

CRM-M-17998-2018 (O&M)
CRM-M-32836-2018 (O&M)
CRM-M-32906-2018 (O&M) and
CRM-M-16473-2018 (O&M)

IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

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2026:PHHC:011882



Reserved on: 15.01.2026.
Date of decision: 27.01.2026.
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(1)

CRM-M-17998-2018 (O&M)

RANJU DHINGRA

...Petitioner(s)

VERSUS

M/S VARDHMAN YARNS AND THREADS LTD.

...Respondent(s)

(2)

CRM-M-32836-2018 (O&M)

RANJU DHINGRA

...Petitioner(s)

VERSUS

M/S VARDHMAN YARNS AND THREADS LTD.

...Respondent(s)

CRM-M-17998-2018 (O&M)
CRM-M-32836-2018 (O&M)
CRM-M-32906-2018 (O&M) and
CRM-M-16473-2018 (O&M)

-2-

(3)

CRM-M-32906-2018 (O&M)

RANJU DHINGRA

...Petitioner(s)

VERSUS

M/S VARDHMAN YARNS AND THREADS LTD.

...Respondent(s)

(4)

CRM-M-16473-2018 (O&M)

RANJU DHINGRA

...Petitioner(s)

VERSUS

M/S VARDHMAN YARNS AND THREADS LTD.

...Respondent(s)

CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present :- Mr. Vineet Sehgal, Advocate,
for the petitioner(s).

Mr. R.K. Handa, Senior Advocate, assisted by
Ms. Gauri Handa, Advocate, and
Mr. Dharambir Bhargav, Advocate,
for the respondent(s).

VINOD S. BHARDWAJ, J.

Involving identical question of law, these four petitions arising out of different complaints, filed between the same parties for offence under Section 138 of the Negotiable Instruments Act, 1881, are being decided by a common judgment.

2 The details of the cases are tabulated as under: -

Sr.No.	Case Number and title	Complaint challenged	Order challenged
1	CRM-M-17998-2018 titled as 'Ranju Dhingra Vs. M/s Vardhman Yarns and Threads Ltd.'	Complaint No.207 dated 18.04.2016 titled as 'M/s Vardhman Yarns and Threads Ltd. Vs. Ravi Dhingra and another'	Order dated 21.04.2016, passed by the Judicial Magistrate First Class, Hoshiarpur.
	CRM-M-32836-2018 titled as 'Ranju Dhingra Vs. M/s Vardhman Yarns and Threads Ltd.'	Complaint No.264 dated 12.05.2016 titled as 'M/s Vardhman Yarns and Threads Ltd. Vs. Ravi Dhingra and another'	Order dated 04.06.2016, passed by the Judicial Magistrate First Class, Hoshiarpur.
	CRM-M-32906-2018 titled as 'Ranju Dhingra Vs. M/s Vardhman Yarns and Threads Ltd.'	Complaint No.171 dated 28.03.2016 titled as 'M/s Vardhman Yarns and Threads Ltd. Vs. Ravi Dhingra and another'	Order dated 28.03.2016, passed by the Judicial Magistrate First Class, Hoshiarpur.
	CRM-M-16473-2018 titled as 'Ranju Dhingra Vs. M/s Vardhman Yarns and Threads Ltd.'	Complaint No.284 dated 30.05.2016 titled as 'M/s Vardhman Yarns and Threads Ltd. Vs. Ravi Dhingra and another'	Order dated 07.10.2016, passed by the Judicial Magistrate First Class, Hoshiarpur.

3 The facts, for the facility of reference are, however, being

succinctly adverted to from **CRM-M-17998-2018 titled as ‘Ranju Dhingra Vs. M/s Vardhman Yarns and Threads Limited.’**

4 The complaint under Section 138 of the Negotiable Instruments Act, 1881 had been filed by the respondent alleging that the accused (petitioner herein) being Director of M/s Orient Clothing Company Private Limited had been purchasing threads and other material from the respondent-complainant from time to time in a running account. Accordingly, cheque No.062091 dated 24.11.2015 for a sum of Rs.3,74,000/- drawn on AXIS Bank Limited in favour of the complainant was issued in discharge of legally enforceable debt for the goods purchased by them.

