

IN THE HIGH COURT AT CALCUTTA

(Criminal Revisional Jurisdiction)

APPELLATE SIDE

Present:

The Hon'ble Justice Shampa Dutt (Paul)

CRR 390 of 2019

Chittaranjan Maity

Vs

The State of West Bengal & Anr.

For the Petitioner : Mr. Arindam Jana,
Mr. Soumajit Chatterjee.

For the State : Mrs. Puspita Saha.

Heard on : 24.03.2023

Judgment on : 31.03.2023

Shampa Dutt (Paul), J.:

1. The present revision has been preferred praying for quashing of the proceeding being G.R. No. 2213/2015 arising out of Kolaghat Police Station Case No. 500/2015 dated 18.08.2015 under Sections 406/420/409/34/120B of the Indian Penal Code, 1860, presently pending before the Court of the Learned Chief Judicial Magistrate, Purba Medinipur.
2. The petitioner's case is that on the basis of a petition under Section 156(3) Cr.P.C. the present case being Kolaghat Police Station Case No. 500/2015 under Sections 406/420/409/34/120B of the Indian Penal Code was initiated.
3. The allegations in the petition of complaint is to the effect that the accused persons are the office bearers of one Adorable Agrotech Limited having its Head Office at 3rd floor, 195 Rashbehari Avenue, Kolkata – 700 019. The said company also had its branch offices at 4th floor, Shantipur, Mecheda New Nivedita Nursing Home, Pin-721137; Park Point Hotel beside State Bank of India, Mecheda Branch. The accused no. 1 was the director and the accused nos. 2 to 5 were the members of the board of directors of the said company. The accused no. 1/2/3 also functioned as the area managers and looked after all the branch offices within the district of Purba Medinipur. The said company advertised that upon investing in their

company, the investors will get return of double or triple of the invested amount within very short period of time. Influenced by such advertisements, the Opposite Party No. 2 and other people contacted the branch office of the said company, situated at Shantipur, Mecheda, where the area manager explained about many schemes and influenced the Opposite Party No. 2 to invest money in the said company, and also promised that the board of directors of the said company will also help the opposite party no. 2 to manage his investments in future; cajoled by their words, the Opposite Party No. 2 on 30.04.2013 invested Rs. 10,000/- and on 05.09.2013 invested Rs. 50,000/- in the said company for a period of one year and the Opposite Party No. 2 was issued two certificates to that effect. Other than that, the opposite party no. 2 on other occasions also invested different amounts of money with the said company. Upon maturity of the investment periods, when the Opposite Party No. 2 approached the said company to get his maturity amount, the area manager informed him that to get the maturity amount the entire certificates of the Opposite Party No. 2 had to be sent to the Head Office. The Opposite Party No. 2, believing the words of the area manager, deposited all the original certificates and after waiting for a few days, contacted the chairman and managing director of the said company, who kept delaying the payment on different pretext. Lastly in the month of November, 2014 when the Opposite Party No. 2 went to the

Mecheda Branch Office and the Head Office of the said Company, he found both the places under lock and key. The Opposite Party No. 2 tried to contact the accused persons by various means but could not. Later he understood that he had been cheated by the accused persons. The Opposite Party No. 2 at a later stage came to know that the accused persons had procured crores of money from public at large by defrauding them.

4. After conclusion of investigation in Kolaghat Police Station Case No. 500/2015 dated 18.08.2015, the investigating agency submitted Charge Sheet bearing number 552/2017 dated 31.12.2017 under Sections 406/420/409/34/120B of Indian Penal Code, 1860 against the petitioner and others before the court of the Learned chief Judicial Magistrate, Purba Medinipur. The Learned Magistrate by his order dated 20.01.2018 was pleased to take cognizance of the instant case.
5. **That much prior to the inception of the instant case, Kolaghat Police Station Case No. 370/2014 dated 20.08.2014 under Sections 420/406/120B was registered for investigation upon the complaint of the petitioner against the director and other office bearers of Adorable Agrotech Limited,** the company of which the petitioner is claimed to be employees and office bearers in the instant case, alleging similar offences against them.

