



2025:DHC:5152



\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Reserved on: 28<sup>th</sup> April, 2025***  
***Pronounced on: 28<sup>th</sup> June, 2025***

+ **CRL.A.586/2025**

**M/S SHREE SAMBHAV PAPERS PVT LTD**

A-5/A-6, Main Karawal Nagar Road,  
Johripur, Shahdara,  
Delhi - 110094,

(Thorough Shri Neeraj Jain, Director)

.....Appellant

Through: Mr. Anukul Raj, Ms. Nikita Raj, Mr. Pratik  
Raj & Mr. Tushar Bhalla, Advocates

versus

**1. M/S SHREE RAM STRAW PRODUCTS LTD.**

Village Lalpur, Kundra  
Sultangarh Farm, Kashipur- 244713  
(U.S. Nagar) Uttarakhand,

**2. SHRI ANIL KUMAR MITTAL**

Chairman-Cum-Managing Director  
M/s Shree Ram Straw Products Ltd.  
Village Lalpur, Kundra, Sultangarh Farm  
Kashipur – 244713, (U.S. Nagar) Uttarakhand,  
Also at:  
Chamunda Vihar, Ramnagar Road,  
Kashipur (U.S. Nagar), Uttrakhand.

**3. SMT. MEERA MITTAL**

M/s. Shree Ram Straw Products Ltd.  
Village Lalpur, Kundra, Sultangarh Farm,  
Kashipur-244713 (U.S. Nagar), Uttrakhand.  
Also at:  
Chamunda Vihar, Ramnagar Road,  
Kashipur (U.S. Nagar), Uttrakhand.

.....Respondents

Through: Mr. Mohit Chaudhary, Mr. Kunal Sachdeva,  
Ms. Katyayani, Ms. Nimmi, Advs.

+ **CRL.A. 587/2025**

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..... Respondents

Through: Mr. Mohit Chaudhary, Mr. Kunal Sachdeva,  
Ms. Katyayani, Ms. Nimmi, Advs.

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**CRL.A.588/2025**

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Versus

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.....Respondents

Through: Mr. Mohit Chaudhary, Mr. Kunal Sachdeva,  
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**CRL.A.589/2025**

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.....Respondents

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**CRL.A.591/2025**

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.....Respondents

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.....Respondents

Through: Mr. Mohit Chaudhary, Mr. Kunal Sachdeva,  
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**CRL.A.594/2025**

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**CORAM:**

**HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA**

**J U D G M E N T**

**NEENA BANSAL KRISHNA, J.**

**CRL.A. 586/2025, CRL.A. 587/2025, CRL.A. 588/2025, CRL.A. 589/2025, CRL.A. 590/2025, CRL.A. 591/2025, CRL.A. 592/2025, CRL.A. 593/2025 & CRL.A. 594/2025.**

1. The nine Appeals under Section 378(1) Cr. P.C. have been filed by the Appellants to challenge the common Judgment dated 06.04.2009 whereby the Learned MM has acquitted the Respondents in the nine Complaints filed for the offence under Section 138 Negotiable Instruments Act.



2. **Briefly stated**, the Appellant/M/S *Shree Sambhav Papers Pvt. Ltd.* is a Company registered under Indian Companies Act of which Neeraj Jain is the Director and authorized to file the Complaints as per Resolution dated 20.02.2009. The Respondent Company is also registered under Companies Act of which the Respondent no.2 Anil Kumar Mittal is the Chairman-cum-Managing Director while Respondent no.3/Meera Mittal its Director.

3. The case of the Appellant/Complainant is that the Respondents no.2 & 3 had purchased 9,97,500 shares @ Rs.41.50 per share for a total consideration of Rs.4,13,96,250/- sometime in August, 2008 from the Complainant. Additionally, a sum of Rs.36,03,750/- had been given as an advance for sale of paper, to the Respondent no.1/M/S Shree Ram Straw Products Ltd. which was also liable to be returned. Thus the Respondents were liable to pay a sum of Rs.4,50,00,000/- towards purchase of Shares and the advance for sale of paper.