5 On presentation, the aforesaid cheque was dishonoured for “insufficient funds” vide memo dated 20.02.2016. The legal-cum-demand notice dated 11.03.2016 was accordingly served however, the payment was not made whereupon the complaint had been filed.

6 The order of summoning dated 21.04.2016 was thereafter issued.

7 Counsel for the petitioner contends that it is alleged in the complaint that the petitioner-Ranju Dhingra is the Director and authorised signatory on behalf of M/s Orient Clothing Company Private Limited. The petitioner had been impleaded as accused no.2 in the said complaint while Ravi Dhingra, Managing Director, was impleaded as accused No.1. The specific averments made in the complaint(s) are to the effect that the cheque in question had been issued in discharge of the liability of the juristic entity

viz. M/s Orient Clothing Company Private Limited, however, notwithstanding the same, the juristic entity has not been impleaded as a respondent-accused in the case. He contends that in the absence of the juristic entity having been impleaded as a party, the criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881, cannot be proceeded against the Directors in their individual capacity. In support of his argument, he has placed reliance on the judgment of the Supreme Court in the matter of **Aneeta Handa Vs. Godfather Travels and Tours Private Limited reported as (2012) 5 Supreme Court Cases 661.**

8 It is further argued that the petitioner is not a signatory to the cheque(s) in question and thus is not responsible for the operations, management and supervision of the Company. Hence, even for the said reason, the proceedings could not have been initiated against her.

9 Counsel for the respondent, on the other hand, fairly concedes that the dishonoured cheque(s) had been issued for and on behalf of the juristic entity i.e. M/s Orient Clothing Company Private Limited and that the juristic entity has not been impleaded as a respondent-accused in the complaint instituted under Section 138 of the Negotiable Instruments Act, 1881. He, however, contends that the failure to implead the juristic entity should not, by itself, act as a bar from initiating proceedings for enforcement of its rights against the juristic entity.

10 I have heard the learned counsel appearing for the respective parties and have gone through the documents appended along with the present petition.

11 Before proceeding further in the matter, it would be apposite to extract the memo of parties in the complaint that had been instituted by the respondent-complainant. The same is extracted as under:-

“Vardhman Yarns and Threads Limited, Regd. Office Vardhman Premises, Chandigarh Road, Ludhiana and Works Office at Phagwara Road, Hoshiarpur, through M.S Boora Vice President (PR and HR) an authorized representative of the company.

...Complainant

Versus

1. Sh. Ravi Dhingra (Managing Director)

2.. Ranju Dhingra (Director) authorized signatories of Orient Clothing Company Pvt. Ltd

Both residents of 34-B, Farm House Mandi, Delhi 110030.

Accused”

12 Further, some of the averments as contained in the complaint would also be essential for final adjudication of the present petition(s). The same reads thus:-

“2. That the accused being the directors of Orient clothing company Pvt. Ltd. have been purchasing threads etc from the complainant from time to time and it was a running account.

3. That the accused issued a cheque No. 062091 dated 24.11.2015 for a sum of Rs. 3,74,000/- drawn at AXIS Bank Ltd. Sector 10-A Gurgaon in favour of the complainant so as to discharge their liability for the goods purchased by them from the complainant.”

13 Besides, the first ground taken by the petitioner in the petition for challenging the action reads thus: -

“NO NOTICE WAS SENT TO THE COMPANY, HENCE NO LIABILITY IS MADE OUT AGAINST THE PRESENT PETITIONER.”

14 In the joint reply filed by the respondent-complainant, the specific averment made in para No.1 reads thus: -

“1. That the abovesaid quashing petition is not maintainable. The petitioner is one of the Director along with Ravi Dhingra of Orient Clothing Company Pvt. Ltd. Both the Directors have issued the cheque in question against the liability of the company M/s Orient Clothing Company Pvt. Ltd. and such are responsible and liable towards the dishonour of the cheque amounting to Rs. 3,74,000 drawn at Axis Bank in favor of the respondent.”

