IN THE HIGH COURT OF ORISSA AT CUTTACK

CRLMC No.1356 of 2019

Somnath Datta .... ***Petitioner***

Mr. Asok Mohanty, Sr. Advocate
Mr. S. K. Padhi, Sr. Advocate
With Mr. Abhilash Mishra, Advocate
Mr. Beda Prakash Panda, Advocate

-versus-

State of Odisha & Another .... ***Opp. Parties***

Mr. A. K. Apat, Addl. P. P.
For O.P. No.1

Mr. Saswat Kumar Acharya, Advocate
(for O.P. No.2)

CRLMC No.1729 of 2019

Rudranarayan Pati .... ***Petitioner***

Mr. Asok Mohanty, Sr. Advocate
Mr. S. K. Padhi, Sr. Advocate
With Mr. Abhilash Mishra, Advocate
Mr. Beda Prakash Panda, Advocate

-versus-

State of Orissa and another .... ***Opp. Parties***

Mr. A. K. Apat, Addl. P. P.
For O.P. No.1

Mr. Saswat Kumar Acharya, Advocate
(for O.P. No.2)

CRLMC No.1730 of 2019

Laxman Kumar Patra .... ***Petitioner***

Mr. Asok Mohanty, Sr. Advocate
Mr. S. K. Padhi, Sr. Advocate
With Mr. Abhilash Mishra, Advocate
Mr. Beda Prakash Panda, Advocate

-versus-

State of Orissa and another .... ***Opp. Parties***

Mr. A. K. Apat, Addl. P. P.
For O.P. No.1

Mr. Saswat Kumar Acharya, Advocate
(for O.P. No.2)

CRLMC No.1731 of 2019

Ashok Kumar Sahoo .... ***Petitioner***

Mr. Asok Mohanty, Sr. Advocate
Mr. S. K. Padhi, Sr. Advocate
With Mr. Abhilash Mishra, Advocate
Mr. Beda Prakash Panda, Advocate

-versus-

State of Orissa and another .... ***Opp. Parties***

Mr. A. K. Apat, Addl. P. P.
For O.P. No.1

Mr. Saswat Kumar Acharya, Advocate
(for O.P. No.2)

CORAM:
THE HON'BLE MR. JUSTICE CHITTARANJAN DASH

ORDER

Order No. **28.11.2025**

23. 1. Heard learned counsel for the Parties.

2. By means of these applications, the Petitioners seek to challenge the order of cognizance dated 16.12.2017 passed by the learned JMFC, Barbil in G.R. Case No. 81 of 2017 (arising out of EOW P.S. Case No. 4 of 2014 corresponding to Barbil P.S. Case No. 35 of 2013), whereby the learned court below took cognizance of the offences under Sections 467/471/418/120-B/201 of the IPC.

3. The background facts of the case, in brief, are that M/s. Sushant Minerals Pvt. Ltd., a company incorporated under the Companies Act, 1956, is engaged in the business of export of iron ore fines and is thus an earner of foreign exchange. Being an exporter, the complainant avails forward contract facilities to safeguard itself against foreign exchange fluctuation. For abundant caution, the complainant sought clarification regarding the procedures relating to forward contract facilities by sending a

questionnaire to the Petitioners through e-mail on 25.09.2010.

The Petitioners, in their e-mail dated 26.09.2010, informed that the complainant was required to apply for booking forward contracts in support of its foreign buyer's contract, following which the bank would issue written confirmation showing the amount of exchange to be booked and the rate offered. Upon acceptance of the confirmation by the complainant through signature and return of the document, the forward contract would be made. It was also represented that the bank would prepare the forward contract in the standard format duly stamped under the Indian Stamp Act and that once such contract was signed by both parties, it would be binding.

After due verification and discussions, the complainant furnished cash security/fixed deposit of Rs.75 lakhs to the bank on 29.09.2010 as one of the conditions of the offer letter dated 23.06.2010. In terms of the said offer letter, the credit facility was valid for one year, and the fixed deposit was given a maturity date of 03.11.2011 so that the bank would have a clear period of 37 days to settle its claims.

Immediately thereafter, Petitioner-Laxman Kumar Patra personally presented two agreement forms titled "Agreement for Forward Contract Limit" and "Agreement for Foreign Exchange Transactions", along with two blank "Applications for booking of forward contract/option". It was represented that without these executed agreements the facility could not be extended, and that the executed agreements would be signed by the bank's authorised officer and returned to the complainant. The blank applications were stated to be necessary for booking forward contracts after submission of foreign buyer's contracts by the complainant. The complainant duly signed the agreement documents; however, the bank never returned the copies.