4. In discharge of this Legal liability, impugned nine Cheques with Serial Numbers from 008814 till 008822, all dated 30.11.2008, each in the sums of Rs.50 lacs drawn on SBI, Uttarakhand, were issued.

5. The cheques on presentation for encashment, were returned unpaid vide Return Memo dated 19.02.2009 with the remarks **“Stop Payment”**. The Complainant/Appellant sent a Legal Notice of Demand dated 23.02.2009, which was duly served upon the Respondents as the AD Card was received under the signatures of the Respondents. Despite being served with the Legal Notice, the Respondents failed to pay the cheque amount.

6. Hence, nine Complaints under Section 138 NI Act in respect of nine cheques, were filed by the Appellant.



7. After the Respondents were summoned, Notice under Section 251 Cr.P.C. was given to them on 05.06.2010, to which they pleaded not guilty and claimed trial.
8. The Complainant Shri Neeraj Jain appeared as CW1 and tendered his evidence vide Affidavit Exhibit C1 and Exhibit P1/X.
9. The statement of the Respondent No.2, Shri Anil Kumar Mittal was recorded under **Section 313 Cr.P.C.** It was asserted by him that the Respondent no.3 Meera Mittal was never involved in the business affairs of the Company. Furthermore, he asserted that he had never purchased any shares from Neeraj Jain/M/s. *Shree Sambhav Papers Pvt. Ltd.* (Complainant) and had no liability to pay any amount. There was no question of having purchased a share @ Rs.41.50 per share, as he had already purchased all the shares of the Respondent Company from Vinod Gupta and his family/group in the financial year 2007-08. Insofar as the advance amount of Rs.36,03,750/- was concerned, he was unable to say anything unless the Accounts were looked into. The Respondent no.2 Anil Kumar Mittal further stated that ten cheques got misplaced, information of which was given to the concerned Bank and to the Police Chowki, and the payment against those Cheques was stopped. The cheques in question are those missing cheques which have been misused by the Appellant. For this reason, the said Cheques were dishonoured on account of stop payment on the instructions given by the Respondent no.2 Anil Kumar Mittal.
10. The Respondents in support of their defence examined **DW1 Mr. Prabhakar** who exhibited the photographs of Vishwakarma Puja as Ex. DW1/A and **DW2 Anil Kumar Mittal/Respondent no.2.**



11. **Learned MM** considered in detail, the rival contentions of the parties and concluded that there was no evidence whatsoever adduced by the Complainant to prove that they had purchased the Shares of accused no.1 M/s Shree Ram Straw Products Ltd. at a face value of Rs.10 per share from Shri Vinod Gupta and that there was no further evidence to prove that the said shares were sold to the Respondents. It was concluded that in the absence of any requisite documents of transfer of shares, it could not be held that the Complainant ever owned and possessed the impugned Shares which it could have sold to the Respondents.

12. It was further observed that the Statement of Accounts produced by the Complainant, also did not corroborate his assertion of purchase and sale of the shares. It was thus, **concluded** that the Appellants had failed to discharge the burden of proof in rebutting the statutory presumptions attached to Dishonour of cheque and **thereby, dismissed the aforesaid Petitions.**

13. Aggrieved by the dismissal of the Complaints, present Appeals have been filed.

14. **The grounds of challenge** essentially are that during the proceedings, parties had arrived at a Settlement and the statements of the Respondent no.2 Anil Kumar Mittal as well as the Appellant Neeraj Jain, were recorded on 23.11.2012. Pertinently, certain admissions were made by the parties which has been incorrectly ignored by the Learned MM. Reliance has been placed on Dayawati vs. Yogesh Kumar Gosain, (2017) 243 DLT 117 which held that the settlement arrived at between the parties under Section 138 NI Act, are binding.



15. It is further contended that the evidence led by the parties along with the documents placed on record, has not been appreciated correctly. It has not been considered that the Complainant Company is engaged in the business of Paper. The Respondent no.2 in connivance with the Respondent no.3, with a *mala fide* intent to cheat and usurp the funds of the Complainant Company, had approached the Respondent no.1 Company which was in the similar business. The Respondents no.2&3 had assured Appellant no.2 Neeraj Jain that they had a lucrative business proposal for the Complainant Company and that if the Complaint Company agrees to sell them its Shares and supply Papers to the accused Company, it shall be rewarded with good returns. Respondents no.2 & 3 further assured of their personal guarantee with respect to the transactions between the Complainant and the Respondent Company. The Complainant was thus, induced by the Respondents no. 2 & 3 to enter into multiple transactions with them.

