# Legal Case Summary: Delhi Race Club (1940) Ltd & Others vs State of Uttar Pradesh & Another (2024)

Case Title: Delhi Race Club (1940) Ltd & Others vs State of Uttar Pradesh & Another

Citation: 2024 INSC 626

Court: Supreme Court of India

Date of Judgment: 23 August 2024

Bench: J.B. Pardiwala, Manoj Misra

## Facts of the Case:

- The complainant, Vipin Kumar Agarwal (owner of Agarwal Udyog), supplied horse feed to Delhi Race Club since 1990.  
- From 1995, invoices were raised in the name of Delhi Horse Trainers Association on the directions of the Race Club.  
- By 2017, payments stopped, and ₹9,11,434 remained unpaid.  
- Despite a legal notice in 2020, the dues were not cleared.  
- The complainant filed a private criminal complaint alleging cheating, criminal breach of trust, and conspiracy (Sections 406, 420, 120B IPC).  
- The Magistrate issued process only for Section 406 IPC (Criminal Breach of Trust) after Section 202 CrPC inquiry.  
- The appellants sought quashing of the order, but the High Court dismissed their plea.

## Procedural History:

- Complaint filed before ACJM Khurja, Bulandshahar.  
- Summoning order issued under Section 406 IPC.  
- Application for quashing filed before the Allahabad High Court was rejected.  
- Appellants approached the Supreme Court challenging both the Magistrate’s and High Court’s orders.

## Issues before the Court:

1. Whether a prima facie case under Section 406 IPC (Criminal Breach of Trust) was made out.  
2. Whether the High Court erred in rejecting the quashing petition under Section 482 CrPC.  
3. Whether a simple case of non-payment of dues could constitute criminal breach of trust or cheating.

## Judgment:

- The Supreme Court allowed the appeal.  
- It quashed both the High Court order and the summoning order issued by the Magistrate.

## Key Legal Findings:

1. No Entrustment: In cases of sale, property passes to the buyer upon delivery; no entrustment exists under Section 405 IPC.  
2. Civil vs Criminal Liability: Non-payment of sale consideration may create civil liability but does not constitute criminal breach of trust or cheating.  
3. Vicarious Liability: Office bearers of a company cannot be held vicariously liable without specific allegations of their direct involvement.  
4. Mechanical Summoning: Courts must apply judicial mind before issuing process; summoning is a serious matter affecting individual rights.  
5. Abuse of Process: Continuing the criminal proceedings in this case would be an abuse of the process of law.

## Final Decision:

✅ Appeal allowed  
✅ High Court and Magistrate’s orders quashed  
✅ Criminal proceedings against the appellants dropped  
✅ Registry directed to circulate judgment to relevant government departments for awareness on misuse of Sections 406 and 420 IPC in commercial disputes