On 04.10.2010, Petitioner-Somanath Dutta sent an e-mail informing that the bank had earned Rs.1,65,000/- for the complainant and asked the complainant to submit a declaration stating that Form 24AA was not being filed as the company had no interest in any other company. The complainant refused and sought justification for such earnings. Despite this, repeated e-mails dated 18.10.2010 and 28.10.2010 insisted upon filing of Form 24AA and

claimed substantial profits allegedly earned for the complainant.

Apprehending irregularities, the complainant refrained from responding further. It was suspected that the bank had undertaken "option" transactions instead of "forward contracts", since the bank's offer letter mentioned "Plain Vanilla Forward Contract", whereas RBI circulars only recognize "Plain Vanilla European Option" and "Plain Vanilla American Option" under the "Option" category. The applications obtained from the complainant were titled "Application for booking of forward contract/option", creating suspicion that the bank may have used them to book options unlawfully.

The complainant further suspected that the bank may have engaged in derivative trading in the stock market using these blank applications under the guise of "option" contracts and shared the resulting profits with the complainant. These doubts persisted particularly because Condition No.3 of the "Agreement for Forward Contract Limit" stated that the bank might act as "agent/principal" for any order placed by the client.

During the subsistence of the facility, the bank allegedly made 16 forward contracts without any request, confirmation, submission of foreign buyer's contract, or execution of stamped forward contracts. Account statements were not regularly provided, and debits/credits relating to exchange gains and losses were made without consent. Upon collecting account statements in mid-March 2011 for yearly accounts, the complainant noticed several unexplained transactions and orally sought clarification. In response, the bank sent an e-mail dated 14.03.2011 detailing the transactions. The complainant requested cessation of such transactions and compensation for the losses suffered. Petitioner-Rudranarayan Pati advised the complainant to file applications for booking to claim compensation, which the complainant declined. Notwithstanding the disputes, the bank made two further transactions on 29.07.2011 and 31.08.2011.

4. It is submitted that in the second week of December 2011, to the utter shock and surprise of the complainant, the bank informed the complainant that it had incurred huge losses on forward contracts and demanded an additional security deposit of Rs.32.24 lakhs in its MTM account. The complainant was completely

taken aback and appalled by the conduct of the bank, as he had no knowledge as to how the bank had carried out such transactions even after expiry of the validity of the credit limit. The complainant, therefore, sought a clarification from the bank vide letter dated 14.12.2011. In response, the bank, vide its letter dated 22.12.2011, informed that the transaction was carried out on the basis of Forward Contract No.015FWDPUR1118160 dated 21.09.2011 with validity till 20.03.2012, purportedly issued by the complainant, which resulted in the alleged loss.

5. Before issuing the clarification letter dated 22.12.2011, the bank had debited Rs.1,89,75,000/- on 15.12.2011 from the account of the complainant and handed over a copy of the application for forward contract dated 21.09.2011 to one Mr. Suvendu Misra, a staff member of the complainant company, without any forwarding letter dated 16.01.2011. The bank also furnished photocopies of the advices relating to sixteen earlier transactions along with photocopies of unsigned agreements.

6. It is alleged by the complainant company that the bank, without any request, authority, or supporting

documentary evidence, carried out the forward contract transaction dated 21.09.2011. On the very same day, the complainant issued two letters to the bank stating that the signatures appearing on the said application were forged and not that of Mr. Bidyadhar Palai. The copy of the fabricated application for forward contract dated 21.09.2011 was enclosed with the complainant's letter dated 20.12.2011. Upon verification of the documents supplied by the bank, the complainant discovered that a huge fraud had been committed. The signature of Shri Bidyadhar Palei on the alleged application for booking of forward contracts had been forged and fabricated by the bank officials. Furthermore, though Shri Bidyadhar Palei is the Managing Director of the complainant company, the alleged application bore the seal of "Director", which further confirmed its falsity.

