**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

**CRM M-10857-2021
Date of Decision:14.07.2025**

Charan Singh ...Petitioner

Versus

State of Punjab and another ... Respondents

CORAM : HON'BLE MR. JUSTICE N.S.SHEKHAWAT

Present : Mr. Navkiran Singh, Advocate and
Ms. Harpreet Kaur, Advocate, for the petitioner.

Mr. Deepinder Singh Brar, Sr. DAG, Punjab.

Mr. Ayush Sarna, Advocate
for respondent No. 2.

N.S.SHEKHAWAT, J.

1. The petitioner has filed the present petition under Section 482 Cr.P.C. with a prayer to quash the FIR No. 30 dated 15.03.2017 registered under Sections 406, 420 and 120-B of IPC at Police Station Division No. 6, Jalandhar (Annexure P-7), *challan* dated 16.07.2017 (Annexure P-25) and all consequential proceedings arising therefrom.

2. The FIR in the present case has been registered on the basis of the statement made by Ranjit Singh son of Joginder Singh and the same has been reproduced below:-

> *"Complaint No.242-Peshi dated 25.02.2017. To, The Commissioner of Police, Jalandhar. Sub: Application for registration of case against: 1.Charan Singh son of*

Dalip Singh resident of Mohalla Prem Nagar, Tehsil Sultanpur Lodhi, District Kapurthala; 2.Karan Singh son of Dalip Singh resident of Ala Dad Chak, Tehsil Sultanpur Lodhi, District Kapurthala; 3. Narinder Pal Singh son of Darshan Singh resident of village Kauta Tehsil and District Gurdaspur; 4.Santokh Singh Bagga son of not known resident of village Bhago Raian Tehsil Sultanpur Lodhi, District Kapurthala. Sir, It is respectfully submitted as under: 1. That the complainant is a private limited company having registered office at Alamgir, Kala Sanghian, Kapurthala and corporate office at 130, Gurjaipal Nagar, Jalandhar. The complainant is being presented through Sh. Ranjit Singh Director of the company. 2. That accused No.1 Charan Singh was earlier Director of the Company, but he was removed from the Directorship of the Company in the year 2016 as he was not adhering to the Rules and Regulations of the company. 3. That the company established a colony in village Nabipur, Tehsil and District Gurdaspur under the name and style of Gurdaspur. The company carved out plots, laid road and also erected Civil Amenities in the colony. The colony was duly approved by PUDA. 4. That the accused No.2 to 4 are close relatives and associates of the accused No.1 and after hatching a conspiracy, the accused No.1 executed a sale deed bearing document No.580 dated 12.05.2016 for an area of 5 kanals in favour of accused No.2. The accused No.1 also executed two sale deed bearing No.578 and 579 both dated 12.05.2016 for an area of 5 kanals 6 marlas and 10 marlas respectively in favour of accused No.3. The area *sold illegally by the accused No.1 is not an agricultural land, rather is a part of the colony and it cannot be sold as had been sold by the accused. Because the entire land had been plotted. Copies of sale deeds are enclosed for your kind perusal. The accused pocketed the proceeds of the sale and has not accounted for the same to the company. It is therefore respectfully prayed that a case may please be registered against the accused under the relevant provisions of law. Thanking you. Yours faithfully. Sd/- Ranjit Singh s/o Joginder Singh, Director, Great Green Build India. Pvt. Ltd, Kala Sanghian, District Kapurthala. Dated 23.02.17."*

3. Learned counsel for the petitioner submitted that Ranjit Singh, respondent No. 2/complainant alongwith his wife Rajinder Kaur got a company incorporated under the name and style of Great Green Build India Pvt. Limited (hereinafter to be referred as '**the Company'**) having its registered office at Kala Sanghian, District Kapurthala and the company was formulated for development of residential colonies in various parts of Punjab as per the memorandum of Association (Annexure P-1). In 2011, the petitioner also joined the Board of Directors of the said Company and the resolution dated 25.04.2012 (Annexure P-2) was passed by the Director of the Company, namely, Ranjit Singh, respondent/complainant, his wife Rajinder Kaur and Charan Singh, i.e., the petitioner and powers were given to themselves to do all the acts jointly and severely, which the Company authorized to do. In the year 2013, the petitioner purchased

