

**IN THE HIGH COURT AT CALCUTTA  
CRIMINAL REVISIONAL JURISDICTION  
APPELLATE SIDE**

**PRESENT:**

**THE HON'BLE JUSTICE UDAY KUMAR**

**CRR 4387 OF 2022**

**WITH**

**CRAN 7 OF 2025**

**ATUL PUKHRAJ FALGUNIA**

**-VS-**

**STATE OF WEST BENGAL & ORS.**

**CRR 4388 OF 2022**

**WITH**

**CRAN 7 OF 2025**

**RAMKRISHNA MOOGIMANE**

**-VS-**

**STATE OF WEST BENGAL & ORS.**

*For the Petitioner*

*: Mr. Bodhisatta Biswas,  
Mr. Ishan Bhattacharya*

*For the Opposite Party Nos. 2 & 3*

*: Mr. Swatarup Banerjee  
: Mr. Sukanta Ghosh  
Mr. S. Chakrabarty  
Mr. R. Chamria*

*Hearing concluded on*

*: 02.03.2026*

*Judgment on*

*: 16.04.2026*

**UDAY KUMAR, J.: –**

### **1. INTRODUCTION**

1.1. These two revisional applications, being CRR 4387 of 2022 and CRR 4388 of 2022, arise out of a common nexus of facts and challenge an identical summoning order dated 10th September 2013 passed by the Learned Chief Judicial Magistrate, Alipore, South 24 Parganas, in Complaint Case No. C/7025/2013. In CRR 4387 of 2022, the Petitioner, Atul Pukhraj Falgunia, is the erstwhile Company Secretary, while the Petitioner in CRR 4388 of 2022, Ramkrishna Moogimane, was arraigned in his capacity as a Director of Binani Cements Limited. Both move this Court under Section 482 of the Code of Criminal Procedure, 1973, seeking the quashing of the proceedings presently pending before the Learned Chief Judicial Magistrate, Alipore, South 24 Parganas. Since both applications are directed against the same Impugned Order and involve a shared factual matrix concerning a technical disclosure in the Company's financial statements, they are being disposed of together by this common judgment to ensure consistency and avoid conflicting findings.

1.2. The genesis of the controversy lies in the statutory filing of the annual financial statements of Binani Cements Limited (hereinafter "the Company") for the Financial Year 2010-11. This period marked a pivotal shift in corporate regulatory compliance, as the Ministry of Corporate Affairs (MCA) introduced the Extensible Business Reporting Language (XBRL) taxonomy for the first time. To comply with this

maiden digital mandate, the Company utilized the services of professional consultants to convert their audited accounts into the prescribed XML format. During this technical conversion, a discrepancy occurred in the digital filing. The Earnings Per Share (EPS) for the previous year (2009-10) was reflected as Rs. 1.371, whereas the actual audited and published EPS for that year was Rs. 13.71. The Registrar of Companies (ROC) has built its case on the premise that this "decimal-shift" was not a clerical oversight but a deliberate and calculated act of manipulation to create a fictitious growth trajectory of 237%.

1.3. It is a matter of record that prior to this digital upload, the Company had already fulfilled its disclosure obligations through traditional and verifiable means. Approximately 20,000 physical copies of the Annual Report, containing the correct audited EPS of Rs. 13.71, were circulated to shareholders and submitted to various Stock Exchanges. Furthermore, the correct financial data was uploaded in PDF format on the Company's official website and filed with the regulatory authorities. However, based solely on the decimal discrepancy found in the XBRL filing, the ROC issued a show-cause notice in 2013, nearly two years after the filing, alleging that the Company had falsified its growth trajectory by depressing the previous year's figures to show a fictitious increase in earnings when, in reality, the Company had suffered a substantial decline of approximately 66%. As per the ROC, such an act constitutes a "false statement in a

material particular," attracting the penal provisions of Section 628 of the Companies Act, 1956.

1.4. Consequently, on 10th September 2013, the ROC filed a formal complaint before the Learned Chief Judicial Magistrate, Alipore, against the Company and its officers, including the present Petitioners. The Learned Magistrate, on the same day, took cognizance and issued process. Notably, the Petitioners at the material time were residents of Mumbai and Delhi, respectively, falling outside the territorial jurisdiction of the Learned Court below. Despite this geographical fact, the summoning order was issued without the Learned Magistrate conducting any prior inquiry or directing an investigation as contemplated under the mandatory provisions of Section 202 of the Cr.P.C.

1.5. Subsequent to the issuance of process, the Petitioners were required to travel from their respective cities to enter appearance and seek bail. Over the ensuing decade, the proceedings have remained pending at the stage of appearance and procedural compliance. The Petitioners now move this Court, asserting that the entire prosecution is founded upon a patent "punching error" in a technical document, which stands contradicted by the Company's own contemporaneous and widely circulated physical reports, and contending that the fundamental procedural safeguards for out-of-jurisdiction residents were bypassed, thereby rendering the continuation of the proceedings a manifest miscarriage of justice.