15 Sections 138 and 141 of the Negotiable Instruments Act, 1881 reads thus: -

“138. Dishonour of cheque for insufficiency, etc., of funds in the account.—Where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from out of that account for the discharge, in whole or in part, of any debt or other liability, is returned by the bank unpaid, either because of the amount of money standing to the credit of that account is insufficient to honour the cheque or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank,

such person shall be deemed to have committed an offence and shall, without prejudice to any other provision of this Act, be punished with imprisonment for 4 [a term which may be extended to two years'], or with fine which may extend to twice the amount of the cheque, or with both:

Provided that nothing contained in this section shall apply unless—

(a) thecheque has been presented to the bank within a period of six months from the date on which it is drawn or within the period of its validity, whichever is earlier;

(b) the payee or the holder in due course of the cheque, as the case may be, makes a demand for the payment of the said amount of money by giving a notice; in writing, to the drawer of the cheque, 5 [within thirty days] of the receipt of information by him from the bank regarding the return of the cheque as unpaid; and

(c) the drawer of such cheque fails to make the payment of the said amount of money to the payee or, as the case may be, to the holder in due course of the cheque, within fifteen days of the receipt of the said notice.

Explanation.—For the purposes of this section, “debt of other liability” means a legally enforceable debt or other liability.

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141. Offences by companies.—(1) If the person committing an offence under section 138 is a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

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:

Provided further that where a person is nominated as a Director of a company by virtue of his holding any office or employment in the Central Government or State Government or a financial corporation owned or controlled by the Central Government or the State Government, as the case may be, he shall not be liable for prosecution under this Chapter.

Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section, —

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.”

16 It is evident from above that the proceedings instituted against the petitioner(s) was challenged on the ground that in the absence of the juristic entity being proceeded against, the liability on account of the dishonour of cheque could not be forced against the petitioner. The specific response of the respondent-complainant is in the nature of conceding to the

said argument.

17 The Supreme Court in the matter of **Aneeta Handa (supra)**, had specifically held that it is a mandatory requirement under Section 141 of the Negotiable Instruments Act, 1881 to implead the Directors of the Company. The complaint without arraigning the Company as an accused, against the directors or the authorized signatories is not maintainable. The Supreme Court has specifically held that the criminal liability on account of dishonour of cheque primarily falls on the drawer company and extends to its officers only when conditions incorporated in Section 141 of the Negotiable Instruments Act, 1881 are satisfied for maintaining prosecution.

18 Further, the aforesaid position in law stands reiterated by the Supreme Court in the matter of **Bijoy Kumar Moni Versus Paresh Manna and Another, reported as 2024 SCC OnLine SC 3833**. The relevant paragraphs are extracted as under: -

“50. A catena of decisions of this Court have settled the position of law that in case of a cheque issued on behalf of a company by its authorised signatory, prosecution cannot proceed against the such authorised signatory or other post-holders of the company as described under Section 141 of the NI Act, unless the company who is the drawer of the cheque is arraigned as an accused in the complaint case filed before the magistrate. Further, vicarious liability can only be affixed against the directors, authorised signatories, etc. of the company after the company is held liable for the commission of offence under Section 138.

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55.The only way by which the accused could be

held liable was under Section 141 of the NI Act, however the same could not have been done in the absence of the company being arraigned as an accused. This position of law has been explained by a number of decisions of this Court. A three-Judge Bench of this Court in Aneeta Hada v. Godfather Travels and Tours Private Limited reported in (2012) 5 SCC 661 observed thus:

“17. The gravamen of the controversy is whether any person who has been mentioned in Sections 141(1) and 141(2) of the Act can be prosecuted without the company being impleaded as an accused. To appreciate the controversy, certain provisions need to be referred to.

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58. Applying the doctrine of strict construction, we are of the considered opinion that commission of offence by the company is an express condition precedent to attract the vicarious liability of others. Thus, the words “as well as the company” appearing in the section make it absolutely unmistakably clear that when the company can be prosecuted, then only the persons mentioned in the other categories could be vicariously liable for the offence subject to the averments in the petition and proof thereof. One cannot be oblivious of the fact that the company is a juristic person and it has its own respectability. If a finding is recorded against it, it would create a concavity in its reputation. There can be situations when the corporate reputation is affected when a Director is indicted.