87500 equity shares of the Company and as per the share certificate (Annexure P-4), he was the registered holder of 87500 equity shares of Rs.10/- each. The Company was having the land bank about 150 acres, situated in various cities/towns in Punjab. In the year 2015, the petitioner came to know that the respondent No. 2 had committed some mischief and had grabbed the property/cash of the Company. In stead of explaining the accounts, the respondent No.2 and his wife started threatening the petitioner. When the petitioner asked them about the account of earning of the Company, on 07.01.2016, he was attacked by certain unknown persons, who was arranged by respondent No. 2. The petitioner was seriously injured in the attack and barely survived. Ultimately, the police registered the FIR No. 5 dated 07.01.2016 under Sections 324, 307, 148 and 149 of IPC at Police Station Sultanpur Lodhi, District Kapurthala (Annexure P-5) in this regard. Later on, with a view to pressurize the petitioner, the respondent No. 2 got the present FIR (Annexure P-7) registered against the petitioner.

4. Learned counsel for the petitioner further submitted that primarily two allegations were levelled by respondent No. 2 against the present petitioner. As per the first allegation, the petitioner was removed from the Directorship in the year 2016 and after his removal, he had executed few sale deeds in May 2016 and the proceeds of the sale were not accounted to the Company. Even, it has been mentioned

in the police proceedings that respondent No.2/complainant and his wife had withdrawn the powers of the petitioner with respect to selling of land/properties on 20.01.2016 and notice was sent to the petitioner on 18.04.2016. Learned counsel further submitted that in the complaint dated 23.02.2017, which was the basis of the present FIR, no such resolution dated 18.04.2016 was mentioned by the respondent No. 2. Later on, the respondent No. 2 and his wife tried to remove the petitioner from the Directorship of the Company, but the said resolution regarding the removal was not accepted by the Registrar of Companies (hereinafter to be referred as **'the ROC'**). On 12.07.2016, the petitioner received a letter from the Office of the ROC, Chandigarh, asking him to file his objections with respect to the Form No. DIR-12. The petitioner also filed his objections vide letter dated 18.07.2016 (Annexure P-11) and also filed a complaint against the miss-management of the Company. Accordingly, on 30.09.2016, the petitioner received a communication from the office of the ROC that the matter appeared to be related with personal dispute and the complainant as well as aggrieved party may approach the competent Court or NCLT for the protection of their legal rights, if any.

5. Learned counsel further contended that in the month of August 2016, again a director's report (Annexure P-13) was sent to the ROC in the name of the complainant, which was again signed by all the directors, i.e., the petitioner, respondent No. 2 and his wife

Rajinder Kaur. Learned counsel further contended that in the annual return filed on behalf of the Company by way of Form No. MGT-7 (Annexures P-15 and P-16), for the financial years starting from 01.04.2015 to 31.03.2016 and from 01.04.2016 to 31.03.2017 were signed by the respondent No. 2 and his wife and the petitioner was mentioned as “whole time directors”. Even, on 29.09.2017, the petitioner was having a share holding of 35%, as is clear from the share certificate (Annexure P-17). Even as per the extract of annual report dated 30.08.2018, which was signed by respondent No. 2 and his wife Rajinder Kaur, the petitioner remained “whole time director” of the said Company until 06.01.2018 and he resigned on 06.01.2018. Learned counsel relied upon the extract of the annual report dated 30.08.2018 (Annexure P-18) in this regard. Even, as per Form No. MGT-7 of the financial year starting from 01.04.2017 to 31.03.2018 (Annexure P-19), which was signed by Rajinder Kaur wife of respondent No. 2, has shown as “whole time director” until 06.01.2018 and he allegedly resigned on 06.01.2018.

6. Even, the petitioner had also filed a complaint CP No. 63/Chd/Pb/2020 before the National Company Law Tribunal, Chandigarh Bench against the Company for the miss-management and operation and rectification of the Register of Members. Even, the petitioner had challenged his resignation on the ground of forgery and the Tribunal had passed the following order on 17.09.2020:-

"Any sale / transfer / encumbrance of any of the properties mentioned at page 665 of CP the result of CP. are subject The shareholding pattern of the Company shall also not to be altered until further orders. The respondents shall also file the statements of main bank accounts of the Company from 01.04.2017 till date along with their counter and also file the list of details of all the bank accounts which the company is operating."

Thus, the FIR, challan and all consequential proceedings arising therefrom are liable to be quashed by this Court.