## **2. QUESTIONS FOR DETERMINATION**

2.1. In view of the multifaceted challenges raised against the common Impugned Order, and to ensure that the grievances of both the Petitioners are addressed with finality, this Court finds it imperative to frame the following questions for determination:

### **I. On the Jurisdictional Mandate under Section 202 of the Cr.P.C.:**

Whether the Learned Magistrate, while taking cognizance and issuing process against Petitioners residing outside the territorial limits of his jurisdiction (in Mumbai and Delhi), was under a mandatory statutory obligation to conduct an inquiry or investigation as contemplated under Section 202 of the Code of Criminal Procedure, and whether the omission to do so renders the summoning order *ab initio* void and unsustainable in law?

### **II. On the Ingredient of "Knowledge" under Section 628 of the Companies Act, 1956:**

Whether the existence of a correct EPS figure (Rs. 13.71) in thousands of physical copies of the

Annual Report and other public disclosures, contemporaneous to the digital filing, effectively negates the *prima facie* allegation that the Petitioners "knowingly" made a false statement in the XBRL format, thereby failing to satisfy the high threshold of *mens rea* required for a criminal conviction?

**III. On the Doctrine of "Officer in Default" vs. Statutory Signatories:**

Whether, in the presence of a formally designated "Officer in Default" (the CFO) under Form 1AA for the purposes of financial compliance, the Company Secretary and the Director can be held criminally liable for an error in the digital financial statements (a technical "punching" slip) committed by an external agency during a digital conversion process?

**IV. On the Materiality of the Error and the Scope of Relief under Section 633:**

Whether the decimal shift (altering Rs. 13.71 to Rs. 1.371) constitutes such a material falsification intended to mislead the public that it mandates a trial, or whether it qualifies as an "honest and reasonable mistake" made during the maiden year

of a complex digital transition (XBRL), thereby entitling the Petitioners to discharge or exoneration under the beneficial provisions of Section 633 of the Act?

**V. On the Preventive Interference under Section 482 of the Cr.P.C.:**

Whether, considering the totality of the circumstances, including the delayed service of summons and the fact that the correct figures were always available to the public, the continuation of the criminal proceedings against the Petitioners constitutes an abuse of the process of the Court, justifying the exercise of the inherent powers of this Court to prevent a miscarriage of justice?

2.2. The adjudication of these points will provide a comprehensive resolution to both CRR 4387 of 2022 and CRR 4388 of 2022, settling the controversy surrounding the technical discrepancy and the procedural propriety of the prosecution. Learned Counsel representing the parties in both revisions have advanced their submissions in support of their contentions in respect of the questions so framed

**3. SUBMISSIONS ON BEHALF OF THE PETITIONERS**

3.1. Following the comprehensive framing of the issues for determination, Mr. Bodhisatta Biswas, the learned advocate for the

Petitioners in both revisions, being CRR 4387 of 2022 and CRR 4388 of 2022, advanced their submissions in support of their contentions. In view of the commonality of the challenges raised against the initiation of these criminal proceedings, their arguments are recorded in an amalgamated manner as follows:

3.2. Primarily in respect of Question No. II and IV relating to the Absence of *Mens Rea* and the "Knowing" Requirement, Mr. Biswas, Learned Advocate for the petitioner contended that the very bedrock of a prosecution under Section 628 of the Companies Act, 1956, was the existence of a statement made by the accused "knowing it to be false." He submitted that the discrepancy in the shift of a decimal point from Rs. 13.71 to Rs. 1.371 was a classic "punching error" occurring during the maiden year of the complex XBRL mandate conversion process, a period notoriously marked by technical "teething issues," systemic digital transitions, and multiple extensions by the MCA.

3.3. He vehemently argued that it was a logical impossibility for a person to "knowingly" attempt to deceive a regulator with a digital error while simultaneously providing the correct, audited true figure in 20,000 physical printed copies of the Annual Report circulated to the public. Learned Counsel maintained that a "falsity" in law implies a concealment of truth; whereas, in the present case, the truth was not only disclosed but widely disseminated. Relying on the ratio in *Sunil Kumar Agarwal v. G. Mukhopadhyay* [(2010) 2 CHN 431] and *Dilip Kapur v. Registrar of Companies* [2011 SCC OnLine Mad 737], counsel urged that a patent typographical slip, particularly when the

correct data was already in the public domain, fell squarely within the exception of *bona fide* error, rendering the grounds insufficient for prosecution.