16. It is further contended that it has not been appreciated that the Respondent no. 2/Anil Kumar Mittal, was the Chairman-cum-Managing Director and was responsible for the dealings of Respondent no.1 Company. Likewise, the Respondent no.3/Meera Mittal being a Director, looked after the entire accounts and administrative work of Respondentno.1 Company. They were all liable for the offence under Section 138 NI Act, being in charge and responsible for the conduct of the affairs of the Respondent no.1.

17. It is further submitted that Respondents no. 2 & 3 had jointly purchased the Shares from the Complainant Company and issued nine cheques jointly in discharge of the liability. The Original Share Certificates were never brought in evidence and the photocopies were brought on record,



which was not taken into consideration. It is claimed that in getting the cheques dishonoured by issuing instructions for “*Stop Payment*”, the malice in their intention is manifest in that they have tried to usurp the funds of the Appellant.

18. Reliance has been placed on *Mahendra A. Dadia and Others vs. State of Maharashtra and Another* 1999 (5) BomCR 124 wherein it has been held that even if the cheque has been dishonoured for the reasons “*Stop Payment*” it will still come within the ambit of Section 138 NI Act. Similar observations have been made by Chhattisgarh High Court in the case *Bhikham Chandrakar vs. Amar Nath Tamrakar*.

19. It is submitted that *Sections 118 and 139 NI Act* have not been considered and the facts have been wrongly twisted. The accounts of the parties have also not been looked into. In *V.S. Yadav vs. Reena* 2010 (4) JCC (NI) 323 this Court had held that the presumptions under Section 139 NI Act must not be taken lightly and must be relied upon unless the same has been rebutted. Reliance has also been placed on *K.N. Beena vs. Maniyappan* (2001) 107 Comp. Case. 459 (SC) wherein the Supreme Court has held that the presumptions under Section 139 NI Act have to be drawn unless the contrary has been proved by the holder of the cheque. The holder of the cheque must prove that he has received it for discharge in the whole or in part of the debt or liability. Similar observations have been made in *Bansal Plywood vs. The State (NCR of Delhi) & Ors.* in Crl. Appeal No.17/2017 decided on 04.9.2017 by this Court.

20. The Legal Notice was duly served upon the respondents, despite which the Cheque amounts were not paid.



21. The Apex Court in V. Raja Kumari vs. Subbarmana Naidu, 2004 X AD (SC) 433 has held that Section 27 of General Clause Act can profitably be imported in a case where the sender has dispatched Notice by post on correct address. It may be deemed to have been served on the sendee unless it is proved that it was not really sent or served and that the sendee was not in any way responsible for non service.

22. It is therefore, submitted that the impugned judgments are liable to be set aside and Complaints under Section 138 NI Act, be allowed.

23. ***Submissions Heard and Record Perused***

24. To put the facts in the right perspective, Respondent No.1 Company *M/s. Shree Ram Straw Products Ltd.* was originally owned by Sh. Vinod Gupta and his family members.

25. Sh. Vinod Gupta sold these shares to the Petitioners and Respondents, which has become the subject matter of dispute. While the Complainant alleged that it purchased the shares in August, 2008 and sold them to the Respondent Company in September, 2008 to which the dishonoured cheques pertain, the Respondents claim to have purchased these shares directly from Vinod Gupta in August, 2008.

26. The Complainant has filed the aforesaid nine Petitions on account of dishonour of 9 respective cheques of Rs.50,00,000/- each, which according to him were the sale consideration for the sale of 9,97,500 shares @ Rs.41.50/- per share to Respondent Nos.2 and 3, who were the Directors of Respondent No.1 Company *M/s. Shree Ram Straw Products Ltd.*



27. The Respondents have admitted their signatures on the impugned cheques. However, the defence of the Respondents was that these were misappropriated by Neeraj Jain while they were jointly working. It was further claimed that the shares had already been purchased by them from its Owner Vinod Gupta in August, 2008 and denied that any shares were ever purchased by the Respondents from the Complainant Company.