7. On the other hand, learned State counsel appearing on behalf of the State of Punjab as well as respondent No. 2 vehemently opposed the submissions made by the learned counsel for the petitioner on the ground that the petitioner was the main accused and now during the investigation, the allegations against him have been proved. Learned State counsel further submitted that the petitioner was removed as a Director in the year 2016 and vide resolution dated 20.01.2016, the powers regarding sale of property of the Company were withdrawn from the petitioner. Still further, even in the extra ordinary general meeting of share holders of the Company on 18.04.2016, the petitioner was removed from the post of Director. However, the said removal of petitioner was not given effect to as per the ROC report, as Form No. DIR-12 for removal of the petitioner was not taken on record by the ROC, because of the complaints moved by the petitioner. Learned State counsel further submitted that

the petitioner had executed the sale deeds on behalf of the Company and after selling those sale deeds, the proceeds of the sale were not deposited with the Company. Thus, the petitioner had committed a fraud.

8. Even, the respondent No. 2 has opposed the submissions made by the petitioner, however, no specific reply has been filed with regard to continuation of the petitioner as director in the records of the Company till 06.01.2018.

9. I have heard learned counsel for the parties and perused the record.

10. The Hon'ble Supreme Court has discussed the principles governing the powers of the High Court to quash the FIR/complaint, while exercising the extra ordinary powers, in the matter of ***"M/s Indian Oil Corporation Vs. M/s NEPC India Ltd.& Others 2006 (3) RCR (Criminal) 740*** as follows:

> *9. The principles relating to exercise of jurisdiction under Section 482 of the Code of Criminal Procedure to quash complaints and criminal proceedings have been stated and reiterated by this Court in several decisions. To mention a few -* ***Madhavrao Jiwaji Rao Scindia v. Sambhajirao Chandrojirao Angre, 1988(1) RCR (Criminal) 565 : [1988(1) SCC 692], State of Haryana v. Bhajanlal, 1991(1) RCR (Criminal) 383 : [1992 Supp (1) SCC 335], Rupan Deol Bajaj v. Kanwar Pal Singh Gill, 1995(3) RCR (Criminal) 700 : [1995(6) SCC 194], Central Bureau of Investigation v. Duncans Agro***

Industries Ltd., 1996(3) RCR (Criminal) 60 : [1996(5) SCC 591], State of Bihar v. Rajendra Agrawalla, 1996(1) RCR (Criminal) 530 : [1996(8) SCC 164], Rajesh Bajaj v. State NCT of Delhi, 1999(2) RCR (Criminal) 160 : [1999(3) SCC 259], Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd., 2000(2) RCR (Criminal) 122 : [2000(3) SCC 269], Hridaya Ranjan Prasad Verma v. State of Bihar, 2000(2) RCR (Criminal) 484 : [2000(4) SCC 168], M. Krishnan v. Vijay Kumar, 2001(4) RCR (Criminal) 405 : [2001(8) SCC 645], and Zandu Phamaceutical Works Ltd. v. Mohd. Sharaful Haque, 2004(4) RCR (Criminal) 937 : 2005(1) Apex Criminal 75 : [2005(1) SCC 122] . *The principles, relevant to our purpose are :*

(i) A complaint can be quashed where the allegations made in 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 the case alleged against the accused.

For this purpose, the complaint has to be examined as a whole, but without examining the merits of the allegations. Neither a detailed inquiry nor a meticulous analysis of the material nor an assessment of the reliability or genuineness of the allegations in the complaint, is warranted while examining prayer for quashing of a complaint.

(ii) A complaint may also be quashed where it is a clear abuse of the process of the court, as when the criminal proceeding is found to have been initiated with malafides/malice for wreaking vengeance or to cause

harm, or where the allegations are absurd and inherently improbable.

(iii) The power to quash shall not, however, be used to stifle or scuttle a legitimate prosecution. The power should be used sparingly and with abundant caution.

(iv) The complaint is not required to verbatim reproduce the legal ingredients of the offence alleged. If the necessary factual foundation is laid in the complaint, merely on the ground that a few ingredients have not been stated in detail, the proceedings should not be quashed. Quashing of the complaint is warranted only where the complaint is so bereft of even the basic facts which are absolutely necessary for making out the offence.

(v) A given set of facts may make out : (a) purely a civil wrong; or (b) purely a criminal offence; or (c) a civil wrong as also a criminal offence. A commercial transaction or a contractual dispute, apart from furnishing a cause of action for seeking remedy in civil law, may also involve a criminal offence. As the nature and scope of a civil proceedings are different from a criminal proceeding, the mere fact that the complaint relates to a commercial transaction or breach of contract, for which a civil remedy is available or has been availed, is not by itself a ground to quash the criminal proceedings. The test is whether the allegations in the complaint disclose a criminal offence or not.