3.4. In respect the Procedural Nullity and Abuse of Process, Mr. Biswas, submitted by placing heavy reliance on the mandates of Section 202 of the Cr.P.C., that the summoning order was a procedural nullity. It was highlighted as an admitted fact that both Petitioners resided in Mumbai and Delhi, well beyond the territorial limits of the Alipore Court. It was submitted that the amendment to Section 202 made it mandatory for a Magistrate to postpone the issuance of process and conduct an inquiry or investigation where the accused resided outside his jurisdiction. Citing *Vijay Dhanuka v. Najima Mamtaj* [(2014) 14 SCC 638], *Pepsi Foods Ltd. v. Special Judicial Magistrate* [(1998) 5 SCC 749] and *Sunil Bharti Mittal v. CBI* [(2015) 4 SCC 609], the Petitioners contended that the word "shall" in Section 202 was mandatory and its violation was a ground for quashing. The Learned Magistrate, by failing to conduct even a cursory inquiry, was said to have set the judicial process in motion mechanically.

3.5. In respect of the Proper "Officer in Default," Mr. Biswas, the learned advocate further submitted that the Companies Act provided a specific mechanism for designating responsibility via Form 1AA, which in the instant case had designated the Chief Financial Officer (CFO) as the officer responsible for financial compliances. Following the principle of strict construction of penal statutes as laid down in *G.N.*

*Verma v. State of Jharkhand [(2014) 4 SCC 282]*, he argued that the Company Secretary and the Director could not be made vicariously liable for a data-entry error in an accounting taxonomy which was the specialized domain of the finance department and external consultants.

3.6. Mr. Biswas, invoked the protective jurisdiction of this Court under Section 633 of the Act. Relying on *SBI Home Finance Ltd. v. Regional Director [2006 SCC OnLine Cal 869]* and *Ai Champdany Industries Ltd. v. Registrar of Companies [2011 SCC OnLine Cal 2296]*, it was contended that the High Court possessed the jurisdiction to discharge or exonerate the accused even before a full-fledged trial if the officer had acted "honestly and reasonably" or if the lapse was of a "trivial nature." Given that the correct figures were readily available on the Company's website and in Stock Exchange records, the digital error was trivial in impact and caused no actual loss to any stakeholder. He forcefully argued that to force the Petitioners through a criminal trial after a decade for a misplaced decimal point, when no financial loss was caused and no shareholder had complained, constituted an oppressive use of the judicial process and a manifest miscarriage of justice.

3.7. Finally, Mr. Biswas, contended that the decade-long delay in prosecution for a decimal point error, where no shareholder complained, is an oppressive use of the judicial process. Invoking the seventh category of the *Bhajan Lal [1992 Supp (1) SCC 335]* guidelines, they argue that a proceeding which is "inherently improbable" must be

quashed. The "no mini-trial" rule in *Zandu Pharmaceutical* cannot be used as a shield to sustain a prosecution that is *ex-facie* vexatious. Therefore, he prayed for quashing of these proceedings summarily.

**4. SUBMISSIONS ON BEHALF OF THE OPPOSITE PARTY NO. 2  
(REGISTRAR OF COMPANIES)**

4.1. Countering the contentions of the Petitioners, Mr. Swatarup Banerjee, the learned counsel representing the Registrar of Companies (ROC) vehemently argued that the discrepancy in the XBRL filing was not a random "punching error" but a calculated act of financial manipulation which could not be dismissed as a triviality. It was submitted that the digital filing on the MCA portal served as the primary and authoritative source of data for regulatory monitoring and institutional investors.

4.2. He contended that by shifting the decimal point from Rs. 13.71 to Rs. 1.371 for the preceding financial year, the Petitioners effectively converted an actual 66.23% decline in Earnings Per Share (EPS) into a fictitious 237.71% growth. The ROC maintained that this "targeted modification" carried deep financial implications, including the maintenance of a bullish market sentiment and the avoidance of regulatory "red flags." It was argued that such a significant alteration of a "material particular" squarely attracted the penal provisions of Section 628 of the Companies Act, 1956, regardless of the disclosures made in physical reports.

4.3. Regarding the defence that the CFO was the designated "Officer in Default," the learned counsel for the ROC submitted that statutory responsibility for the accuracy of financial disclosures could not be outsourced or shifted. It was highlighted that the Petitioners, as the authorized signatories, had authenticated and approved the XBRL filing. Under the statutory scheme, by digitally signing and uploading these documents, they "certified" the correctness of the contents. The ROC maintained that the phrase "any person" in Section 628 was sufficiently broad to encompass the Petitioners, and their plea of reliance on external consultants was no defense in a criminal trial for the falsification of statutory records.

