IN THE HIGH COURT AT CALCUTTA
CRIMINAL REVISIONAL JURISDICTION
APPELLATE SIDE

PRESENT:
THE HON'BLE JUSTICE UDAY KUMAR

CRR 530 of 2023

CRAN 7 of 2025

CRAN 8 of 2025

Indian Compressors Limited & Anr.
-Vs-
State of West Bengal & Anr.

For the Petitioners	: Mr. Sandipan Ganguly, Sr. Adv. Mr. Karan Dudhwewala, Ld. Adv. Mr. Mrigank Kejriwal, Ld. Adv.
For the State	: Mr. Rituparna De Ghosh, Ld. Adv. Ms. M. Roy, Ld. Adv.
For the Opposite Party No.2	: Mr. Ananda Gopal Mukherjee, Ld. Adv.
Hearing concluded on	: 16.01.2026
Judgment on	: 30.01.2026

UDAY KUMAR, J.: –

1. The petitioners, Indian Compressors Limited (ICL) and its Managing Director, Hemant Didwania, have moved this Court under Section 482 of the Code of Criminal Procedure seeking quashing of the proceedings in G.R. Case No. 78 of 2023 arising out of South Bidhannagar P.S. Case No. 17 dated 26.01.2023 under Sections 406/420 of the Indian Penal Code), presently pending before the Learned Additional Chief Judicial Magistrate at Bidhannagar, North 24 Parganas. While the revision originally challenged the legality of the FIR and the disproportionate freezing of corporate bank accounts, the focus has now shifted to C.R.A.N. 8 of 2023, a joint application for quashing based on an amicable settlement arrived at between the warring commercial entities.

<u>The Factual Matrix</u>

2. The genesis of this litigation lies in a commercial transaction involving the export of centrifugal pumps to Bangladesh. Petitioner No. 1 is a manufacturing long standing concern and Petitioner No. 2 is its Managing Director. The dispute hit a snag over an alleged typographical error in the valuation of spare parts. While the petitioners claimed a *bona fide* mistake in currency conversion (USD to INR), the opposite party no. 2 alleged that the petitioners dishonestly adjusted a sum of Rs. 3,29,220/- from a GST security deposit held in trust.

<u>Investigative Overreach</u>

3. The Opposite Party No. 2, lodged the FIR on 26.01.2023 alleging dishonest misappropriation and cheating. Upon a complaint involving a commercial claim of approximately three lakhs, the police initiated a "debit freeze" on the Petitioner Company’s bank accounts, which maintain a credit limit of Rs. 27 Crores in the investigative response. Such disproportionate exercise of power—effectively paralyzing a prolific business over a minor accounting discrepancy—strongly suggests that the criminal machinery was co-opted as an "arm-twisting" tactic for civil recovery. Consequently, a Charge Sheet No.

84 of 2023 was filed on 30.04.2023 by the Investigation Officer. It triggered the petitioner to prefer this revision.

4. During the pendency of this revision, the parties have approached this Court by way of filing a joint application being C.R.A.N. 8 of 2023, stating that the commercial grievance and disputes between the accused and the defacto complainant, Shivam Anaesthesia Limited have been settled in their entirety. A Memorandum of Settlement has been placed on record. The defacto complainant, appearing in person, expresses his desire to not further the prosecution. C.R.A.N. 7 of 2023 for extension of interim order also stands for consideration.

5. The seminal question that falls for determination is

> *"Whether this Court, in the exercise of its inherent jurisdiction, should allow the quashing of non-compoundable offences under Sections 406/420 IPC on the strength of such a settlement?"*

Submissions of the Parties

6. Mr. Sandipan Ganguly, learned Senior Counsel appearing for the petitioners, submitted that the dispute is purely commercial in nature, arising from a *bona fide* clerical error in currency conversion. He argued that the unilateral adjustment of a security deposit to satisfy a price deficit may, at best, constitute a civil breach of contract but lacks the "dishonest intention" requisite for a criminal charge. Ld. Counsel further argued that the criminal law was invoked as an "arm-twisting" tactic to settle a price discrepancy.

7. Mr. Ganguly lastly emphasized that since a formal settlement has been reached via C.R.A.N. 8 of 2023, the continuation of the trial is an exercise in futility. He leans heavily on the landmark decision in *Gian Singh vs. State of Punjab,* asserting that the High Court has the power to quash non-compoundable offences if they are overwhelmingly civil or commercial.

