

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24.08.2020

CORAM:

THE HONOURABLE MR.JUSTICE G.K.ILANTHIRAIYAN

CRL.O.P.No.4487 of 2020 and
Crl.MP.Nos.2571 & 2572 of 2020

Arvind Sivakumaran

... Petitioner

Vs.

Rajkumar Jain

... Respondent

PRAYER: Criminal Original Petition filed under Section 482 of Cr.P.C. praying to call for the records and quash the private complaint proceeding pending against the petitioner in STC.No.640 of 2020 on the file of the learned Judicial Magistrate-I, Tirupur.

For Petitioner : Mr.P.M.Duraiswamy

For Respondent : Mr.R.Baskar

O R D E R

This petition has been filed to quash the proceedings in STC.No.640 of 2020 on the file of the learned Judicial Magistrate-I, Tirupur, having been taken cognizance for the offences punishable under Sections 138 & 142(2) (a) of Negotiable Instruments Act.

2. The learned counsel for the petitioner would submit that the learned Magistrate ought not to have taken cognizance for the offences under Sections 138 and 142(2)(a) of Negotiable Instruments Act, since there is absolutely no offence is made out as against the petitioner for the offences as alleged by the respondent herein. Even according to the defacto complainant, it is alleged that the petitioner's father in the capacity of the Managing Director of the company by name M/s.Kumaran Gin And Pressing Private Limited, with the consent of other Directors had availed loan for the business of the company from the defacto complainant on 16.04.2019. On the same day, in order to discharge the said liability, the petitioner's father being the authorised signatory to the company, with the consent of the other Directors issued two post-dated cheques. Thereafter, the father of the petitioner revalidated those two cheques on altering the date of the cheques as 18.07.2019 from 22.04.2019.

On the request of the petitioner's father and another Director, the cheques were presented for collection on 29.08.2019 and both the cheques were dishonoured for the reason "Exceeds Arrangements". Again, on the request of the petitioner's father and another Director of the company, the cheques were re-presented for collection on 14.10.2019, and again both the cheques were returned dishonoured for the reason "Exceeds Arrangements". The Managing Director of the Company, namely the father of the petitioner herein died on 03.09.2019 and the cheques were admittedly re-presented for collection on 14.10.2019, namely subsequent to the death of the authorised signatory of the Company. After the death of the Managing Director, namely the father of the petitioner herein, the petitioner was inducted as one of the Directors of the company on 17.09.2019. Therefore, the petitioner had absolutely no role in the alleged transaction and he cannot be liable for the offences under Sections 138 and 142(2)(a) of Negotiable Instruments Act.

2.1 He further submitted that in fact the petitioner categorically replied by his reply notice dated 19.11.2019 and stated that he had absolutely no knowledge about the alleged transaction between them which had taken place in the accused company prior to his induction as Director of the company. He also lodged complaint as against the respondent on 22.11.2019 and the same was forwarded to the Inspector of Police, Tirupur South Police Station, Tirupur and it is pending for investigation alleging that the respondent committed forgery by altering the date of cheques after the death of the petitioner's father and presented the cheques for collection. Therefore, he sought for quashment of the entire proceedings. He also relied upon the judgment reported in the case of S.M.S. Pharmaceuticals Limited Vs. Neeta Bhalla and another reported in (2005)8 SCC 89.

3. Per contra, the learned counsel for the respondent submitted that the first accused company availed loan from the respondent / complainant to the tune of Rs.50 lakhs, and towards repayment of the said loan, the first accused company issued two cheques signed by its authorised signatory cum Managing Director of the first accused company on 22.04.2019. Both the cheques have been again revalidated by the authorised signatory cum Managing Director of the first accused company on 18.07.2019. On their request, both the cheques were presented for collection on 29.08.2019 and both were returned dishonoured. Again the first accused instructed the respondent to re-present the cheques on 14.10.2019. On 03.09.2019, the authorised signatory cum Managing Director of the first accused company died. After the death of the Managing Director of the first accused company, the petitioner being the son of the erstwhile Managing Director of the first accused company has been inducted as Director and he

has been conducting the business of the first accused company. In fact, he received statutory notice and issued reply notice to the respondent herein. On the instruction, again both the cheques were presented for collection and both were returned dishonoured on the second occasion also. Thereafter, the respondent issued statutory notice and initiated proceedings for the offences punishable under Sections 138 and 142(2)(a) of NI Act. He further contended that the petitioner has been inducted as Director of the first accused company on 17.09.2019. From 17.09.2019 onwards, the petitioner acted as Director and he involved in the day to day affairs of the business of the first accused company. Therefore, he has full knowledge about the business transaction between the first accused company and the respondent. While presentation of the cheques, the petitioner very much acted as Director of the Company and he involved in the day to day affairs of the company. Therefore, the offences under Sections 142(2) of NI Act is clearly attracted as against the petitioner and is liable to be punished for the offences punishable under Sections 138 and 142 of NI Act. In support of his contention, he relied upon the following judgments and sought for dismissal of the quash petition.

