

**THE HONOURABLE SRI JUSTICE RAJA ELANGO**

**CRIMINAL PETITION NO.9361 OF 2012**

**ORDER:**

This Criminal Petition under Section 482 of Cr.P.C. is filed A.4 to quash the proceedings in C.C.No.446 of 2011 pending on the file of III Special Magistrate, Erra Manzil at Hyderabad for the offence under Section 138 r/w 142 of Negotiable Instruments Act.

It is the case of the first respondent-complainant that A.1 is a company, A.2 is the Managing Director, A.3 & A.4-petitioner herein are the Directors of A.1-Company. During the course of business, A.2 on behalf of A.1-Company approached the complainant-Bank for a term loan and availed loan of Rs.50.83 lakhs repayable in half-yearly installments with interest as per the terms of loan agreement. The accused committed default in repayment of the instalments and that A.2 issued the cheque bearing No.554456 dated 31.1.2003 drawn on Andhra Pradesh Cooperative Bank, Troop Bazar, Hyderabad for a sum of Rs.3,63,100/- towards part payment of loan installment. When the cheque was presented for clearance, it was returned with an endorsement "funds insufficient". Hence, the complainant got issued a statutory notice dated 12.3.2003 to all the accused. Since the accused did not pay the amount covered by the cheque, the complainant filed the present complaint against all the Accused.

Heard and perused the material available on record.

The main ground on which the learned counsel for the petitioner seeks to quash the impugned proceedings as against the

petitioner-A.4 is that the petitioner is one of the Directors of the A.1-company, but it is not averred in the complaint or filed any material to the effect that the petitioner herein is also taking part in the day-to-day affairs of the A.1-company.

The first respondent-complainant in his reply specifically contended that there is an agreement between the complainant as well as the accused persons and to the said loan agreement, the petitioner herein is also one of the signatories and the said agreement is also extended subsequently and the same is still in force. The statutory notice got issued by the complainant was also served on the petitioner herein, but he has not given any reply.

The only contention of the petitioner herein is that though he is one of the Directors, he has not involved in the day-to-day business activities of the A.1-Company. But he has not disputed the fact that he is signatory to the loan agreement executed in favour of the complainant. Whether the petitioner is involved in the day-to-day activities of A.1-Company and whether he is bound by the terms of loan agreement etc., are all the issues to be decided by the trial Court only after full-fledged trial and the same cannot be gone into by this Court at this stage. Hence, this Court is not inclined to quash the impugned proceedings at this stage.

In the result, the Criminal Petition is dismissed.

Miscellaneous petitions pending, if any, shall stand closed.

**JUSTICE RAJA ELANGO**

07<sup>th</sup> September, 2016

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