8. Ms. Rituparna De Ghosh, learned counsel for the State, produced the Case Diary and submitted that while the Charge Sheet has been filed, the dispute is primarily private in nature, appears to be rooted in a commercial transaction

9. Mr. Anand Gopal Mukherjee, learned counsel for the Opposite Party No. 2 acknowledged the execution of the Memorandum of Settlement. He submitted that complainant's financial grievances have been redressed and the complainant no longer wishes to pursue the criminal prosecution against the petitioners.

<u>Discussion on Law and Precedents</u>

10. The pivot of this adjudication is whether non-compoundable offences under Sections 406/420 IPC can be quashed upon a settlement. The law in this regard is well-settled. In *Gian Singh vs. State of Punjab (2012) 10 SCC 303*, the Hon'ble Supreme Court held that the High Court's inherent power under Section 482 Cr.P.C. is distinct from the power to compound under Section 320. While serious crimes like murder or rape or 406 I.P.C. cannot be quashed, disputes arising from commercial transactions or matrimonial ties or 420 I.P.C, which are predominantly private, fall within the quashing power of the High Court if a settlement is reached.

11. Further, in *Narinder Singh vs. State of Punjab (2014) 6 SCC 466*, it was held that where the possibility of conviction is remote and the continuation of the trial would be an abuse of the process of law, the High Court must exercise its power to quash.

12. The facts here reveal a classic "commercial color" given to a price dispute. The investigation led to a Charge Sheet, but the core remains a disagreement over an invoice error and a security deposit. This Court takes note of the recent order in *Amit Ruia vs. State of W.B. (2025)*, where a coordinate bench allowed the quashing of proceedings under Sections 406/420 IPC following a memorandum of settlement. To continue the trial when the victim has been compensated and has "forgiven" the accused would be an exercise in futility and a waste of judicial time.

13. A "Civil Breach of Contract" must be distinguished from the "Offence of Cheating." For Section 420 IPC to apply, dishonest intention must exist at the inception of the contract. In the present case, the transaction proceeded in good faith until a clerical error was discovered. Unlike criminal fraud where there is a pre-meditated trap, this case involves a *bona fide* accounting disagreement. The freezing of a Rs. 27 Crore bank account for a Rs. 3.3 Lakh dispute is a classic case of investigative overreach.

14. Where the dispute is essentially commercial and private in character, and the parties have voluntarily reached an amicable settlement, the High Court, to secure the ends of justice and prevent an abuse of judicial process, shall exercise its inherent power under Section 482 Cr.P.C. to quash the proceedings, notwithstanding the non-compoundable nature of the offences.

15. Upon a perusal of the Memorandum of Settlement in C.R.A.N. 8 of 2023, and acceptance of this facts by both parties, this Court is satisfied that the compromise is genuine and free from coercion. To force a trial when the victim has withdrawn their complaint would be a futile exercise and an unnecessary burden on the exchequer.

16. Accordingly, I hold that the present case is a fit one for the exercise of the inherent power of this Court. The sting of the criminal prosecution must yield to the healing touch of an amicable resolution.

17. Consequently, C.R.A.N. 8 of 2023 is allowed. The proceedings in G.R. Case No. 78 of 2023 arising out of South Bidhannagar P.S. Case No. 17 dated 26.01.2023, including the Charge Sheet No. 84 dated 30.04.2023, are hereby quashed and set aside.

18. The Debit Freeze placed on the bank accounts of Petitioner No. 1 is vacated forthwith. The Investigating Officer is directed to immediately communicate this order to the concerned banking authorities.

19. In view of the quashing of the main proceeding, C.R.A.N. 7 of 2023 for extension of interim order has become infructuous and is disposed of as such.

20. The revisional application being C.R.R. 530 of 2023 is allowed in terms of the settlement.

i. The petitioners are discharged from their bail bonds.

ii. CRAN 7 of 2025 and CRAN 8 of 2025 are also disposed of accordingly.

iii. There shall be no order as to costs.

iv. All consequential Interim order/orders, if any, shall stand vacated.

v. Any application, if any, is also disposed of.

vi. The Trial Court Record (TCR), if any, shall be sent down to the Trial Court, at once.

vii. Case diary, if any, be returned forthwith.

viii. Urgent Photostat certified copy of this judgment, if applied for, be given to the parties, as expeditiously as possible, upon compliance with the necessary formalities in this regard.

(Uday Kumar, J.)