6. Upon conclusion of investigation in connection with Kolaghat Police Station Case No. 370/2014 dated 20.08.2014, the investigating agency submitted Charge Sheet bearing no. 38/2017 dated 21.02.2017 under Sections 420/406/120B against 4 accused persons.
7. **Mr. Arindam Jana, learned counsel for the petitioner** has submitted that contrary to the allegations as leveled against the petitioner herein to the effect that the petitioner is office bearers of the company being Adorable Agrotech Limited, the petitioner is not connected with the company by no means whatsoever. The Memorandum and Article of Association of Adorable Agrotech Limited and the Company Master Data thereof render it amply clear that the petitioner is by no means members of the board of directors of the said company.
8. **Mr. Jana** further submits that the Learned Chief Judicial Magistrate, Purba Medinipur took cognizance of the instant case being G.R. No. 2213/2015 arising out of Kolaghat Police Station Case No. 500/2015 dated 18.08.2015 without dwelling with the facet of presence of essential ingredients of criminal breach of trust/cheating in the light of the unrefuted averments of the Opposite Party No. 2 in his complaint. That the instant proceeding is bad in fact and law and is liable to be quashed.

9. **Mrs. Puspita Saha, learned counsel for the State** has placed the case diary along with a report showing that the complainant has expired.
10. **On hearing the parties and Considering the materials on record including the case diary, it seen that:-**
- i) The Petitioner is the accused No. 3 in the petition of complaint.
 - ii) The allegation against the petitioner is that he was a member of the board of directors (no documents on record).
 - iii) The portal of Ministry of company affairs as on 15.11.2018 does not show the names of the petitioner as Director, since the inception of the company on 28.07.2010.
 - iv) The memorandum and Articles of Association of the company also does not show the petitioner as either Director or Share holder.
 - v) The **report** including the list of Directors of the company submitted by the **Asst. Registrar of companies**, West Bengal dated 16.03.2017 to the Officer-in-Charge of Kolaghat Police Station also does not show the petitioner as Director. (Page No. 89 to 91 of the Case Diary).
 - vi) There is also no other papers relating to the company against the petitioner, on record, either as area manager or any other post in the company.

- vii) No copies of alleged certificates of investment is on record. As such proof of investment is absent.

11. **Section 406 of the Indian Penal Code, lays down:-**

“406. Punishment for criminal breach of trust.—

Whoever commits criminal breach of trust shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.

Ingredients of offence.— The essential ingredients of the offence under Sec. 406 are as follows:-

- (1) Mens rea is essential ingredient of offence.*
- (2) There must be an entrustment, there must be misappropriation or conversion to one's own use, or use in violation of a legal direction or of any legal contract.*
- (3) The accused was entrusted with the property or domain over it.*
- (4) He dishonestly misappropriated or converted to his own use such property;*
- (5) He dishonestly used or disposed of that property or willfully suffered any other person to do so in failure of-*
 - (a) Any direction of law prescribing the mode in which such trust is to be discharged, or*
 - (b) Any legal contract made touching upon the discharge of such trust.”*

12. **Section 420 of the Indian Penal Code, lays down:-**

“420. Cheating and dishonestly inducing delivery of property.—

Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.

Ingredients of offence.— The essential ingredients of the offence under Sec. 420 are as follows:-

(1) There should be fraudulent or dishonest inducement of a person by deceiving him;

(2) (a) The person so induced should be intentionally induced to deliver any property to any person or to consent that any person shall retain any property, or

(b) the person so induced to do anything which he would not do or omit if he were not so deceived, and

(c) in cases covered by second part of clause (a), the act or omission should be one which caused or was likely to cause damage or harm to the person induced in body, mind or property.

The two essential ingredients of the offence under this section are –

(A) Deceit, that is to say dishonest or fraudulent misrepresentation, and

(B) Inducing the person deceived to part with property.”

13. **Section 409 of the Indian Penal Code, lays down:-**

“409. Criminal breach of trust by public servant, or by banker, merchant or agent.—Whoever, being in any manner entrusted with property, or with any dominion over property in his capacity of a public servant or in the way of his business as a banker, merchant, factor, broker, attorney or agent, commits criminal breach of trust in respect of that property, shall be punished with imprisonment for life, or with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine.

Ingredients of offence.— The essential ingredients of the offence under Sec. 409 are as follows:-

(1) Accused was a public servant, or a banker or merchant or agent or factor or broker or an attorney;

(2) In such capacity accused was entrusted with certain property or he gained domain over such property which was not his own;

(3) Accused committed criminal breach of trust with respect to such property.”