7. It is further alleged that the bank had no documentary evidence regarding the underlying exposures for the sixteen forward contracts purportedly made during the validity of the credit/forward contract facility. The bank's claim that it had a copy of Contract No. SKR/SM/10 dated 10.07.2011 was also alleged to be fraudulent, as the actual contract was dated 10.02.2011,

and the foreign buyer's payment against the said contract had already been realized on 02.03.2011 through SBI, Commercial Branch, Bhubaneswar. The complainant asserts that it is clear from the documents supplied by the bank that forgery and manipulation were committed by Somnath Datta and Rudranarayan Pati in connivance with Laxman Kumar Patra, who abetted the forgery of the documents and is therefore liable for the offences mentioned above.

8. The complainant reported the matter to the IIC, Barbil P.S., the Superintendent of Police, Keonjhar, and the Crime Branch seeking investigation. As there was inaction on the part of the Police, the complainant filed a complaint before the learned jurisdictional Magistrate, which was registered as ICC Case No.5 of 2013 before the learned JMFC, Barbil. The learned JMFC, Barbil, directed the Police under Section 156(3), Cr.P.C to register an FIR. Pursuant to the said direction, Barbil P.S. Case No.35 of 2013 was registered under Sections 465/471/417/427/120-B/409/34 of the IPC against all the Petitioners and took up the investigation, which was later taken over by the EOW, CID-CB, vide EOW P.S. Case No.4 of 2014.

9. All the Petitioners, therefore, have approached this Court seeking quashing of the criminal proceedings in G.R. Case No.81 of 2017 arising out of EOW P.S. Case No.4 of 2014 pending before the learned JMFC, Barbil.

10. Opposite Party No.2, Bidyadhar Palei, Managing Director of M/s. Sushant Minerals Pvt. Ltd., having entered appearance, filed an affidavit controverting the contentions of the Petitioners. Considering the nature of the allegations and the dispute, and with the consent of the parties, this Court, vide order dated 21.07.2025, referred the matter to mediation. The parties appeared before the Mediator and the dispute was resolved with the intervention of the Mediator. As revealed from the Mediation Report dated 19.09.2025, both parties executed a settlement agreement on 19.09.2025, duly signed by their authorised representatives and respective Advocates. The said settlement agreement forms part of the Mediation Report, which has been placed on record.

11. In terms of the settlement, the Managing Director of M/s. Sushant Minerals Pvt. Ltd. received a Demand Draft for Rs.1.40 crore vide DD No.113623 dated 19.09.2025 drawn on IndusInd Bank, Barbil Branch, from

the authorised representatives of M/s. IndusInd Bank Ltd. on the same day.

12. Learned counsel for the respective parties appeared before this Court and vouched for the Mediation Report dated 19.09.2025, submitting that the dispute has been amicably settled pursuant to the agreement executed by the parties on 19.09.2025. They, accordingly, prayed for quashing of the criminal proceedings pending before the learned JMFC, Barbil.

13. The Hon'ble Supreme Court has consistently held that criminal proceedings arising out of commercial or financial transactions, or disputes of a predominantly civil nature, may be quashed under Section 482 Cr.P.C. upon a genuine settlement between the parties, where continuation of such proceedings would amount to an abuse of the process of law. In the matter of ***Gian Singh vs. State of Punjab*** and another reported in ***(2012) 10 SCC 303,*** it is held as follows: -

> "48. The question is with regard to the inherent power of the High Court in quashing the criminal proceedings against an offender who has settled his dispute with the victim of the G crime but the crime in which he is allegedly involved is not compoundable under Section 320 of the Code.

49. Section 482 of the Code, as its very language suggests, saves the inherent power of.the High Court which it has by virtue of it being a superior court to prevent abuse of the process of any court or otherwise to secure the ends of justice. It begins with the words, 'nothing in this Code' which means that the provision is an overriding provision. These words leave no manner of doubt that none of the provisions of the Code limits or restricts the inherent power. The guideline for exercise of such power is provided in Section 482 itself i.e., to prevent abuse of the process of any court or otherwise to secure the ends of justice. As has been repeatedly stated that Section 482 confers no new powers on High Court; it merely safeguards existing inherent powers possessed by High Court necessary to prevent abuse of the process of any Court or to secure the ends of justice. It is equally well settled that the power is not to be resorted to if there is specific provision in the Code for the redress of the grievance of an aggrieved party. It should be exercised very sparingly and it should not be exercised as against the express bar of law engrafted in any other provision of the Code.

