned for the offence punishable under Section 138 of the Negotiable Instruments Act as amended by the Negotiable Instrument (Amendment and Miscellaneous Provisions) Act, 2002 (Act No. 55 of 2002) and also all the consequential proceedings arising thereof.

2. Learned counsel for the petitioner argued that the petitioner is an advocate by profession and was initially engaged by the accused company to provide legal advice in relation to its business. Subsequently, the petitioner was appointed as an Independent Non-Executive Director on the Board of the accused

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company on 30.09.2011 for providing legal assistance. However, it is evident from the resignation letter annexed as Annexure P-5, the petitioner resigned from the accused company on 05.10.2015, and his resignation was accepted on 16.10.2015. To substantiate this submission, learned counsel referred to Annexure P-6, which contains Form No. DIR-12, reflecting the petitioner's disassociation from the accused company as its Non-Executive Independent Director. He further submits that, although the petitioner had resigned from the accused company, he was requested to rejoin the Board merely for the purpose of completing the quorum required for holding a statutory meeting. Accordingly, on 01.07.2016, the petitioner was reappointed as an Independent Non-Executive Director, as is evident from Form No. DIR-11 (Annexure P-7). After the conclusion of the meeting, the petitioner again tendered his resignation on 01.09.2016, which came into effect on 30.09.2016. A copy of Form No. DIR-12 in this regard has been annexed as Annexure P-8.

3. While reiterating his aforesaid submissions and referring to the allegations contained in the impugned complaint, learned counsel submits that neither was the petitioner associated with the accused company as a Non-Executive Independent Director on the date of issuance of the cheque in question, nor was he a signatory to the said cheque. Moreover, the petitioner remained associated with the accused company only in the capacity of an Independent/Non-Executive Director and that too for the limited periods referred to hereinabove. The petitioner was not involved in the day-to-day affairs of the accused company. Learned counsel further submits that the allegations in the impugned complaint that the petitioner was one of the Directors who actively participated in the day-to-day affairs of the accused company are bald, vague and



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contrary to the record.

4. He has placed reliance upon the order dated 13.03.2024 passed in CRM-M-48200-2023 and the order dated 18.11.2024 passed in CRM-M-48069-2023 by the Coordinate Bench of this Court, whereby relief akin to that sought in the present petition was granted to the respective petitioner therein.

5. The relief sought by the petitioner is vehemently opposed by the learned State counsel. He submits that the issue raised before this Court involves disputed questions of fact, which cannot be adjudicated upon in the present proceedings.

6. I have heard the submissions made by ld. counsel for the parties and perused the record.

7. It is not in dispute that, at the time of issuance of the cheque in question, the petitioner was not a Director of the accused company. Moreover, it is also undisputed that the petitioner was not a signatory to the cheque in question and was not involved in day-to-day affairs of the accused company. Furthermore, the Co-ordinate Bench of this Court while deciding the similar question proceeded to quash the private complaint, summoning order in CRM-M-48200-2023 decided on 13.03.2024 and observed as under :-

“ANALYSIS & OBSERVATION

10. Before proceeding any further, it is pertinent discuss the provisions of Section 141 of the NI Act dealing with offences by Companies which reads as under:-

“141. Offences by companies. - (1) If the person committing an offence under Section 138 is a company, every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any



person liable to punishment if he proves that the offence was committed without his knowledge, or that he had exercised all due diligence to prevent the commission of such offence.

Provided further that where a person is nominated as a Director, of a company by virtue of his holding any office or employment in the Central Government or State Government or a financial corporation owned or controlled by the Central Government or the State Government, as the case may be, he shall not be liable for prosecution under this Chapter.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation. - For the purposes of this section: -

(a) 'company' means any body corporate and includes a firm or other association of individuals; and

(b) 'director', in relation to a firm, means a partner in the firm.”

11. The Hon’ble Supreme Court in the judgement rendered in the case of National Small Industries (Supra) while discussing Section 141 of the NI Act, has made the following observations:-

8. It is very clear from the above provision that what is required is that the persons who are sought to be made vicariously liable for a criminal offence under Section 141 should be, at the time the offence was committed, was in-charge of, and was responsible to the company for the conduct of the business of the company. Every person connected with the company shall not fall within the ambit of the provision. Only those persons who were in-charge of and responsible for the conduct of the business of the company at the time of commission of an offence will be liable for criminal action. It follows from the fact that if a Director of a Company who was not in-charge of and was not responsible for the conduct of the business of the company at the relevant time, will not be liable for a criminal offence under the provisions. The liability arises from being in-charge of and responsible for the conduct of the business of the company at the relevant time when the offence was committed and not on the basis of merely holding a designation or office in a company.

9. Section 141 is a penal provision creating vicarious liability, and which, as per settled law, must be strictly construed. It is therefore,



not sufficient to make a bald cursory statement in a complaint that the Director (arrayed as an accused) is in charge of and responsible to the company for the conduct of the business of the company without anything more as to the role of the Director. But the complaint should spell out as to how and in what manner Respondent No.1 was incharge of or was responsible to the accused company for the conduct of its business. This is in consonance with strict interpretation of penal statutes, especially, where such statutes create vicarious liability. A company may have a number of Directors and to make any or all the Directors as accused in a complaint merely on the basis of a statement that they are incharge of and responsible for the conduct of the business of the company without anything more is not a sufficient or adequate fulfillment of the requirements under Section 141.

19. In view of the above discussion, our answers to the questions posed in the reference are as under:

(a) It is necessary to specifically aver in a complaint under Section 141 that at the time the offence was committed, the person accused was in charge of, and responsible for the conduct of business of the company. This averment is an essential requirement of Section 141 and has to be made in a complaint. Without this averment being made in a complaint, the requirements of Section 141 cannot be said to be satisfied.