28. The Signatures being admitted by the respondent on the Cheques, presumption under S.139 and S.118 NI Act arises that the cheques were issued for legally recoverable debt and the onus shifted on the respondents to prove otherwise.

29. The *first defence* taken by the Respondents was that they had jointly decided to run the business with Neeraj Jain, Complainant and his persons, which was discontinued and blank cheques given in trust to the Complainant during their joint business, have been misused by the Complainant.

30. To prove this defence, *DW-1 (sic DW-2) Anil Kumar Mittal/ Respondent No. 2*, and Managing Director of *M/s. Shree Ram Straw Products Ltd. (Respondent No.1)*, deposed that respondent No.1 was a closely held Company and its shares were held by six family members, namely Anil Kumar Mittal, Meera Mittal, Ambika Mittal, Atul Krishna, Ramesh Singh and Kamleshwar Singh, *and 40,04,000 shares were owned by others*. The conservative value of the Company assets was above Rs.40 crores.

31. *DW-1* further deposed that in May, 2008, he was introduced to the Complainant Neeraj Jain, whose Company was also dealing in Papers work. They had a detailed meeting in July-August, 2008 and it was agreed that



Neeraj Jain and his persons, would bring Rs.5 crores as the initial payment and Rs.4 crores as working capital. However, instead of bringing the entire amount of Rs.9 crores, Neeraj Jain and his persons, brought in Rs.50 lacs from the account of M/s Satya Craft Pvt. Ltd. and Rs.45 lacs from the account of M/s Shree Sambhav Papers Pvt. Ltd./Complainant. The joint running of Paper Mill was commenced on 10.08.2010, when a *hawan pooja* was performed in which they all participated. The photograph of all participating in the Havan Pooja is Ex. DW1/A.

32. It is further deposed that Neeraj Jain having assured to bring in the entire amount of Rs.9 crores in the account of Respondent No.1 Company, was managing day to day affairs of this Company, along with his persons. In the normal course of business, he and his persons, were authorised to make payment of waste paper Supplier, spare parts Suppliers and chemical Suppliers, etc. For this purpose, a Cheque Book of the deponent, containing signed leaves, was given in trust to Neeraj Jain and his persons. These pre-signed Cheque leaves had the endorsement that they were valid for '*Rs.10 lacs and under*'.

33. DW-1 Anil Kumar Mittal, in his testimony, gave details of the payments due from the Respondent No.1/Company, which got paid from the account of Petitioner/Complainant. Likewise, details have been furnished of the material sent from Respondent No.1 Company on the instructions of the Complainant Company and the payment received in the account of the Respondent No. 1.

34. Such details have been furnished by DW-1 to demonstrate that Neeraj Jain and his persons through their business concerns, were dealing with day



to day affairs of Respondent No.1 Company and were participating jointly in running of the Paper Mill.

35. DW-1 Anil Kumar Mittal further deposed that somewhere in November/December, 2008, it was realised that Neeraj Jain and his persons were not bringing any kind of money that they had promised earlier and that huge quantity of paper (manufactured products) was being sent from the Respondent No.1 Company to the Complainant Company, for which there were no proper Accounts. It was also realised that there was mismanagement by Neeraj Jain and his persons, resulting in a loss of about Rs.2,08,87,929/- to Respondent No.1 Company. It was therefore, decided that no further joint business of Paper Mill, would be continued. Neeraj Jain and his persons were asked to leave the premises of the Company.

36. DW-1 Anil Kumar Mittal further deposed that though Neeraj Jain left the premises but with dishonest intention, he and his persons took away the unfilled signed cheque leaves of the Respondent No.1 Company about which the deponent was not aware. He, in order to prevent any misuse of these missing cheques, gave written instructions to his Banker to *stop the payment* against these Cheques.