- (i) N.Krishnan Vs. J.Thomas reported in (2018) 13 SCC 663
- (ii) Kamaladevi Agarwal Vs. State of West Bengal reported in (2002) 1 SCC 555
- (iii) National Small Industries Corpn. Ltd. Vs. Harmeet Singh Paintal reported in (2010) 3 SCC 330
- (iv) Rallis India Ltd. Vs. Poduru Vidya Bhashan reported in (2011) 13 SCC 88
- (v) Gunmala Sale (P) Ltd. Vs. Anu Mehta reported in (2015) 1 SCC 103
- (vi) HMT Watches Ltd. Vs. M.A.Abida reported in (2015) 11 SCC 776
- (vii) Kashap Vyas Vs. The Arasan Aluminium Industries Pvt Ltd and others reported in (2017) SCC Online Mad 26134
- (viii) A.R.Radha Krishna Vs. Dasari Deepthi reported in (2019) 15 SCC 550

4. Heard, Mr.P.M.Duraiswamy, learned counsel for the petitioner and Mr.R.Baskar, learned counsel for the respondent.

5. There are totally three accused, in which the petitioner is arrayed as third accused on the complaint lodged by the respondent for the offences punishable under Sections 138 and 142 of NI Act. The first accused is the company, the second

accused is the Managing Director of the company and the third accused is the Director of the first accused company. The third accused is being the son of the erstwhile Managing Director of the first accused company has been inducted as Director of the first accused company on 17.09.2019. Originally, the father was the Managing Director cum authorised signatory of the first accused company and his wife is the Director of the company. While being so, on 16.04.2019 the first accused borrowed a sum of Rs.50 lakhs from the respondent agreeing to repay the said amount with interest at the rate of 24% per annum. On the same day, the Managing Director of the first accused company cum authorised signatory, namely the father of the petitioner herein, with the consent of the mother of the petitioner herein, namely Director of the company issued post-dated cheques dated 22.04.2019. Thereafter both the cheques were revalidated by the erstwhile Managing Director of the first accused company as 18.07.2019. On instruction both the cheques were presented for collection on 29.08.2019 and both the cheques were returned dishonoured for the reason "Exceeds Arrangements". Thereafter, the erstwhile Managing Director of the first accused company again instructed the respondent to re-present the cheques on 14.10.2019. After giving instruction, unfortunately the Managing Director cum authorised signatory of the first accused company died on 03.09.2019. In the meanwhile, the petitioner herein being the son of the erstwhile Managing Director has been inducted as Director of the first accused company.

6. As per the earlier instruction of the erstwhile Managing Director of the first accused company, the respondent again presented both the cheques on 14.10.2019 for collection. Both the cheques were returned for the very same reason "Exceeds Arrangements". Thereafter the respondent issued statutory notice to all the accused persons. On receipt of the same, the petitioner herein issued reply notice stating that he had absolutely no knowledge about the revalidation of the cheques made by the erstwhile Managing Director of the first accused company and the instruction given by him to re-present the cheques on 14.10.2019. In fact, he had no knowledge about the business transaction between the first accused company and the respondent herein and had no knowledge about the first time presentation of those cheques on 29.08.2019 as well as 14.10.2019. He also lodged complaint on 22.11.2019 alleging that the respondent committed forgery on the cheques by revalidating the dates and presented the cheques for collection.

7. On perusal of the complaint closer, except the pleading that the petitioner has been inducted as Director of the first accused company on 17.09.2019 and he has been in the helm of the day to day affairs and conduct of the business of the first

accused company, no other specific allegation as at the time of alleged loan transaction and issuance of cheque and presentation of cheque, the petitioner had knowledge about the transaction with the respondent defacto complainant. In this regard, the learned counsel for the petitioner relied upon the judgment in the case of S.M.S. Pharmaceuticals Limited Vs. Neeta Bhalla and another reported in (2005)8 SCC 89, wherein the Hon'ble Supreme Court of India has held as follows:

"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 question posed in sub-para (b) has to be in 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 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 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 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 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) of Section 141."