4.4. Regarding the non-compliance with Section 202 of the Cr.P.C., it was submitted that such an omission constituted a "curable irregularity" and not a fatal illegality. Relying on the ratio in *Arvind Khanna* [(2019) 10 SCC 686], it was argued that a substantive prosecution for financial falsification should not be quashed on a procedural technicality, especially when the numerical discrepancy was admitted. Furthermore, the ROC contended that "knowledge" and "intention" were disputed questions of fact which could only be adjudicated through a full-fledged trial. Citing *Zandu Pharmaceutical Works Ltd. v. Mohd. Sharaful Haque* [(2005) 1 SCC 122], Mr. Banerjee argued that the High Court should not exercise its inherent powers to conduct a "mini-trial" or "short-circuit" a legitimate prosecution at this stage.

4.5. Finally, the ROC placed heavy emphasis on the 18-month silence of the Petitioners. It was argued that if the error were indeed a *bona fide* clerical slip, the Petitioners would have sought rectification immediately upon discovery. Instead, they waited until the issuance of a statutory show-cause notice in 2013 before raising the plea of an "inadvertent error." Mr. Banerjee concluded that such conduct was inconsistent with that of an "honest and reasonable" officer, and since the complaint disclosed a *prima facie* statutory violation involving public interest, the revisional applications were liable to be dismissed.

## **5. DISCUSSION AND FINDINGS**

### **5.1. On the Mandatory Nature of Section 202 of the Cr.P.C.**

5.1.1. The primary issue for adjudication is whether the Learned Magistrate, while taking cognizance and issuing process against the Petitioners, who were admittedly residing in Mumbai and Delhi, was under a mandatory statutory obligation to conduct an inquiry or investigation as contemplated under Section 202 of the Code of Criminal Procedure, 1973.

5.1.2. It is an uncontroverted fact that at the material time of filing the complaint and the subsequent issuance of the summoning order dated 10th September 2013, both Petitioners were residing beyond the territorial jurisdiction of the Learned Court at Alipore. In this context, it is pertinent to refer to the relevant portion of Section 202(1) of the Cr.P.C., as amended by the Amendment Act of 2005, which stipulates:

*"Any Magistrate, on receipt of a complaint of an offence of which he is authorised to take cognizance... shall, in a case where the accused is residing at a place beyond the area in which he exercises his jurisdiction, postpone the issue of process against the accused, and either enquire into the case himself or direct an investigation to be made by a police officer..."*

5.1.3. Mr. Biswas, the learned counsel for the Petitioners, argued that the word "shall" introduced by the 2005 Amendment is not merely directory but reflects a mandatory legislative intent to prevent the harassment of persons residing in far-flung areas. Conversely, Mr. Banerjee the learned counsel for the ROC contended that such an omission is a curable irregularity, particularly when the document containing the alleged falsity was already before the Court, thereby negating the need for further inquiry.

5.1.4. To resolve this conflict, this Court must look to the settled position of law. In *Vijay Dhanuka v. Najima Mamtaj* [(2014) 14 SCC 638], the Hon'ble Supreme Court categorically held that:

*"The use of the word 'shall' is ordinarily indicative of mandatory nature of the provision... The global purpose of the amendment was to prevent the use of the criminal process as a tool for harassment of persons residing outside the jurisdiction. Omission to conduct such an inquiry vitiates the order of summoning."*

This principle was further solidified in *Sunil Bharti Mittal v. CBI* [(2015) 4 SCC 609], wherein it was observed that summoning an accused is a "serious matter" and judicial application of mind must be reflected through the procedural compliance of Section 202.

5.1.5. The ROC's reliance on *Arvind Khanna [(2019) 10 SCC 686]* is misplaced. The facts therein are clearly distinguishable, as that challenge primarily concerned the merits of evidence at a mature stage of trial. In the present case, we are concerned with a jurisdictional prerequisite at the very threshold of the proceedings. A procedural safeguard intended by the Parliament to protect citizens from mechanical prosecution cannot be discarded as a mere "technicality."

5.1.6. Upon a perusal of the record and the Impugned Order, it is evident that the Learned Magistrate took cognizance and issued process on the very same day the complaint was filed. There is a conspicuous absence of any inquiry, whether by way of examining witnesses or directing an investigation, to satisfy the judicial conscience that there existed sufficient grounds for proceeding against residents of Mumbai and Delhi. This suggests that the judicial machinery was set in motion in a mechanical fashion, which is a direct departure from the mandate of the statute.

5.1.7. In view of the aforesaid discussion, this Court is of the considered opinion that the provisions of Section 202 of the Cr.P.C. are mandatory in nature when the accused resides outside the jurisdiction. The failure of the Learned Magistrate to conduct the mandated inquiry prior to issuing process against the Petitioners constitutes a fatal procedural infirmity. Consequently, the summoning order dated 10th September 2013, having been passed in a state of jurisdictional vacuum, is rendered ab initio void and unsustainable in

the eyes of law. The question is, therefore, answered in the affirmative and in favour of the Petitioners.