14. The Supreme Court in **Vijay Kumar Ghai vs The State of West Bengal, Criminal Appeal No. 463 of 2022, on 22 March 2022**, held:-

“24. “Entrustment” of property under Section 405 of the Indian Penal Code, 1860 is pivotal to constitute an offence under this. The words used are, ‘in any manner entrusted with property’. So, it extends to entrustments of all kinds whether to clerks, servants, business partners or other persons, provided they are holding a position of ‘trust’. A person who dishonestly misappropriates property entrusted to them contrary to the terms of an obligation imposed is liable for a criminal breach of trust and is punished under Section 406 of the Penal Code.

*25. The definition in the section does not restrict the property to movables or immoveable alone. This Court in **R K Dalmia vs Delhi Administration**, (1963) 1 SCR 253 held that the word ‘property’ is used in the Code in a much wider sense than the expression ‘moveable property’. There is no good reason to restrict the meaning of the word ‘property’ to moveable property only when it is used without any qualification in Section 405.*

*26. In **Sudhir Shantilal Mehta Vs. CBI**, (2009) 8 SCC 1 it was observed that the act of criminal breach of trust would, *Inter alia* mean using or disposing of the property by a person who is entrusted with or has otherwise dominion thereover. Such an act must not only be done dishonestly but also in violation of any direction of law or any contract express or implied relating to carrying out the trust.*

30. Section 420 IPC is a serious form of cheating that includes inducement (to lead or move someone to happen) in terms of delivery of property as well as valuable securities. This section is also applicable to matters where the destruction of the property is caused by the way of cheating or inducement.

Punishment for cheating is provided under this section which may extend to 7 years and also makes the person liable to fine.

31. *To establish the offence of Cheating in inducing the delivery of property, the following ingredients need to be proved:-*

- 1. The representation made by the person was false.*
- 2. The accused had prior knowledge that the representation he made was false.*
- 3. The accused made false representation with dishonest intention in order to deceive the person to whom it was made.*
- 4. The act where the accused induced the person to deliver the property or to perform or to abstain from any act which the person would have not done or had otherwise committed.*

32. *As observed and held by this Court in the case of **Prof. R.K. Vijayasathy & Anr. Vs. Sudha Seetharam & Anr.**, (2019) 16 SCC 739 the ingredients to constitute an offence under Section 420 are as follows:-*

- i) a person must commit the offence of cheating under Section 415; and*
- ii) the person cheated must be dishonestly induced to;*
 - a) deliver property to any person; or*
 - b) make, alter or destroy valuable security or anything signed or sealed and capable of being converted into valuable security. Thus, cheating is an essential ingredient for an act to constitute an offence under Section 420 IPC."*

15. The Supreme Court in **N. Raghavender vs State of Andhra Pradesh, CBI, Criminal Appeal No. 5 of 2010, on 13.12.2021**, held:-

"Ingredients necessary to prove a charge under Section 409 IPC:-

41. Section 409 IPC pertains to criminal breach of trust by a public servant or a banker, in respect of the property entrusted to him. The onus is on the prosecution to prove that the accused, a public servant or a banker was entrusted with the property which he is duly bound to account for and that he has committed criminal breach of trust. (See: **Sadupati Nageswara Rao v. State of Andhra Pradesh, (2012) 8 SCC 547**).

42. The entrustment of public property and dishonest misappropriation or use thereof in the manner illustrated under Section 405 are a sine qua non for making an offence punishable under Section 409 IPC. The expression 'criminal breach of trust' is defined under Section 405 IPC which provides, inter alia, that whoever being in any manner entrusted with property or with any dominion over a property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes of that property contrary to law, or in violation of any law prescribing the mode in which such trust is to be discharged, or contravenes any legal contract, express or implied, etc. shall be held to have committed criminal breach of trust. Hence, to attract Section 405 IPC, the following ingredients must be satisfied:

- (i) Entrusting any person with property or with any dominion over property;
- (ii) That person has dishonestly mis-appropriated or converted that property to his own use;
- (iii) Or that person dishonestly using or disposing of that property or wilfully suffering any other person so to do in violation of any direction of law or a legal contract.

43. It ought to be noted that the crucial word used in Section 405 IPC is 'dishonestly' and therefore, it presupposes the existence of mens rea. In other words, mere retention of property entrusted to a person without any misappropriation cannot fall within the ambit of criminal breach of trust. Unless there is some actual use by the accused in violation of law or contract, coupled with dishonest intention, there is no criminal breach of trust. The second significant expression is 'mis-appropriates' which means improperly setting apart for ones use and to the exclusion of the owner.