37. In the cross-examination of DW-1 Anil Kumar Mittal, the Complainant had questioned him on the aspect of having made a Complaint to the Police with regard to the cheques having been misplaced. No other significant cross-examination was done on any of the material aspects deposed by DW-1 Anil Kumar Mittal. There is no challenge to they having undertaken joint business or that because of differences that arose subsequently, they separated in November/December, 2008. Not an iota of



cross-examination has been done on the testimony of DW-1 that there was mismanagement of business affairs of the Respondent No.1 Company, which led to disengagement of Neeraj Jain and his persons and the respondents. It was also not challenged that blank signed Cheque Book was handed over to the Complainant, to facilitate the day to day affairs of Respondent No.1 Company from August, 2008 till November, 2008.

38. The testimony of DW-1 therefore, discharged the initial onus that these signed blank cheques had been issued to facilitate the running of joint business by Neeraj Jain and his persons. The Respondent, had acted with prudence to instruct the Bank to stop the payments against the missing Cheques. Pertinently, the Cheques also got dishonoured for the reason “*Account Closed*”, which lends credence to the defence of the Respondents.

39. The *second defence* taken by the Respondents was that they never purchased any shares from the Complainant and ***there was no legally recoverable debt***. To corroborate this defence, DW-1 Anil Kumar Mittal has further deposed that Complainant was never the owner of the Shares; therefore, there was no question of transferring the same to the deponent. In fact, the Respondents had purchased the shares of Respondent No.1 Company in the financial year 2007-2008 from Vinod Gupta, and his family members and there was no question of the purchasing the same from the Complainant Company. There was no denial or challenge by the Complainant that earlier the Company *M/s. Shree Ram Straw Products Ltd.* was owned by Vinod Gupta.

40. The onus thus, shifted on the Complainant to prove that *there was an existing liability or a debt in discharge of which the nine cheques were*



*issued.* To prove these facts , CW-1 Neeraj Jain deposed that he had purchased 9,97,500 shares of Respondent No.1 Company of denomination Rs.10 per share, from Vinod Gupta. In his cross-examination he had admitted that he was not aware of the status of Vinod Gupta in the Company. He did not know his father's name and address though he resided somewhere in Mahipalpur. He further admitted that he had gone to the residence of Vinod Gupta and had never seen the Memorandum of Understanding or Articles of Association or M/s Shree Ram Straw Product Ltd. at the time of purchase of its shares from Vinod Gupta and his family members.

41. Pertinently, it has not been explained either in the Complaint or otherwise to which Company did these shares pertain to. Even if it is accepted that these shares pertained to Respondent No.1 *M/s. Shree Ram Straw Products Ltd.*, it has to be considered if the Complainant has been able to discharge the onus of proving that these Shares were purchased by him for and on behalf of the Complainant, *Ms. Shree Sambhav Papers Pvt. Ltd.*

42. Pertinently, none of the relevant documents, be it Memorandum of understanding, Articles of Association, Company Resolutions, Bank Statements, Balance Sheets, ITRs and such other relevant documents, had been produced by the Complainant, even though he was specifically questioned about the existence of these documents in his cross-examination.

43. After his cross-examination was concluded, the Respondents filed an Application on 14.02.2011 under Section 311 of Cr.P.C., wherein all these



relevant documents were sought from the Complainant, with the permission to cross-examine the complainant in the light of these documents.

44. The documents were produced by the Complainant along with the covering Letter dated 08.03.2011. Significantly, these documents were neither put to CW-1 in his cross-examination nor did the Complainant choose to prove/exhibit these material documents.

45. Be as it may, the first document of relevance are the Board Resolutions authorising the purchase and sale of the shares by petitioner No.2, Neeraj Jain on behalf of Complainant Company. The learned MM for the convenience had exhibited the Board Resolution dated 31.07.2008 of the Complainant Company as Ex. A-4. According to this Board Resolution, Neeraj Jain, Director of the Company was authorised to invest funds subject to overall limit of Rs.80,15,000/-, in the shares of M/s. Shree Ram Straw Products Ltd, Respondent No.1.