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51. In the very nature of its constitution, it is the judicial obligation of the High Court to undo a wrong in course of administration of justice or to prevent continuation of unnecessary judicial process. This is founded on the legal maxim *quando lex aliquid alicui concedit, concedituret id sine qua res ipsa esse non potest*. The full import of which is wheneveranything is authorised, and especially if, as a matter of duty, required to be done by law, it is found impossible to do that thing unless something else not authorised in express

terms be also done, may also be done, then that something else will be supplied by necessary intendment. *Ex debito justitiae* is inbuilt in such exercise; the whole idea is to do real, complete and substantial justice for which it exists. The power possessed by the High Court under Section 482 of the Code is of wide amplitude but requires exercise with great caution and circumspection.

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53. Quashing of offence or criminal proceedings on the ground of settlement between an offender and victim is not the same thing as compounding of offence. They are different and not interchangeable. Strictly speaking, the power of compounding of offences given to a court under Section 320 is materially different from the quashing of criminal proceedings by the High Court in exercise of its inherent jurisdiction. In compounding of offences, power of a criminal court is circumscribed by the provisions contained in Section 320 and the court is guided solely and squarely thereby while, on the other hand, the formation of opinion by the High Court for quashing a criminal offence or criminal proceeding or criminal complaint is guided by the material on record as to whether the ends of justice would justify such exercise of power although the ultimate consequence may be acquittal or dismissal of indictment.

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57. The position that emerges from the above discussion can be summarised thus: the power of the High Court in quashing a criminal proceeding or FIR or complaint in exercise of its inherent jurisdiction is distinct and different from the power given to a criminal court for compounding the

offences under Section 320 of the Code. Inherent power is of wide plenitude with no statutory limitation but it has to be exercised in accord with the guideline engrafted in such power viz;

(i) to secure the ends of justice or

(ii) to prevent abuse of the process of any Court.

In what cases power to quash the criminal proceeding or complaint or F.I.R. may be exercised where the offender and victim have settled their dispute would depend on the facts and circumstances of each case and no category can be prescribed. However, before exercise of such power, the High Court must have due regard to the nature and gravity of the crime. Heinous and serious offences of mental depravity or offences like murder, rape, dacoity, etc. cannot be fittingly quashed even though the victim or victim's family and the offender have settled the dispute. Such offences are not private in nature and have serious impact on society. Similarly, any compromise between the victim and offender in relation to the offences under special statutes like Prevention of Corruption Act or the offences committed by public servants while working in that capacity etc; cannot provide for any basis for quashing criminal proceedings involving such offences. But the criminal cases having overwhelmingly and predominatingly civil flavour stand on different footing for the purposes of quashing, particularly the offences arising from commercial, financial, mercantile, civil, partnership or such like transactions or the C offences arising out of matrimony relating to dowry, etc. or the family disputes where the wrong is basically private or personal in nature and the parties have resolved their entire dispute. In this category of cases, High

> Court may quash criminal proceedings if in its view, because of the compromise between the offender and victim, the possibility of conviction is remote and bleak and continuation of criminal case would put accused to great oppression and prejudice and extreme injustice would be caused to him by not quashing the criminal case despite full and complete settlement and compromise with the victim. In other words, the High Court must consider whether it would be unfair or contrary to the interest of justice to continue with the criminal proceeding or continuation of the criminal proceeding would tantamount to abuse of process of law despite settlement and compromise between the victim and wrongdoer and whether to secure the ends of justice, it is appropriate that criminal case is put to an end and if the answer to the above question(s) is in affirmative, the High Court shall be well within its jurisdiction to quash the criminal proceeding."

14. Having perused the Mediation Report and the settlement agreement dated 19.09.2025, and considering that the dispute has been amicably resolved between the parties through mediation, with the settlement agreement forming part of this order, this Court is of the view that continuation of the criminal proceedings in the aforesaid G.R. Case pending before the learned JMFC, Barbil would amount to an abuse of the process of law. Accordingly, the order of cognizance dated 16.12.2017 passed by the learned JMFC, Barbil in G.R. Case No. 81

of 2017, arising out of EOW P.S. Case No. 4 of 2014, stands quashed.

15. The CRLMCs stands disposed of accordingly.

(Chittaranjan Dash)
Judge

AKPradhan

Signature Not Verified
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Signed by: ANANTA KUMAR PRADHAN
Designation: Senior Stenographer
Reason: Authentication
Location: HIGH COURT OF ORISSA
Date: 01-Dec-2025 17:46:08