44. No sooner are the two fundamental ingredients of 'criminal breach of trust' within the meaning of Section 405 IPC proved, and if such criminal breach is caused by a public servant or a banker, merchant or agent, the said offence of criminal breach of trust is punishable under Section 409 IPC, for which it is essential to prove that:

- (i) The accused must be a public servant or a banker, merchant or agent;
- (ii) He/She must have been entrusted, in such capacity, with property; and
- (iii) He/She must have committed breach of trust in respect of such property.

45. Accordingly, unless it is proved that the accused, a public servant or a banker etc. was 'entrusted' with the property which he is duty bound to account for and that such a person has committed criminal breach of trust, Section 409 IPC may not be attracted. 'Entrustment of property' is a wide and generic expression. While the initial onus lies on the prosecution to show that the property in question was 'entrusted' to the accused, it is not necessary to prove further, the actual mode of entrustment of the property or misappropriation thereof. Where the 'entrustment' is admitted by the accused or has been established by the prosecution, the burden then shifts on the accused to prove that the obligation vis-à-vis the entrusted property was carried out in a legally and contractually acceptable manner.

Ingredients necessary to prove a charge under Section 420 IPC:-

46. Section 420 IPC, provides that whoever cheats and thereby dishonestly induces a person deceived to deliver any property to any person, or to make, alter or destroy, the whole or any part of valuable security, or anything, which is signed or sealed, and which is capable of being converted into a valuable security, shall be liable to be punished for a term which may extend to seven years and shall also be liable to fine.

47. It is paramount that in order to attract the provisions of Section 420 IPC, the prosecution has to not only prove that the accused has cheated someone but also that by doing so, he has

dishonestly induced the person who is cheated to deliver property. There are, thus, three components of this offence, i.e., (i) deception of any person, (ii) fraudulently or dishonestly inducing that person to deliver any property to any person, and (iii) mens rea of the accused at the time of making the inducement. It goes without saying that for the offence of cheating, fraudulent and dishonest intention must exist from the inception when the promise or representation was made.

48. *It is equally well-settled that the phrase 'dishonestly' emphasizes a deliberate intention to cause wrongful gain or wrongful loss, and when this is coupled with cheating and delivery of property, the offence becomes punishable under Section 420 IPC. Contrarily, the mere breach of contract cannot give rise to criminal prosecution under Section 420 unless fraudulent or dishonest intention is shown right at the beginning of the transaction. It is equally important that for the purpose of holding a person guilty under Section 420, the evidence adduced must establish beyond reasonable doubt, mens rea on his part. Unless the complaint showed that the accused had dishonest or fraudulent intention '**at the time the complainant parted with the monies**', it would not amount to an offence under Section 420 IPC and it may only amount to breach of contract."*

16. **The materials on record do not show that the complainant had entrusted the petitioner with any property. Nor is there any prima facie material to show that the complainant had been dishonestly induced by the petitioner to deliver any property (herein "cash money" for investment). Nor has it been brought on record by any documents that the petitioner was engaged in the capacity as required to constitute the offence under Section 409 IPC.**

17. In **Ramesh Chandra Gupta vs. State of Uttar Pradesh and Ors., 2022 LiveLaw (SC) 993, Criminal Appeal No(s). 2060 of 2022 (Arising out of SLP (Crl.) No(s). 39 of 2022)**, the Supreme Court held:-

*“15. This Court has an occasion to consider the ambit and scope of the power of the High Court under Section 482 CrPC for quashing of criminal proceedings in **Vineet Kumar and Others vs. State of Uttar Pradesh and Another, (2017) 13 SCC 369** decided on 31st March, 2017. It may be useful to refer to paras 22, 23 and 41 of the above judgment where the following was stated:*

“22. Before we enter into the facts of the present case it is necessary to consider the ambit and scope of jurisdiction under Section 482 CrPC vested in the High Court. Section 482 CrPC saves the inherent power of the High Court to make such orders as may be necessary to give effect to any order under this Code, or to prevent abuse of the process of any court or otherwise to secure the ends of justice.