46. According to CW-1 Neeraj Jain, he purchased 9,97,500 shares @ Rs.10 per share, of Respondent No.1 Company. The purchase of these Shares is corroborated by the Statement of Investment Accounts of the Complainant Company, which was marked as Ex.A-1 by learned MM, for the purpose of identification. This statement reflects the purchase of Equity Shares of respondent No.1 Company, for which the payments were made to Vinod Gupta and his family members as under:

SHREE SAMBHAV PAPERS (P) Ltd.  
A-5 & A-6, MAIN ROAD,  
JOHRIPUR, DELHI - 110094

***Investment A/C For The Period From 01/04/2008 To 31/03/2009***



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DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
04/08/08	BA TO CH. NO. 957512 to Sh. Vinod Gupta for purchasing of equity share of M/s Shree Ran Straw Product Ltd.	38,55,000.00		38,55,000.00Dr
	BA TO CH. NO. 957513 to Smt. Anita Gupta for purchasing of equity share of M/s Shree Ran Straw Product Ltd.	5,60,000.00		44,15,000.00Dr
11/08/08	BA TO CH. NO. 957514 to Sh. Vinod Gupta for purchasing of equity share of M/s Shree Ran Straw Product Ltd.	23,75,000.00		67,40,000.00Dr
	BA TO CH. NO. 957515 to Sh. Akshat Gupta for purchasing of equity share of M/s Shree Ran Straw Product Ltd.	6,25,000.00		74,15,000.00Dr
	BA TO CH. NO. 957516 to Sh. Ishan Gupta for purchasing of equity share of M/s Shree Ran Straw Product Ltd.	6,00,000.00		80,15,000.00Dr
		80,15,000.00		



47. Additionally he also produced his Statement of Account Ex. A2 for the period 01.04.2008 to 31.03.2009 reflecting the credit/debit of the amounts. The amounts have been reflected. These two documents though not proved by the Complainant, but having been produced on the asking of the Respondent, establish that 9,97,500 shares of Respondent No.1 Company were purchased by the Complainant Company from Vinod Gupta, in August, 2008.

48. The *significant fact* which however, emerges is that Neeraj Jain had been authorised vide **Resolution Ex. A-1** to make an investment upto Rs.80,15,000/-, while this investment of Rs.99,75,000/- exceeds the approved amount. Clearly, such purchase of shares was beyond the authorisation of Neeraj Jain. No subsequent document / Board Resolution has been placed rectifying, authorising or accepting such purchase of shares as investment by Neeraj Jain.

49. Be as it may, the *next aspect* which is of significance is the sale of these shares to Respondent Nos.2 and 3. For this again, the Complainant has produced the **Board Resolution dated 15.10.2008 Ex.A-5**, whereby it was resolved by the Complainant Company that Equity Shares of *M/s. Shree Ram Straw Products Ltd.(Respondent No.1)* held by *M/s. Shree Sambhav Papers Pvt. Ltd(Complainant)* as investment, be sold to strengthen the liquidity of the Company. It was further resolved that Neeraj Jain Director was authorised to negotiate the sale price with the prospective buyer and to finalise the same in the interest of the Company.

50. Pertinently, it is the consistent case of Neeraj Jain that these shares of Respondent No.1 *M/s. Shree Ram Straw Products Ltd.* so acquired on behalf



of the Complainant, were sold to Respondent Nos.2 and 3 in September, 2008. If the shares already stood sold in September, 2008, there could not have been a subsequent Board Resolution of 15.10.2008, authorising Neeraj Jain to negotiate and enhance the liquidity of the Company, by selling these shares. This Resolution clearly belies the assertion of the Complainant that the shares got sold to Respondent Nos.2 and 3 in September, 2008 for a sale consideration of Rs. 4,13,96,250/-.

51. This assumes significance in the light of there being not a single document corroborating the sale transaction. Also, there is no Board Resolution of the Complainant Company whatsoever, endorsing the sale of shares of Respondent No.1 *M/s. Shree Ram Straw Products Ltd.* to Respondent Nos.2 and 3. It is also significant to note that while it is asserted that the shares were sold in the year 2008, but despite it being a business transaction, no exact date on which the alleged sale was made, is either disclosed or detailed in any of the documents of the Complainant.

52. It is pertinent to note that according to CW1, he had purchased the shares of Rs.9,97,500 of respondent No.1. However there is not a single document to corroborate his purchase of shares from Vinod Gupta. Pertinently, he is not even aware of the status of Vinod Kumar from whom he allegedly purchased the Shares.