**5.2. On the Ingredient of "Knowledge" and the Applicability of Section 628**

5.2.1. The second limb of the controversy pertains to the substantive merits of the allegation under Section 628 of the Companies Act, 1956. The Court is called upon to determine whether the existence of the correct Earnings Per Share (EPS) figure in the Company's contemporaneous physical disclosures effectively negates the *prima facie* allegation that the Petitioners "knowingly" made a false statement in the digital XBRL filing.

5.2.2. For the purpose of clarity, it is necessary to examine the statutory language of Section 628, which reads as follows:

*"If in any return, report, certificate, balance sheet, prospectus, statement or other document required by or for the purposes of any of the provisions of this Act, any person makes a statement which is false in any material particular, knowing it to be false... he shall be punishable with imprisonment for a term which may extend to two years..."*

The phrase "knowing it to be false" is the *sine qua non* for the attraction of this penal provision. It implies a conscious, deliberate act of deception and a guilty state of mind (*mens rea*) at the time of making the statement.

5.2.3. While Mr. Banerjee for the ROC argued that the digital file projected a fictitious growth trajectory of 237%, this Court must weigh

this "digital discrepancy" against the "physical truth" disseminated by the Company. It is an admitted fact that the Company circulated 20,000 physical copies of the Annual Report and made filings with Stock Exchanges reflecting the correct EPS of Rs. 13.71.

5.2.4. Relying on *Sunil Kumar Agarwal v. G. Mukhopadhyay* [(2010) 2 CHN 431] and *Dilip Kapur v. Registrar of Companies* [2011 SCC OnLine Mad 737], this Court finds that when correct data is already available in the public domain, a patent typographical error in a specialized format cannot be construed as a "knowing" attempt to mislead. The Madras High Court observed that when correct data is already available in the public domain, a patent error in one format cannot be construed as a "knowing" attempt to mislead.

5.2.5. In the present case, the ROC's contention that the Petitioners intended to manipulate regulatory "red flags" appears to be a leap of logic that ignores the "Doctrine of Simultaneous Disclosure." It is inherently improbable and logically contradictory that an officer would "knowingly" attempt to deceive a regulator through a decimal shift in a digital file while simultaneously handing over the correct, audited truth in thousands of printed reports to the same investing public and regulatory bodies. A "falsity" in criminal law necessitates concealment; here, the truth was not only disclosed but widely disseminated.

5.2.6. The ROC placed reliance on *Zandu Pharmaceutical Works Ltd.* [(2005) 1 SCC 122] to argue that the question of "knowledge" is a matter of trial. However, the ratio of *Zandu Pharmaceutical* must be read in conjunction with the guidelines laid down in *State of Haryana*

*v. Bhajan Lal [1992 Supp (1) SCC 335]*. The seventh category of the *Bhajan Lal* guidelines permits quashing where the allegations are "absurd and inherently improbable." To assume that a Company Secretary or a Director would choose to commit a crime through a misplaced decimal point, knowing fully well that the correct audited accounts are already a matter of public record, is an assumption that borders on the absurd.

5.2.7. Furthermore, the Court takes judicial notice of the fact that 2011 was the maiden year of the XBRL mandate. The technical complexity of converting audited accounts into a digital taxonomy often resulted in "punching errors" or "tagging slips." In the absence of any evidence showing that the Petitioners derived a personal benefit or that any shareholder was actually defrauded by this specific digital filing, the shift from Rs. 13.71 to Rs. 1.371 appears to be a *bona fide* clerical error rather than a criminal act.

5.2.8. This Court finds that the element of "*knowing it to be false*" is conspicuously missing in the present case. The simultaneous availability of the correct EPS in the Company's physical reports and Stock Exchange filings effectively rebuts the presumption of *mens rea*. Criminal law cannot be used to punish a decimal-point slip in a technical document when the "totality of disclosure" proves the absence of dishonest intent. Accordingly, Question No. II is answered in the affirmative, in favour of the Petitioners, holding that the allegation of "knowing falsification" is inherently unsustainable.

### 5.3. **On the Identification of the "Officer in Default" and the Scope of Vicarious Liability**

5.3.1. The third question involves whether, in the presence of a specifically designated officer for financial compliances, the Company Secretary and the Director can be held vicariously liable for a technical data-entry slip.

5.3.2. It was the specific case of the Petitioners that the Company had complied with the statutory mandate of designating responsibility by filing Form 1AA with the Registrar, whereby the Chief Financial Officer (CFO) was appointed as the officer responsible for ensuring the correctness of financial disclosures. The learned counsel for the Petitioners argued that since the alleged error was a technical "punching slip" in an XBRL filing, a domain belonging to the finance and IT departments, the Petitioners could not be made vicariously liable for the same.