*23. This Court time and again has examined the scope of jurisdiction of the High Court under Section 482 CrPC and laid down several principles which govern the exercise of jurisdiction of the High Court under Section 482 CrPC. A three-Judge Bench of this Court in *State of Karnataka v. L. Muniswamy* (1977) 2 SCC 699 held that the High Court is entitled to quash a proceeding if it comes to the conclusion that allowing the proceeding to continue would be an abuse of the process of the Court or that the ends of justice require that the proceeding ought to be quashed. In para 7 of the judgment, the following has been stated :*

‘7. ... In the exercise of this wholesome power, the High Court is entitled to quash a proceeding if it comes to the conclusion that allowing the proceeding to continue would be an abuse of the process of the court or that the ends of justice require that the proceeding ought to be quashed. The saving of the High Court's inherent powers, both in civil and criminal matters, is designed to achieve a salutary public purpose which is that a court proceeding ought not to be permitted to degenerate into a weapon of harassment or persecution. In a criminal

case, the veiled object behind a lame prosecution, the very nature of the material on which the structure of the prosecution rests and the like would justify the High Court in quashing the proceeding in the interest of justice. The ends of justice are higher than the ends of mere law though justice has got to be administered according to laws made by the legislature. The compelling necessity for making these observations is that without a proper realisation of the object and purpose of the provision which seeks to save the inherent powers of the High Court to do justice, between the State and its subjects, it would be impossible to appreciate the width and contours of that salient jurisdiction.'

41. Inherent power given to the High Court under Section 482 CrPC is with the purpose and object of advancement of justice. In case solemn process of Court is sought to be abused by a person with some oblique motive, the Court has to thwart the attempt at the very threshold. The Court cannot permit a prosecution to go on if the case falls in one of the categories as illustratively enumerated by this Court in State of Haryana v. Bhajan Lal 1992 Supp (1) SCC 335. Judicial process is a solemn proceeding which cannot be allowed to be converted into an instrument of operation or harassment. When there are materials to indicate that a criminal proceeding is manifestly attended with mala fides and proceeding is maliciously instituted with an ulterior motive, the High Court will not hesitate in exercise of its jurisdiction under Section 482 CrPC to quash the proceeding under Category 7 as enumerated in State of Haryana v. Bhajan Lal 1992 Supp (1) SCC 335 which is to the following effect :

'102. (7) Where a criminal proceeding is manifestly attended with mala fides 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.' Above Category 7 is clearly attracted in the facts of the present case. Although, the High Court has noted the judgment of State of Haryana v. Bhajan Lal 1992 Supp (1) SCC 335 but did not advert to the relevant facts of the present case, materials on which final report was submitted by the IO. We, thus, are fully satisfied that

the present is a fit case where the High Court ought to have exercised its jurisdiction under Section 482 CrPC and quashed the criminal proceedings.”

16. *The exposition of law on the subject relating to the exercise of the extra-ordinary power under Article 226 of the Constitution or the inherent power under Section 482 CrPC are well settled and to the possible extent, this Court has defined sufficiently channelized guidelines, to give an exhaustive list of myriad kinds of cases wherein such power should be exercised. This Court has held in para 102 in **State of Haryana and Others v. Bhajan Lal and Others, 1992 Supp. (1) 335** 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 give 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.”

17. *The principles culled out by this Court have consistently been followed in the recent judgment of this Court in **Neeharika Infrastructure Pvt. Ltd. v. State of Maharashtra and Others, 2021 SCC Online SC 315.**”*

18. Thus there being no materials on record prima facie against the petitioner to prove the ingredients required to constitute the offences as alleged under Sections 406/420/409/34/120B of the Indian Penal Code, the present case falls within the guidelines 5 and 7 in para 102 of **State of Haryana vs Bhajan Lal and Ors., (1992 Supp (1) SCC 335)** and is thus liable to be quashed in the interest of justice.

19. **CRR 390 of 2019 is allowed.**

20. The proceeding being G.R. No. 2213/2015 arising out of Kolaghat Police Station Case No. 500/2015 dated 18.08.2015 under Sections 406/420/409/34/120B of the Indian Penal Code, 1860, pending before the Learned Chief Judicial Magistrate, Purba Medinipur, is hereby quashed.
21. There will be no order as to costs.
22. All connected Application stand disposed of.
23. Interim order if any stands vacated.
24. Copy of this judgment be sent to the learned Trial Court forthwith for necessary compliance.
25. Urgent certified website copy of this judgment, if applied for, be supplied expeditiously after complying with all, necessary legal formalities.

(Shampa Dutt (Paul), J.)