53. The procedure for purchase of shares is detailed in Section 108 Companies Act 1956. There are various mandatory formalities such as execution of Share Transfer Deed in the prescribed Form duly signed by the Transferor and Transferee, payment of stamp duty, etc necessarily required



to be fulfilled in case of transfer of Shares. Admittedly none of these have been fulfilled.

54. The Complainant admitted in his cross-examination that the Shares were never transferred in the name of Complainant Company. He tried to explain that he was handed over the physical cheques at the time of purchase, which he further sold to Respondent No.1 Company. It may be that the Shares got transferred directly to the Respondent No.1 through the Complainant, but simplest way was to produce the requisite documents to show the Book transfer, but unfortunately no records have been produced by the Complainant to prove the sale of Shares to the respondent No.1 Company.

55. These facts are relevant in the light of denial by Respondent No.2 about the purchase of shares. In fact, Respondent No.2 as DW-1 has explained in detail that he had already acquired all the Shares of Respondent No.1 M/s. Shree Ram Straw Products Ltd. in August, 2008. The alleged sale of shares of Respondent No.1 M/s. *Shree Ram Straw Products Ltd.* by the Complainant therefore, does not fit into the alleged sale of the shares by the Complainant in September, 2008.

56. The case of the Petitioner does not end there. The Balance Sheet and ITRs of the Complainant Company have been placed on record, pursuant to Application under Section 311 Cr.P.C. filed on behalf of the Respondents. The perusal of these Balance Sheet and ITRs, clearly reflect that there is no mention whatsoever of any investment in the shares in August, 2008 nor is there any reflection of the amount outstanding from Respondent No.1 Company, as debtors on account of sale of shares to it. Furthermore, in the



list of *Sundry Debtors*, the name of Respondent No.1 Company does not feature anywhere.

57. The Complainant therefore, has not been able to establish that the Shares got sold to Respondent Nos.2 or 3 or that there was outstanding amount in the sum of Rs. 4,13,96,250/- from Respondent Nos.2 or 3.

58. The incongruity of the case of the Complainant also emerges from the circumstance that according to the Complainant, he got the shares in August, 2008 @ Rs.10/- per share, but barely within a month i.e. in September, 2008 he claims to have sold those shares @ Rs.41.50/- per share for a value of Rs.4,43,96,250/-. Such exponential difference in the value of shares from Rs.10/- to Rs.41.50/- per share, within one month, again raises doubt about the claims of the Complainant Neeraj Jain.

59. Rather, as already discussed, it emerges that the Complainant and the Respondents had gone into joint business venture, which did not go well and consequently they separated. The possibility of the Complainant having got blank signed cheques of Respondent No.2 during the joint business transaction, cannot be outrightly rejected. Rather, it makes the testimony of CW-1 Neeraj Jain, which is lacking in all the material particulars and who did not produce the relevant documents in his testimony, lends credence to the defence as projected by DW-1 Anil Kumar Mittal.

60. The Complainant has not been able to prove that the impugned Cheques had been issued in discharge of existing liability or that the complaint under Section 138 NI Act was maintainable.



61. ***To sum up***, when a person tries to build a case of slippery grounds, it cannot make a castle stand on it for long. Though the Complainant may have been able to file the Complaint and even litigate for last more than nine years, but definitely, it cannot result in any favourable Order for the Complainant. The figures and the amounts which have been projected by the Complainant do not tally at any level. The Board Resolution had authorised the sale for an amount of Rs.80,15,000/-, when according to the Complainant, the shares were purchased for Rs.99,75,000/-. Further, according to the Complainant, the sale value of the shares was Rs.4,13,96,250/-. Interestingly, the nine cheques had been filled with an amount of Rs.50 lacs each.

62. The question was how to match the cheque amount with the alleged sale consideration for the Shares. The Complainant worked out an ingenious way of asserting that sum of Rs.36,03,750/- was due from the Respondents as advance paid for sale of Paper. This figure interestingly and evidently was being project to make a round figure of Rs.4,50,00,000/- to correspond to the Cheques amount. While doing so, not an iota of evidence has been led by the Complainant to prove this advance of Rs.36,03,750/-. This again reflects the falsity of the entire case of the Complainant.