The Hon'ble Supreme Court of India held that to attract the offences under Section 141 of NI Act, at the time the offence was committed, the person accused was in charge of and responsible for the conduct of the business of the company. This averment is essential requirement and it has to be made in this complaint.

8. In the case on hand, as discussed above, except the averment that the petitioner is one of the Directors of the first accused company and he has been in the helm of day to day affairs and conduct of the business of the first accused company, there is no specific allegation as against the petitioner to attract the offences under Section 141 of NI Act. Further it is held by the Hon'ble Supreme Court of India in the case of Ashoke Mal Bafna Vs. M/s.Upper India Steel Mfg & Engg. Co. Ltd reported in AIR 2017 SC 2854 as follows:

"9. Interpreting the provisions of Section 141 this Court in National Small Industries Corporation v. Harmeet Singh Paintal (2010) 3 SCC 330 observed that 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 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 the accused was in charge of or was responsible to the Company for the conduct of its business. This is in consonance with strict interpretation of penal statutes especially where such statutes create vicarious liability.

10. To fasten vicarious liability under Section 141 of the Act on a person, the law is well settled by this Court in a catena of cases that the complainant should specifically show as to how and in what manner the accused was responsible. Simply because a person is a Director of defaulter Company, does not make him liable under the Act. Time and again, it has been asserted by this Court that only the person who was at the helm of affairs of the Company and in charge of and responsible for the conduct of the business at the time of commission of an offence will be liable for criminal action [see : Pooja Ravinder Devidasani v. State of Maharashtra (2014) 16 SCC 1 : AIR 2015 SC 675].

11. In other words, the law laid down by this Court is that for making a Director of a Company liable for

the offences committed by the Company under Section 141 of the Act, there must be specific averments against the Director showing as to how and in what manner the Director was responsible for the conduct of the business of the Company.

From the above judgment, it is very clear that in order to make a Director of the company liable for the offence committed by the company under Section 141 of NI Act, there must be specific averment against the Director to show as to how and in what manner the Director was responsible for the conduct of the business of the Company.

9. In this regard, it is relevant to rely upon the judgment rendered in the case of National Small Industries Corporation Limited Vs. Harmit Singh Panital and another reported in (2010) 3 SCC 330, wherein it is held as follows:

Section 141 of the Act has been interpreted by this Court in various decisions. As to the scope of Section 141 of the Act, a three-Judge Bench of this Court considered the following questions which had been referred to it by a two-Judge Bench of this Court in SMS Pharmaceuticals vs. Neeta Bhalla and Anr. (2005) 8 SCC 89:

"(a) Whether for purposes of Section 141 of the Negotiable Instruments Act, 1881, it is sufficient if the substance of the allegation read as a whole fulfil the requirements of the said section and it is not necessary to specifically state in the complaint that the person accused was in charge of, or responsible for, the conduct of the business of the company.

(b) Whether a director of a company would be deemed to be in charge of, and responsible to, the company for conduct of the business of the company and, therefore, deemed to be guilty of the offence unless he proves to the contrary.

(c) Even if it is held that specific averments are necessary, whether in the absence of such averments the signatory of the cheque and or the managing directors or joint managing director who admittedly would be in charge of the company and responsible to the company for conduct of its business could be proceeded against."

While considering the above questions, this Court held as under:

18. To sum up, there is almost unanimous judicial opinion that necessary averments ought to be

contained in a complaint before a person can be subjected to criminal process. A liability under Section 141 of the Act is sought to be fastened vicariously on a person connected with a company, the principal accused being the company itself. It is a departure from the rule in criminal law against vicarious liability. A clear case should be spelled out in the complaint against the person sought to be made liable. Section 141 of the Act contains the requirements for making a person liable under the said provision. That the respondent falls within the parameters of Section 141 has to be spelled out. A complaint has to be examined by the Magistrate in the first instance on the basis of averments contained therein. If the Magistrate is satisfied that there are averments which bring the case within Section 141, he would issue the process. We have seen that merely being described as a director in a company is not sufficient to satisfy the requirement of Section 141. Even a non-director can be liable under Section 141 of the Act. The averments in the complaint would also serve the purpose that the person sought to be made liable would know what is the case which is alleged against him. This will enable him to meet the case at the trial.

(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) of Section 141."

Therefore, this Court has distinguished the case of persons who are in-charge of and responsible for the conduct of the business of the company at the time of the offence and the persons who are merely holding the post in a company and are not in-charge of and responsible for the conduct of the business of the company. Further, in order to fasten the vicarious liability in accordance with Section 141, the averment as to the role of the concerned Directors should be specific. The description should be clear and there should be some unambiguous allegations as to how the concerned Directors were alleged to be in-charge of and was responsible for the conduct and affairs of the company.