(b) The answer to the question posed in sub-para (b) has to be in the negative. Merely being a director of a company is not sufficient to make the person liable under Section 141 of the Act. A director in a company cannot be deemed to be in charge of and responsible to the company for the conduct of its business. The requirement of Section 141 is that the person sought to be made liable should be in charge of and responsible for the conduct of the business of the company at the relevant time. This has to be averred as a fact as there is no deemed liability of a director in such cases.

(c) The answer to Question (c) has to be in the affirmative. The question notes that the managing director or joint managing director would be admittedly in charge of the company and responsible to the company for the conduct of its business. When that is so, holders of such positions in a company become liable under Section 141 of the Act. By virtue of the office they hold as managing director or joint managing director, these persons are in charge of and responsible for the conduct of business of the company. Therefore, they get covered under Section 141. So far as the signatory of a cheque which is dishonoured is concerned, he is clearly responsible for the incriminating act and will be covered under sub-section (2)



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of Section 141.”

12. Similarly, a two-Judge Bench of Hon’ble Supreme Court in the case of Sunita Palita & Others vs. M/s Panchami Stone Quarry, 2022(4) R.C.R. (Criminal) 118 speaking through Justice Indira Banerjee has made the following observations:-

“42. A Director of a company who was not in charge or responsible for the conduct of the business of the company at the relevant time, will not be liable under those provisions. As held by this Court in, inter alia, S.M.S. Pharmaceuticals Ltd. (supra), the liability under Section 138/141 of the NI Act arises from being in charge of and responsible for the conduct of the business of the company at the relevant time when the offence was committed, and not on the basis of merely holding a designation or office in a company. It would be a travesty of justice to drag Directors, who may not even be connected with the issuance of a cheque or dishonour thereof, such as Director (Personnel), Director (Human Resources Development) etc. into criminal proceedings under the NI Act, only because of their designation.

43. Liability depends on the role one plays in the affairs of a company and not on designation or status alone as held by this Court in S.M.S. Pharmaceuticals Ltd.(supra). The materials on record clearly show that these Appellants were independent, nonexecutive Directors of the company. As held by this Court in Pooja Ravinder Devidasani v. State of Maharashtra and Anr., (2014) 16 SCC 1 a non-Executive Director is not involved in the day-to-day affairs of the company or in the running of its business. Such Director is in no way responsible for the day-to-day running of the Accused Company. Moreover, when a complaint is filed against a Director of the company, who is not the signatory of the dishonoured cheque, specific averments have to be made in the pleadings to substantiate the contention in the complaint, that such Director was in charge of and responsible for conduct of the business of the Company or the Company, unless such Director is the designated Managing Director or Joint Managing Director who would obviously be responsible for the company and/or its business and affairs.”

13. In the present case, the petitioner resigned from directorship on 05.10.2015 and his resignation was accepted by the accused company on 16.10.2015. Although, the petitioner again joined the company as a Director 01.07.2016 but the cheque in question was issued on 20.06.2016. Moreover, the petitioner has never been involved in the day-to-day affairs



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of the accused company and has never signed any cheque on behalf of the accused company including the cheque in question which has been signed by the authorized signatory Aparna Puri, Director of the accused company. Further, the petitioner, being a practicing advocate in the field of commercial law, was brought on the board of the accused company to solicit legal advice and even his relevant tax documents show that all remuneration paid to him by the accused company was received as 'Professional Fee'. The petitioner was never a salaried Director of the accused company. Further perusal of the minutes of meeting dated 01.02.2010 (Annexure P-10) of the accused company shows that co-accused Rajesh Arora was appointed as the person in-charge of the day-to-day affairs of the Company. Therefore, this Court finds there to be sufficient material on record to accept the prayer made by the petitioner.

CONCLUSION

14. In view of the above discussion, the present petition is allowed. The criminal complaint No. NACT/525/16 dated 18.11.2016 (Annexure P-9) titled 'Ram Kumar Amit Kumar vs. Amira Pure Foods and others' and the impugned order dated 21.01.2017 (Annexure P-1) passed by learned Judicial Magistrate Ist Class, Safidon as well as the impugned order dated 29.07.2023 (Annexure P-2) passed by learned Additional Sessions Judge, Jind, are hereby, quashed.

15. Pending miscellaneous application(s), if any, shall also stand disposed of accordingly."

8. Further while relying upon the aforesaid order, the Coordinate Bench of this Court has passed the order 18.11.2024 in CRM-M-48069-2023 and observed as under:

*"In summa, since the issue(s) now raised before this Court is squarely covered by the order (supra) rendered by the Co-ordinate Bench of this Court on 13.03.2024 and this fact is not even disputed by the learned counsel for the respondent No.2, therefore, in view of the discussion made hereinabove and the order (supra), all these petitions are **allowed**. The impugned complaint(s), summoning order(s) and the declining order(s) passed on the apposite revision petitions are hereby set aside qua the petitioner."*

9. Keeping in view the fact that the issue raised before this Court is



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squarely covered by the orders dated 13.03.2024 and 18.11.2024 passed by the Coordinate Bench(s) of this Court, and in view of the discussion made hereinabove, the present petition is **allowed**. Consequently, the impugned complaint dated 18.04.2017 (Annexure P-1) as well as the summoning order dated 15.06.2017 (Annexure P-2) are hereby quashed qua the petitioner.

9. Pending application(s) stand disposed of accordingly.

03.08.2026

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(H.S.GREWAL)
JUDGE

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