63. Another contention raised on behalf of the Complainant is that the parties during the trial, had arrived at a *Settlement* and the statements of Anil Kumar Mittal and Neeraj Jain were recorded on 23.11.2012 by the learned MM., wherein it was agreed by them that their disputes would be settled on payment of Rs.1,82,00,000/- by Respondent No.2 in the name of *M/s. Shree*



*Sambhav Papers Pvt. Ltd./*Complainant towards full and final settlement and that the amount would be paid in nine monthly instalments.

64. Learned counsel for the Complainant had vehemently contended that once the matter got amicably settled, then in the light of the judgment passed by Hon'ble Division Bench of this Court in the case of *Dayawati (supra)* the Complaint under Section 138 NI Act could not have been continued and was liable to be disposed of in terms of the Settlement, and there was no occasion for the Complaints to be dismissed.

65. Pertinently, Respondent No.2 **Anil Kumar Mittal**, while giving this statement, stated that the settlement will be given effect if the Resolution is passed and brought on record by *M/s. Satya Craft Pvt. Ltd., Surya Cable* and NOC from Pankaj Jain and Anil Jain to the effect that they have no objection to this settlement. Further, the Resolution must contain upon the payment being also received in the cases under Section 138 NI Act at District Courts, Faridabad, Haryana and Police Complaint pending at PS Sector 51, Faridabad, Haryana would be withdrawn unconditionally. Similarly, Notice sent in case of *Surya Cable*, would also be withdrawn. Further, certain C-form, which were lying with Complainant Company and *M/s. Satya Craft Pvt. Ltd.*, shall be handed over to Anil Jain on 02.03.2013 on payment of first instalment of Rs.20 lacs.

66. Likewise, **Neeraj Jain**, while accepting the terms of the Settlement and agreeing to bring on record the desired Resolutions from *M/s. Satya Craft Pvt. Ltd., M/s. Surya Cable* and NOC from Pankaj Jain and Anil Jain, he also undertook to withdraw the present Petitions as well as all other pending litigations before District Courts, Faridabad, Haryana and



proceedings pending before the Police and the Notices, unconditionally. He also undertook to bring the C-Form to be handed over to Anil Mittal. It was however, stated in the event of failure of Anil Mittal to pay the instalments consecutively for two occasions, the Settlement shall not be binding on the Complainant.

67. The question is whether the statements of the Parties recorded in the Court constituted a concluded Settlement. This is reflected in the Order dated 16.03.2013 whereby the learned MM had noted that Complainant was unable to bring the Resolutions as per the statements of Settlement. The counsel for the accused/Respondents stated that no payments can be made if there are no Resolutions produced by the complainant. He also submitted that District Courts, Faridabad had refused to accept the statement of the Complainant and was proceeding with the trial.

68. Accordingly, the Settlement Terms recorded on 23.11.2012, were scrapped as unworkable and parties were discharged from their respective obligations/undertakings. It was also observed that this Order shall not affect any of the parties adversely and the Settlement was quashed.

69. From the aforesaid discussion, it emerges that it was not a concluded Settlement and had not even been acted upon. It was subject to production of requisite Resolutions and NOCs from all the parties involved. Neither Neeraj Jain nor Anil Mittal were competent to arrive at a Settlement without proper authorisation and Board Resolutions. At best, their statement can only reflect an intent and an attempt to settle over the dispute, which was not confined only to these Complaints, but also involved other Firms and Companies, but as is evident this settlement did not get crystallised into a



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binding Settlement. There being no Settlement, the Complaints were proceeded and decided on merits. This contention of the Complainant, is of no assistance to them.

**Conclusion:**

70. The aforesaid discussion thus, reflects that Complaints under Section 138 NI Act have been rightly dismissed by the learned MM. There is no merit in the present Petitions, which are hereby dismissed. The pending Applications are disposed of accordingly.

**(NEENA BANSAL KRISHNA)  
JUDGE**

**JUNE 28, 2025/pp**