"10. While on this issue, it is necessary to take notice of a growing tendency in business circles to convert purely civil disputes into criminal cases. This is obviously on account of a prevalent impression that civil law remedies

are time consuming and do not adequately protect the interests of lenders/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable break down of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure though criminal prosecution should be deprecated and discouraged. In ***G.Sagar Suri vs. State of U.P 2000 (1) RCR (Criminal) 707:[2000(2) SCC 636],*** *this Court observed;*

"It is to be seen if a matter, which is essentially of civil nature, has been given a cloak of criminal offence. Criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which ***High Court*** *is to exercise its jurisdiction under section 482 of the Code. Jurisdiction under this Section has to be exercised to prevent abuse of the process of any court or otherwise to secure the ends of justice."*

"While no one with a legitimate cause or grievance should be prevented from seeking remedies available in criminal law, a complainant who initiates or persists with a prosecution, being fully aware that the criminal proceedings are unwarranted and his remedy lies only in civil law, should himself be made accountable, at the end of such misconceived criminal proceedings, in accordance with law. One positive step that can be taken

> *by the courts, to curb unnecessary prosecutions and harassment of innocent parties, is to exercise their power under Section 250 Criminal Procedure Code more frequently, where they discern malice or frivolousness or ulterior motives on the part of the complainant. Be that as it may.”*

11. In the present case also, the primary allegation levelled against the petitioner is that he was removed from the Directorship in the year 2016 and powers to sell the land/properties was withdrawn on 18.04.2016. Still, the petitioner executed certain sale deeds in May 2016 and had embezzled the whole amount and the sale proceeds were not accounted to the Company. However, in the present case, the petitioner has placed on record the sufficient evidence to show that the petitioner had admittedly, continued as “whole time director of the Company” until 06.01.2018, when he had resigned from the Company. Even, the director’s report dated 25.08.2018, which was sent to the ROC by the Company, was signed by all the three directors, i.e., the petitioner, respondent No. 2 and his wife Rajinder Kaur. The said report specifically mentions the petitioner as “whole time director.” Apart from that, as per annexures P-14 and P-17, the petitioner was having a share holding in the Company and the share certificate signed by the respondent No.2 and his wife in their capacities as director of the Company. Still further, as per Form No. MGT-7 for the financial issue from 01.04.2015 to 31.03.2016 and from 01.04.2016 to 31.03.2017 (Annexures P-15 and P-16), which

have been duly singed by respondent No. 2, the petitioner was described as “whole time director” Thus, the allegation that the petitioner was removed from the Directorship of the Company in the year 2016 was false and as per the admitted stand of respondent No. 2 himself, the petitioner continued till 06.01.2018, when he allegedly resigned from the Company.

12. On the one hand, respondent No. 2 has taken a stand that the petitioner was removed from the post of Director in the year 2016. However, the petitioner had filed a complaint before the NCLT Chandigarh making a complaint against the Company and respondent No. 2 and in the said petition, respondent No. 2 had filed a reply dated 04.11.2020 (Annexure P-21) on his behalf as well as the Company and it was mentioned in the paragraph 03 as well as paragraph 5 (a) of the reply that the petitioner had left the Company in January 2018. Thus, the respondent No. 2 had concealed the material facts from the police and the FIR is liable to be quashed by this Court.

13. Even, it has been falsely alleged that the powers of the petitioner to sell the land were specifically withdrawn vide resolution dated 20.01.2016 and a notice dated 18.04.2016 was sent to the petitioner by the respondents. However, no such resolution withdrawing the powers from the petitioner was filed during the investigation and there was no notice dated 18.04.2016. Thus, it is apparent that the allegations were highly unbelievable and the FIR is

liable to be quashed by this Court. Even otherwise, the alleged sale deeds were executed in District Phagwara, Tarn Taran and Gurdaspur and no offence was committed in District Jalandhar. Thus, the police of District Jalandhar had wrongly registered the FIR in the present case and had no territorial jurisdiction to investigate the present case.

14. In view of the above discussion, the present petition is allowed and FIR No. 30 dated 15.03.2017 registered under Sections 406, 420 and 120-B of IPC at Police Station Division No. 6, Jalandhar (Annexure P-7), *challan* dated 16.07.2017 (Annexure P-25) and all consequential proceedings arising therefrom are ordered to be quashed qua the petitioner.

14.07.2025 **(N.S.SHEKHAWAT)**
amit rana **JUDGE**

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