59. In view of our aforesaid analysis, we arrive at the irresistible conclusion that for maintaining the prosecution under Section 141 of the Act, arraigning of a company as an accused is imperative. The other

categories of offenders can only be brought in the drag-net on the touchstone of vicarious liability as the same has been stipulated in the provision itself. We say so on the basis of the ratio laid down in C.V. Parekh [(1970) 3 SCC 491 : 1971 SCC (Cri) 97] which is a three-Judge Bench decision. Thus, the view expressed in Sheoratan Agarwal [(1984) 4 SCC 352 : 1984 SCC (Cri) 620] does not correctly lay down the law and, accordingly, is hereby overruled. The decision in Anil Hada [(2000) 1 SCC 1 : 2001 SCC (Cri) 174] is overruled with the qualifier as stated in para 51. The decision in Modi Distillery [(1987) 3 SCC 684 : 1987 SCC (Cri) 632] has to be treated to be restricted to its own facts as has been explained by us hereinabove.”

(Emphasis supplied)

*56. As specified in paragraph 59 of the aforesaid decision, the only exception to the general rule as laid above is embodied in the doctrine of *lex non cogit ad impossibilia* which means that the law doesn't compel the impossible. Thus, it is only in those cases where the impleadment of the company is not possible due to some legal impediment that this general rule can be exempted. In the facts on hand, it cannot be said that there was any legal difficulty in impleading Shilabati Hospital Pvt. Ltd. as an accused in the complaint case filed by the complainant. Thus, even the benefit of the exception cannot be extended to the complainant in the present case.*

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59. In Aneeta Hada (supra), this Court fortified the view that criminal liability on account of dishonor of cheque primarily falls on the drawer company and then extends to its officers only when the conditions incorporated in Section 141 of the NI Act are satisfied. While explaining the import of the words “as

well as the company” occurring in the provision, the Court observed that the commission of an offence by the company is an express condition precedent and only when the prosecution is maintainable against the Company that the persons mentioned in the other categories under Section 141 can be vicariously made liable for the offence committed under Section 138 of the NI Act. The relevant observations are reproduced hereinbelow:

“53. It is to be borne in mind that Section 141 of the Act is concerned with the offences by the company. It makes the other persons vicariously liable for commission of an offence on the part of the company. As has been stated by us earlier, the vicarious liability gets attracted when the condition precedent laid down in Section 141 of the Act stands satisfied. There can be no dispute that as the liability is penal in nature, a strict construction of the provision would be necessitous and, in a way, the warrant.

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58. Applying the doctrine of strict construction, we are of the considered opinion that commission of offence by the company is an express condition precedent to attract the vicarious liability of others. Thus, the words “as well as the company” appearing in the section make it absolutely unmistakably clear that when the company can be prosecuted, then only the persons mentioned in the other categories could be vicariously liable for the offence subject to the averments in the petition and proof thereof. One cannot be oblivious of the fact that the company is a juristic person and it has its own respectability. If a finding is recorded against it, it would

create a concavity in its reputation. There can be situations when the corporate reputation is affected when a Director is indicted.”

(Emphasis supplied)

60. Following the rationale in Aneeta Hada (supra), this Court in Anil Gupta v. Star India Private Limited, (2014) 10 SCC 373 held that the guilt for the offence under Section 138 is only deemed upon the other persons who are connected with the Company as a consequence of Section 141 of the NI Act. Herein, since the complaint against the respondent Company was not maintainable, the High Court had quashed the summons issued by the trial court against the respondent Company. This Court opined that since the Company was not a party to the proceedings under Section 138 read with Section 141 of the Act, the proceedings against the appellant Managing Director also could not be continued with. The relevant observations are reproduced hereinbelow:

“13. In the present case, the High Court by the impugned judgment dated 13-8-2007 [Visionaries Media Network v. Star India (P) Ltd., Criminal Misc. Case No. 2380 of 2004, decided on 13-8-2007 (Del)] held that the complaint against Respondent 2 Company was not maintainable and quashed the summons issued by the trial court against Respondent 2 Company. Thereby, the Company being not a party to the proceedings under Section 138 read with Section 141 of the Act and in view of the fact that part of the judgment referred to by the High Court in Anil Hada [Anil Hada v. Indian Acrylic Ltd., (2000) 1 SCC 1 : 2001 SCC (Cri) 174] has been overruled by a three-Judge Bench of this Court in Aneeta

Hada [Aneeta Hada v. Godfather Travels and Tours (P) Ltd., (2012) 5 SCC 661 : (2012) 3 SCC (Civ) 350 : (2012) 3 SCC (Cri) 241], we have no other option but to set aside the rest part of the impugned judgment [Visionaries Media Network v. Star India (P) Ltd., Criminal Misc. Case No. 2380 of 2004, decided on 13-8-2007 (Del)] whereby the High Court held that the proceedings against the appellant can be continued even in absence of the Company. We, accordingly, set aside that part of the impugned judgment dated 13-8-2007 [Visionaries Media Network v. Star India (P) Ltd., Criminal Misc. Case No. 2380 of 2004, decided on 13-8-2007 (Del)] passed by the High Court so far as it relates to the appellant and quash the summons and proceeding pursuant to Complaint Case No. 698 of 2001 qua the appellant.”

(Emphasis supplied)

61. *This Court's decision in Ashok Shewakramani v. State of Andhra Pradesh, (2023) 8 SCC 473 acknowledged the normal rule that there cannot be any vicarious liability under a penal provision but however, held that Section 141 of the NI Act is an exception to this rule. It further stated that vicarious liability would only be fastened when the person who is sought to be held vicariously liable was “in charge of” and “responsible to the Company” for the conduct of the business of the Company at the time when the offence under Section 138 was committed. In circumstances where such persons are indeed found vicariously liable, those persons as well as the Company shall be deemed to be guilty of the offence under Section 138 of the NI Act. The relevant observations made by the Court are reproduced hereinbelow:*

“21. Section 141 is an exception to the normal rule that

there cannot be any vicarious liability when it comes to a penal provision. The vicarious liability is attracted when the ingredients of sub-section (1) of Section 141 are satisfied. The section provides that every person who at the time the offence was committed was in charge of, and was responsible to the Company for the conduct of business of the Company, as well as the Company shall be deemed to be guilty of the offence under Section 138 of the NI Act.”

(Emphasis supplied)

62. It follows from a conspectus of the aforesaid decisions that it is the drawer Company which must be first held to be the principal offender under Section 138 of the NI Act before culpability can be extended, through a deeming fiction, to the other Directors or persons in-charge of and responsible to the Company for the conduct of its business. In the absence of the liability of the drawer Company, there would naturally be no requirement to hold the other persons vicariously liable for the offence committed under Section 138 of the NI Act.

19 The position in law thus remains settled to the effect that proceedings against the Director cannot continue without impleading the company in a catena of precedents including in the matter of **Anil Gupta Vs. Star India Pvt. Ltd. bearing SLP (Crl.) No.7039 of 2007 decided on 07.07.2014** as well as in the matter of **‘Himanshu Vs. B. Shiva Murthy and others’ bearing Criminal Appeal No.1465 of 2009 decided on 17.01.2019.**

20 Since the aforesaid position of fact or law has not been distinguished or countered by the counsel for the respondent-complainant, I am of the opinion that present petition(s) deserves to be allowed and the

proceedings against the petitioner herein is held to be not maintainable for want of proceeding against the juristic entity vis the company.

21 Accordingly, the complaint(s) is/are held to be not maintainable against the petitioner. Hence, the complaint as well as the order of summoning are resultantly set aside. The order is however, without prejudice to the rights of the respective parties, which shall be at liberty to take recourse to an appropriate redressal/remedy as per law.

22 The present petitions are allowed.

23 Pending misc. application(s), if any, shall also stand(s) disposed of accordingly.

24 A photocopy of the order be placed on the connected file(s).

January 27, 2026.
raj arora

(VINOD S. BHARDWAJ)
JUDGE

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