5.3.3. Per contra, Mr. Banerjee, the learned counsel for the ROC contended that the Petitioners, being the "signatories" who approved the digital upload, were "officers who are in default" within the meaning of Section 5 of the Act. It was urged that the duty to verify the correctness of a statutory return is non-delegable and that the signatories must be held to have "certified" the contents of the filing.

5.3.4. To resolve this issue, it is imperative to refer to Section 5 of the Companies Act, 1956, which defines an "officer who is in default" as follows:

*"... (f) any person in accordance with whose directions or instructions the Board of Directors of the company is accustomed to act;*

*(g) where the company has any managing or whole-time director or directors, such director or directors...*

5.3.5. However, this must be read in conjunction with the principle of Corporate Attribution. The Hon'ble Supreme Court in *G.N. Verma v. State of Jharkhand* [(2014) 4 SCC 282] dealt with a similar question of penal liability and observed:

*"There is no vicarious liability in criminal law unless the statute takes that also within its fold... In the absence of a specific role attributed to the accused, and where a specific officer is designated for a task, the others cannot be dragged into a criminal prosecution."*

5.3.6. Furthermore, the ratio in *Sunil Bharti Mittal v. CBI* [(2015) 4 SCC 609] provides the necessary clarity. The Apex Court held that an individual can be prosecuted along with the company only if there is sufficient incriminating evidence of their active role with criminal intent. The mere fact that a person is a Director or a Company Secretary does not make them automatically liable for every clerical error committed during a technical digital conversion.

5.3.7. In the present case, the ROC placed reliance on *Arvind Khanna* [(2019) 10 SCC 686] to argue that the signatories are always liable. However, this Court finds that the facts of the present case are clearly distinguishable. The discrepancy here is not a fundamental falsification of audited accounts, but a decimal-point shift in a

technical digital taxonomy (XBRL). When the Company has formally designated a CFO via Form 1AA to oversee financial compliances, the law creates a specific "channel of responsibility." To bypass the designated CFO and target the Company Secretary or a Director for a "punching error" is to ignore the very mechanism the Act provides for designating responsibility.

5.3.8. The ROC's attempt to fasten vicarious liability on the Petitioners without any specific allegation of their direct involvement in the "tagging" or "punching" of the XBRL data is an impermissible overreach of penal provisions. In a specialized digital transition, a signatory relies on the expertise of the finance department and external consultants; a technical slip in such a domain, in the absence of *mens rea*, cannot be the basis for a criminal trial against the upper management.

5.3.9. In view of the aforesaid discussion, this Court is of the opinion that where a company has a designated "Officer in Default" (CFO) for financial compliances, other signatories such as the Company Secretary or a Director cannot be held vicariously liable for a technical data-entry error in the digital filing process. The doctrine of strict construction of penal statutes requires that liability be fastened only upon the officer specifically responsible for the default. Accordingly, Question No. III is answered in favour of the Petitioners.

**5.4. On the Materiality of the Error and the Scope of Relief  
under Section 633**

5.4.1. The fourth question necessitates an evaluation of whether the "decimal shift" (altering Rs. 13.71 to Rs. 1.371) constituted a material falsification intended to mislead the public, or whether it qualified as an "honest and reasonable mistake" occurring during a period of systemic digital transition, thereby attracting the beneficial jurisdiction of Section 633 of the Companies Act, 1956.

5.4.2. Mr. Banerjee, the learned counsel for the ROC vehemently argued that the materiality of the error is found in the "percentage of growth" it projected, converting a decline into a fictitious 237% increase. However, "materiality" in criminal jurisprudence cannot be viewed in a vacuum; it must be coupled with an intent to deceive. Section 633 of the Act provides a statutory shield for officers who, though technically in default, have acted "honestly and reasonably" and ought fairly to be excused.

5.4.3. It was the specific contention of the Petitioners that the year 2011 was the maiden year of the XBRL (Extensible Business Reporting Language) mandate. This Court takes judicial notice of the fact that the transition from traditional PDF filings to tagged XML data was a complex exercise involving external consultants and specialized software. Relying on *SBI Home Finance Ltd. v. Regional Director* [2006 SCC OnLine Cal 869], the Petitioners maintained that the High Court possesses the power to grant relief where the default is of a "trivial nature" and lacks the sting of dishonesty.

5.4.4. In distinguishing the facts of the present case from a case of deliberate fraud, this Court finds that the "simultaneous disclosure of truth" is the most potent factor. Had the Petitioners intended to mislead the public, they would not have circulated 20,000 physical copies of the Annual Report containing the correct figure of Rs. 13.71. The theory of the ROC, that the digital filing was a "targeted modification," fails to explain why the Petitioners would leave a massive trail of correct data in every other public and regulatory forum, including the Stock Exchange portals.