10. In the judgment rendered in the case of N.K.Wahi Vs. Shekhar Singh & Ors reported in (2007) 9 SCC 481, the Hon'ble Supreme Court of India has held as follows:

8. This provision clearly shows that so far as the companies are concerned if any offence is committed by it then every person who is a Director or employee of the company is not liable. Only such person would be held liable if at the time when offence is committed he was in charge and was responsible to the company for the conduct of the business of the company as well as the company. Merely being a Director of the company in the absence of above factors will not make him liable.

9. To launch a prosecution, therefore, against the alleged Directors there must be a specific allegation in the complaint as to the part played by them in the transaction. There should be clear and unambiguous allegation as to how the Directors are incharge and responsible for the conduct of the business of the company. The description should be clear. It is true that precise words from the

provisions of the Act need not be reproduced and the court can always come to a conclusion in facts of each case. But still in the absence of any averment or specific evidence the net result would be that complaint would not be entertainable.

The said issue again came up for consideration before a three-judge Bench of this Court recently in Ramraj Singh Vs. State of M.P. & Anr. (2009) 6 SCC 729. In this case, the earlier decisions were also considered in detail and held that 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. Furthermore, it held that vicarious liability can be attributed only if the requisite statements, which are required to be averred in the complaint petition, are made so as to make the accused / Director therein vicariously liable for the offence committed by the company. It was further held that before a person can be made vicariously liable, strict compliance of the statutory requirements would be insisted. Thus, the issue in the present case is no more res integra and has been squarely covered by the decisions of this Court have become binding precedents.

A combined reading of Sections 5 and 291 of Companies Act, 1956 with the definitions in clauses 24, 26, 30, 31 and 45 of Section 2 of that Act would show that the following persons are considered to be the persons who are responsible to the company for the conduct of the business of the company:

- (a) the Managing Director/s;
- (b) the whole-time Director/s;
- (c) the Manager;
- (d) the Secretary;
- (e) any person in accordance with whose directions or instructions the Board of Directors of the company is accustomed to act;
- (f) any person charged by the Board of Directors with the responsibility of complying with that provision;

Provided that the person so charged has given his consent in this behalf to the Board;

- (g) where any company does not have any of the officers specified in clauses (a) to (c), any director or directors who may be specified by the Board in this behalf or where no director is so

specified, all the directors:

Provided that where the Board exercises any power under clause (f) or clause (g), it shall, within thirty days of the exercise of such powers, file with the Registrar a return in the prescribed form.

38. But if the accused is not one of the persons who falls under the category of "persons who are responsible to the company for the conduct of the business of the company" then merely by stating that "he was in-charge of the business of the company" or by stating that "he was in-charge of the day-to-day management of the company" or by stating that "he was in-charge of, and was responsible to the company for the conduct of the business of the company", he cannot be made vicariously liable under Section 141 (1) of the Act. To put it clear that for making a person liable under Section 141(2), the mechanical repetition of the requirements under Section 141(1) will be of no assistance, but there should be necessary averments in the complaint as to how and in what manner the accused was guilty of consent and connivance or negligence and therefore, responsible under sub-section (2) of Section 141 of the Act.

39. From the above discussion, the following principles emerge :

(i) The primary responsibility is on the complainant to make specific averments as are required under the law in the complaint so as to make the accused vicariously liable. For fastening the criminal liability, there is no presumption that every Director knows about the transaction.

(ii) Section 141 does not make all the Directors liable for the offence. The criminal liability can be fastened only on those who, at the time of the commission of the offence, were in charge of and were responsible for the conduct of the business of the company.

(iii) Vicarious liability can be inferred against a company registered or incorporated under the Companies Act, 1956 only if the requisite statements, which are required to be averred in the complaint/petition, are made so as to make accused therein vicariously liable for offence committed by company along with averments in the petition containing that accused were in-charge of and responsible for the business of the company and by virtue of their position they are liable to be

proceeded with.

(iv) Vicarious liability on the part of a person must be pleaded and proved and not inferred. (v) If accused is Managing Director or Joint Managing Director then it is not necessary to make specific averment in the complaint and by virtue of their position they are liable to be proceeded with.

(vi) If accused is a Director or an Officer of a company who signed the cheques on behalf of the company then also it is not necessary to make specific averment in complaint.

(vii) 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.

