



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 4TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE RAVI V HOSMANI

CRIMINAL PETITION NO. 3546 OF 2019

BETWEEN:

SRI. RAGHUNATH NADIG Y.C.
AGEDA BOUT 49 YEARS
S/O Y.N. CHANDRASHEKARIAH
RESIDING AT NO.633,
4TH CROSS, 2ND BLOCK
BANASHANKARI 1ST STAGE
BANGALORE - 560 050.

...PETITIONER

(BY SRI. GIRISH S, ADVOCATE)

AND:

SRI. DINESH S
AGED ABOUT 35 YEARS
S/O E. SIDDIAH
R/AT NO.47/2
H.B. SAMAJA ROAD
BASAVANAGUDI
BANGALORE - 560 004.

...RESPONDENT

(BY SRI. L.T. GOPAL, ADVOCATE)

THIS CRL.P IS FILED U/S.482 OF CR.P.C PRAYING TO
SET ASIDE/QUASH THE ORDER DATED 25.04.2019, PASSED IN
C.C.NO.6577/2018, BY THE LEARNED XXVI A.C.M.M., AT
BENGALURU ALLOWING, THE APPLICATION FILED BY THE

Digitally signed
by ANUSHA V
Location: High
Court of
Karnataka



RESPONDENT/COMPLAINANT U/S 143A(2) OF N.I (AMENDED)
ACT.

THIS PETITION, COMING ON FOR ADMISSION, THIS DAY,
ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE RAVI V HOSMANI

ORAL ORDER

None appears for petitioner.

2. Since matter involved lies within a short compass and pendency of matter has lead to no progress in main matter, it is taken up for final disposal.

3. None appears for petitioner.

4. Challenging order dated 25.04.2019 passed by XXVI ACMM, Bengaluru, in C.C.no.6577/2018 under Section 143A(2) of Negotiable Instruments (Amended) Act, 1981 (**NI Act**), this petition is filed.

5. As per grounds urged in petition, impugned order was challenged on ground of illegal, arbitrary and unjust and that there was no basis for awarding interim compensation on ground that it was mandatory and etc.



6. On other hand, Sri L.T.Gopal, learned counsel for respondent opposed petition. It was submitted that by taking note of cheque amount involved, Trial Court had granted interim compensation and same would not call for interference. However, Trial Court had not exceeded maximum limit of 20% of cheque amount.

7. Heard learned counsel and perused material on record.

8. At outset, pendency of proceedings in C.C.no.6577/2018 for offence punishable under Section 138 of NI Act filed by respondent no.2 against petitioner herein is not in dispute. In said proceedings after recording plea and taking note of application filed under Section 143A(2) of NI Act, Trial Court has passed impugned order.

9. Reasons assigned are cheque amount of Rs.2,90,000/-, mandatory nature of Section 143A of NI Act and likelihood of dilation of proceedings. However, there is no basis stated for observation about delay tactics by drawer of cheque.



10. Besides there is non-compliance with directions issued by Hon'ble Supreme Court in case of ***Rakesh Ranjan Shrivastava v. State of Jharkhand & Another*** reported in ***(2024)4 SCC 419*** , referring to earlier decisions in ***Surinder Singh Deswal @ Col. S.S.Deswal and Others v. Virender Gandhi*** reported in ***(2019)11 SCC 341*** and ***Jamboo Bhandari v. M.P. State Industrial Development Corporation Ltd. & Others*** reported in ***(2023)10 SCC 446***, as follows:

"27. Subject to what is held earlier, the main conclusions can be summarised as follows:

27.1. The exercise of power under sub-section (1) of Section 143-A is discretionary. The provision is directory and not mandatory. The word "may" used in the provision cannot be construed as "shall."

27.2. While deciding the prayer made under Section 143-A, the Court must record brief reasons indicating consideration of all relevant factors.

27.3. The broad parameters for exercising the discretion under Section 143-A are as follows:

27.3.i. The Court will have to prima facie evaluate the merits of the case made out by the complainant and the merits of the defence pleaded by the accused in the



reply to the application. The financial distress of the accused can also be a consideration.

27.3.ii. A direction to pay interim compensation can be issued, only if the complainant makes out a prima facie case.

27.4.iii. If the defence of the accused is found to be prima facie plausible, the Court may exercise discretion in refusing to grant interim compensation.

27.4.iv. If the Court concludes that a case is made out to grant interim compensation, it will also have to apply its mind to the quantum of interim compensation to be granted. While doing so, the Court will have to consider several factors such as the nature of the transaction, the relationship, if any, between the accused and the complainant, etc.

27.4.v. There could be several other relevant factors in the peculiar facts of a given case, which cannot be exhaustively stated. The parameters stated above are not exhaustive."

11. Impugned order would indicate non-compliance with above directions, which held Section 143A as not mandatory but as discretionary. Consequently, impugned order would stand require to be quashed. Accordingly, petition is **allowed**. Order passed on application filed under Section 143A(2) of NI Act by respondent is set aside. Application is restored. Trial



Court is directed to consider it afresh in terms of ratio laid down in para 27 in case of ***Rakesh Ranjan Shrivastava*** (*supra*) and pass appropriate orders.

While passing orders, Trial Court would require to consider that no less than a period of seven years is lost during pendency of this petition and take steps for expeditious disposal of main matter. Ordered accordingly.

Sd/-
(RAVI V HOSMANI)
JUDGE