5.4.5. The ROC cited *Arvind Khanna [(2019) 10 SCC 686]* to argue that such defences should be tested at trial. However, the ratio in *Ai Champdany Industries Ltd. v. Registrar of Companies [2011 SCC OnLine Cal 2296]* clarifies that when the "honesty" of the officer is apparent from the uncontroverted facts on record, the Court should not hesitate to exercise its power under Section 633 to prevent unnecessary litigation.

5.4.6. This Court is of the view that a misplaced decimal point in a maiden digital filing, which is contradicted by the Company's own contemporaneous printed records, falls squarely within the category of an "honest and reasonable mistake." The discrepancy did not result in any wrongful gain to the Petitioners or any actual loss to the shareholders, as the correct audited accounts were always accessible. To categorize such a "teething issue" of digital transition as a criminal falsification would be an overly harsh and mechanical interpretation of the law.

5.4.7. In view of the aforesaid, this Court finds that the error was not a material falsification intended to mislead, but an inadvertent technical slip. The Petitioners, having acted honestly and reasonably in the discharge of their duties during a period of complex regulatory transition, are entitled to the protection of Section 633. The question is, therefore, answered by holding that the nature of the error does not warrant a criminal trial.

**5.5. On the Abuse of Process and the Exercise of Inherent Powers**

5.5.1. Finally, this Court must determine if the continuation of these proceedings, after a twelve-year delay, constitutes an abuse of the process of the Court, thereby necessitating the exercise of this Court's inherent powers under Section 482 of the Code of Criminal Procedure, 1973.

5.5.2. Mr. Biswas, the learned counsel for the Petitioners argued with great vehemence that the prosecution was "manifestly vexatious." It was submitted that the complaint was lodged in 2013 for a filing made in 2011, and for over twelve years, the Petitioners have been forced to travel from Mumbai and Delhi to Alipore for a case founded upon a misplaced decimal point. On the other hand, the ROC contended, placing reliance on *Zandu Pharmaceutical Works Ltd. [(2005) 1 SCC 122]*, that the High Court should not "short-circuit" a prosecution if a *prima facie* case is disclosed, and that the 18-month silence of the Petitioners before raising the plea of error suggests a lack of *bona fides*.

5.5.3. This Court, however, finds that the "no mini-trial" rule cited by the ROC cannot be used as a shroud to cover a prosecution that is "inherently improbable." The landmark guidelines in *State of Haryana v. Bhajan Lal [1992 Supp (1) SCC 335]* specifically empower this Court to quash proceedings under the seventh category, where the allegations are so absurd that no prudent person could reach a conclusion that there is sufficient ground for proceeding.

5.5.4. The "absurdity" in the present case is found in the ROC's own theory of a "manipulated growth story." For this Court to accept that the Petitioners intended to manipulate the market via a digital file, it must also accept that they were foolish enough to simultaneously distribute the "un-manipulated truth" in 20,000 physical reports to the very same shareholders and stock exchanges. Such a contention is self-contradictory. Criminal intent does not coexist with such transparent and widespread disclosure of the correct facts.

5.5.5. Furthermore, as observed by the Hon'ble Supreme Court in *Pepsi Foods Ltd. v. Special Judicial Magistrate [(1998) 5 SCC 749]*, summoning an accused in a criminal case is a serious matter; it cannot be done at the drop of a hat. When the "falsity" alleged is a patent "punching error" contradicted by the Company's own contemporaneous records, and where the mandatory procedural safeguards of Section 202 Cr.P.C. were bypassed, the proceedings lose their character of a "legitimate prosecution" and turn into an instrument of harassment.

5.5.6. The decade-long delay in a case involving a technicality, where no financial loss was caused to any stakeholder, further tilts the scales of justice in favour of the Petitioners. To compel professional individuals to undergo the rigors of a criminal trial at this distance of time for a clerical slip occurring during a systemic digital transition would be a travesty of justice.

5.5.7. In view of the findings recorded on the preceding questions, this Court is of the firm opinion that the continuation of the proceedings in Complaint Case No. C/7025/2013 is an abuse of the process of the Court. The charges are inherently improbable, the procedural foundation is a nullity, and the substantive requirement of *mens rea* is missing. To prevent a manifest miscarriage of justice, this is a fit case for the exercise of the inherent powers of this Court. The question is answered in the affirmative, in favour of the Petitioners.

## **6. FINAL CONCLUSIONS**

6.1. In light of the comprehensive analysis of the facts and the statutory framework governing the dispute, this Court arrives at the following definitive conclusions to settle the questions framed for determination:

6.2. It is concluded that the summoning order dated 10th September 2013 is tainted by a fundamental jurisdictional error. The Petitioners, admittedly residents of Mumbai and Delhi, were entitled to the mandatory protection of an inquiry or investigation under Section 202 of the Cr.P.C. prior to the issuance of process. The Learned

Magistrate's failure to comply with this "shall" mandate, a prerequisite solidified by the Hon'ble Supreme Court in *Vijay Dhanuka (supra)* and *Sunil Bharti Mittal (supra)*, renders the initiation of these proceedings a procedural nullity *ab initio*.