11. In the judgment rendered in the case of Pooja Ravinder Devidasani Vs. State of Maharashtra and another reported in (2014) 16 SCC 1, the Hon'ble Supreme Court of India has held as follows:

We have given our thoughtful consideration to the arguments advanced by the counsel on either side at length. The questions that arise for determination are (i) whether the appellant is liable for prosecution under Section 138 read with Section 141 of the N.I. Act for the alleged offence of dishonor of cheques committed by the default Company?; (ii) whether the High Court was right in dismissing the writ petitions filed by the appellant seeking quashing of the criminal proceedings initiated against her by the Respondent No. 2?

There is no dispute that the appellant, who was wife of the Managing Director, was appointed as a Director of the Company-M/S Elite International Pvt. Ltd. on 1st July, 2004 and had also executed a Letter of Guarantee on 19th January, 2005. The cheques in question were issued during April, 2008 to September, 2008. So far as the dishonor of Cheques is concerned, admittedly the cheques were not signed by the appellant. There is also no dispute that the appellant was not the Managing Director but only a non-executive Director of the Company. Non-executive Director is no doubt a custodian of the governance of the Company but does not involve in the day-to-day affairs of the running of its business and only monitors the executive activity. To fasten vicarious liability under Section 141 of the Act on a person,

at the material time that person shall have been at the helm of affairs of the Company, one who actively looks after the day-to-day activities of the Company and particularly responsible for the conduct of its business. Simply because a person is a Director of a Company, does not make him liable under the N.I. Act. Every person connected with the Company will not fall into the ambit of the provision. Time and again, it has been asserted by this Court that 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. A Director, 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 an offence under Section 141 of the N.I. Act. In National Small Industries Corporation (supra) this Court observed:

"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 1 was in charge 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 in charge 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.

Putting the criminal law into motion is not a matter of course. To settle the scores between the parties which are more in the nature of a civil dispute, the parties cannot be permitted to put the criminal law into motion and Courts cannot be a mere spectator to it. Before a Magistrate taking cognizance of an offence under Section 138/141 of the N.I. Act, making

a person vicariously liable has to ensure strict compliance of the statutory requirements. The Superior Courts should maintain purity in the administration of Justice and should not allow abuse of the process of the Court. The High Court ought to have quashed the complaint against the appellant which is nothing but a pure abuse of process of law"

12. It is seen that time and again, it has been asserted by this Court and the Hon'ble Supreme Court of India that only the person who was in the helm of the affairs of the company and in charge of and responsible for the conduct of business at the time of commission of offence, will be liable for criminal action. Further, there must be specific averments against the Director showing as to how and in what manner the Director was responsible for the conduct of the business of the Company.

13. Admittedly, in the case on hand, the loan was borrowed by the erstwhile Managing Director on 16.04.2019, and post-dated cheques dated 29.08.2019 were issued to the respondent. Thereafter, both the cheques were revalidated as 18.07.2019. On the instruction of the erstwhile Managing Director cum authorised signatory of the first accused company, the cheques were presented for collection on 29.08.2019 and both were returned dishonoured for the reason "Exceeds Arrangements". Again, on the instruction given by the erstwhile Managing Director of the first accused company, the cheques were re-presented for collection on 14.10.2019. In the meanwhile on 03.09.2019, the Managing Director cum authorised signatory, who instructed to re-present the cheques, died. Thereafter, the petitioner being the son of the erstwhile Managing Director has been inducted as a Director of the first accused company on 17.09.2019. Therefore, the petitioner never had any knowledge about the business transaction and also issuance of cheques which were presented by the respondent for collection. It is relevant to extract the proviso of Section 141(1) as follows:

"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"

Therefore, the petitioner is not at all liable for the offence committed by the first accused company for the offences punishable under Section 141 of NI Act. Therefore, the judgments relied upon by the learned counsel for the respondent are not helpful to the case on hand.

14. In view of the considered opinion of this Court, the allegations made in the complaint do not specify the requirements of Section 141 of NI Act and therefore this Court necessarily has to interfere with the proceedings initiated by the respondent in exercise of its jurisdiction under Section 482 of Cr.P.C. Therefore, the complaint is not maintainable and cannot be sustained as against the petitioner and it is liable to be quashed. Accordingly, this Criminal Original Petition is allowed, and the proceedings in in STC.No.640 of 2020 on the file of the learned Judicial Magistrate-I, Tirupur is quashed as against the petitioner. Consequently, connected miscellaneous petitions are closed.

Sd/-
Assistant Registrar

//True Copy//

Sub Assistant Registrar

To

The Court of Judicial Magistrate-I,
Tirupur.

Cr1.O.P.No.4487 of 2020

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