6.3. Regarding the substantive charge under Section 628 of the Companies Act, 1956, this Court concludes that the essential ingredient of *mens rea*, specifically the requirement that the accused made a statement "knowing it to be false," is conspicuously absent. The simultaneous and widespread dissemination of the correct EPS in 20,000 physical annual reports and Stock Exchange filings effectively destroys any theory of a "knowing" or "dishonest" falsification. A patent decimal-point slip, occurring amidst a complex systemic transition to the XBRL taxonomy and contradicted by the Company's own audited truth in the public domain, cannot be elevated to the status of a criminal offense.

6.4. This Court concludes that the prosecution committed a significant error in identifying the "Officer in Default." In the presence of a formally designated officer (the CFO) under Form 1AA for financial compliances, the Company Secretary and the Director cannot be held vicariously liable for a technical data-entry slip within a specialized accounting taxonomy. Following the ratio in *G.N. Verma (supra)*, penal liability must be strictly construed and restricted to those specifically tasked with the duty in question.

6.5. It is further concluded that the Petitioners acted "honestly and reasonably" within the meaning of Section 633 of the Act. The error

was a *bona fide* "teething problem" of a digital mandate that resulted in no wrongful gain to the Petitioners nor any actual loss to the stakeholders. To permit a criminal prosecution to persist for over a decade for a triviality lacking any "motive to mislead" would be a gross departure from the principles of equity and judicial conscience.

6.6. Finally, this Court holds that the cumulative effect of the procedural illegality, the inherent improbability of the charges, and the excessive delay of twelve years renders the continuation of this case a manifest abuse of the process of the Court. In accordance with the *Bhajan Lal (supra)* guidelines, this is a fit case for the exercise of this Court's inherent powers to prevent the judicial machinery from being utilized as an instrument of professional harassment

## **7. CONSEQUENTIAL ORDERS AND DIRECTIONS**

7.1. Having reached the aforementioned conclusions, this Court is of the firm opinion that any further continuation of the criminal proceedings against the Petitioners would be an exercise in futility and a subversion of the ends of justice. Accordingly, the following orders and directions are issued for the final disposal of these revisional applications:

7.2. The common summoning order dated 10th September 2013, passed by the Learned Chief Judicial Magistrate, Alipore, South 24 Parganas, in Complaint Case No. C/7025/2013, is hereby quashed and set aside in its entirety insofar as it pertains to the Petitioners, namely Mr. Atul Pukhraj Falgunia, the Petitioner in CRR 4387 of

2022, and Mr. Ramkrishna Moogimane, the Petitioner in CRR 4388 of 2022.

7.3. The Petitioners are hereby discharged from the said criminal case.

7.4. All consequential proceedings, including any warrants, proclamations, or interim orders issued against them in connection with this complaint, are hereby declared null and void and stand permanently stayed.

7.5. The Petitioners are hereby discharged from these criminal proceedings. Any bail bonds, surety bonds, or personal bonds executed by the Petitioners shall stand cancelled and discharged with immediate effect.

7.6. Under the powers vested in this Court by Section 633 of the Companies Act, 1956, the Petitioners are formally exonerated of any liability arising from the digital filing for the Financial Year 2010-11, recognizing the discrepancy as an honest technical error occurring during a maiden regulatory transition.

## **8. Directions to the Learned Trial Court**

8.1. The Learned Chief Judicial Magistrate, Alipore, is directed to make the necessary entries in the Case Diary and the relevant Court Records to reflect the quashing of the proceedings against the present Petitioners.

8.2. The Learned Trial Court shall proceed with the remainder of the case, if any, against any other accused persons who have not moved

this Court, strictly in accordance with the law and without being influenced by any observations made in this judgment regarding the merits of the case against such other persons.

## 9. **General Directions**

9.1. The Registrar of Companies (Opposite Party No. 2) is directed to ensure that no further coercive action is initiated against these Petitioners in respect of the specific decimal-point discrepancy in the Earnings Per Share (EPS) filing for the Financial Year 2010-11, which has been the subject matter of this adjudication.

9.2. There shall be no order as to costs.

9.3. With the aforementioned directions, both CRR 4387 of 2022 and CRR 4388 of 2022 stand allowed and disposed of.

9.4. CRAN 7 of 2025 in both the appeals are also disposed of accordingly.

9.5. Let the records of the Learned Trial Court, if summoned, be returned forthwith along with a copy of this judgment.

9.6. All parties are to act on a server copy of this order downloaded from the official website of the High Court.

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

9.8. Urgent certified photostat copy of this judgment, if applied for, be given to the parties as per law, as expeditiously as possible.

***(Uday Kumar, J.)***