IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 13.11.2025

CORAM:

THE HONOURABLE MR JUSTICE A.D.JAGADISH CHANDIRA

Crl.O.P.No.23303 of 2025
and
Crl.M.P.Nos.15913 and 15914 of 2025

Ramesh Babu Mandava
S/o.Veeraiah,
Director of M/s.Srivay Industries Limited
at 101/A, 3rd Floor, Opp. Akshara Book Store
Journalist Colony Road No.70
Jubilee Hills, Hyderabad – 500 033,
Telangana ... Petitioner

Vs.

1. Narendar Shah
Karta of M/s.Narendar Kumar and Sons HUF
Proprietor of M/s.Sri Ambey Investment
Represented by its POA Holder
Divyash K.Jain
at No.10/3, Barnaby Road
Kilpauk, Chennai – 600 010

2. M/s.Srivay Industries Limited
Represented by its Directors/Authorised Signatories
Venkata Raghunath Madava
at 101/A, 3rd Floor, Opp. Akshara Book Store
Journalist Colony, Road No.70

Jubilee Hills, Hyderabad – 500 033, Telangana

3. Venkata Raghunath Madava
   Managing Director of M/s.Srivay Industries Limited
   at 101/A, 3rd Floor, Opp. Akshara Book Store
   Journalist Colony Road No.70
   Jubilee Hills, Hyderabad – 500 033, Telangana

4. Ravindra Mannam
   Director of M/s.Srivay Industries Limited
   at 101/A, 3rd Floor, Opp. Akshara Book Store
   Journalist Colony, Road No.70
   Jubilee Hills, Hyderabad – 500 033, Telangana

5. Rajasekhar Mannam
   Director of M/s.Srivay Industries Limited
   at 101/A, 3rd Floor, Opp. Akshara Book Store
   Journalist Colony Road No.70
   Jubilee Hills, Hyderabad – 500 033
   Telangana ... Respondents

PRAYER: Criminal Original Petition filed under Section 528 of B.N.S.S. to call for the records connected in STC No.462 of 2025 pending trial on the file of the learned IV FTC Metropolitan Magistrate, Chennai and quash the same.

For Petitioner	:	Mr.P.Ezhil Nilavan
For R1	:	Mr. Srenik S Jain for R1
R2 to R5	:	No Appearance

O R D E R

This Criminal Original Petition has been filed to quash the complaint in STC No.462 of 2025, pending trial on the file of the learned Metropolitan Magistrate, Fast Track Court-IV, Chennai, against the petitioner.

2. The case of the complainant is that on behalf of the 1st accused-Company, the 2nd accused, Managing Director of the 1st accused-Company availed a loan of Rs.63,00,000/- from the complainant and accordingly he executed a promissory note dated 27.06.2023, whereby the 2nd accused agreed to repay the same with interest at the rate of 12.72% per annum on demand and at most within 6 months. The 2nd accused had made part payment on behalf of the 1st accused-Company and thereafter, defaulted and after regular follow ups, the 2nd accused issued three Cheques (1) bearing No.000766 dated 30.05.2024 for a sum of Rs.10,50,000/-, (2) No.000767 dated 30.05.2024 for a sum of Rs.10,50,000/- and (3) No.000768 dated 30.05.2024 for a sum of Rs.14,75,600/-, drawn on ICICI bank, Jubilee Hills Branch, Hyderabad. The complainant presented all the three cheques, but to

the complainant's dismay, the cheques were returned dishonoured on 31.05.2024 by the complainant's Bank viz., Axis Bank, Ratan Bazar-1630 Branch, Chennai, with remarks 'payment stopped by the drawer'. The complainant sent a statutory notice dated 06.06.2024 to all the accused calling upon them to pay a sum of Rs.35,75,600/- being the total cheque amount within a period of 15 days from the date of receipt of the notice. The said notice was received by the petitioner herein/A3 on 10.06.2025. Thereafter, the complainant filed a complaint dated 20.07.2024 against all the accused, under Section 223 of BNSS for the offences punishable under Section 138 read with 141 of the Negotiable Instruments Act, 1881 and the same has been taken on file in STC No.462 of 2025, on the file of the learned Metropolitan Magistrate, Fast Track Court-IV, Chennai. The present petition has been filed by the 3rd accused to quash the same.

3. The learned counsel for the petitioner would submit that the Company has been arrayed as A1 and the Managing Director has been arrayed as A2. He would further submit that the Managing Director is the

person who issued the cheques and signed the cheques. The petitioner who is a Non Executive Director, has been unnecessarily arrayed as A3 in this case. He would also submit that in the complaint, there is absolutely no averment against the petitioner. As per Section 141 of the Negotiable Instruments Act, if the person committing an offence under Section 138 is a Company, every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly. He would further submit that absolutely there is no allegation against the petitioner as if he was responsible and in-charge of the Company for the conduct of the business of the company. He would reiterate that A2 is the Managing Director of A1-Company and he only issued the cheques as a signatory to the cheques. In support of his contention, the learned counsel relied on the judgment of the Hon'ble Supreme Court in ***K.S.Mehta Vs. M/s.Morgan Securities and Credits Pvt. Ltd.*** reported **in 2025 INSC 315.**

4. Per contra, the learned counsel for the first respondent/complainant would submit that the petitioner is a Executive Director in the A1-Company and he has signed in the Board Resolutions and he is also responsible for the conduct of the business of the A1-Company. Hence, he would seek for dismissal of this petition.

5. In reply, the learned counsel for the petitioner would submit that though the petitioner has signed the Board Resolutions, he did not extend his involvement to the financial decision making or operational management of A1-Company. He would reiterate that there is no specific allegation against the petitioner and the petitioner cannot be held vicariously liable for the offence under Section 141 of the Negotiable Instruments Act.

6. Heard the learned counsel for the petitioner and the learned Counsel for the first respondent/complainant and perused the materials available on record, including the complaint.

7. In the case of ***K.S.Mehta (supra),*** the Hon'ble Supreme Court has held as follows:

"...17. Upon perusal of the record and submissions of the parties, it is evident that the Appellant(s) neither issued nor signed the dishonoured cheques, nor had any role in their execution. There is no material on record to suggest that they were responsible for the issuance of the cheques in question. Their involvement in the company's affairs was purely non-executive, confined to governance oversight, and did not extend to financial decision-making or operational management.

18. The complaint lacks specific averments that establish a direct nexus between the Appellant(s) and the financial transactions in question or demonstrate their involvement in the company's financial affairs. Additionally, the CGR(s) and ROC records unequivocally confirm their non-executive status, underscoring their limited role in governance without any executive decision-making authority. The mere fact that Appellant(s) attended board meetings does not suffice to impose financial liability on the Appellant(s), as such attendance does not automatically translate into control over financial operations.

19. Given the lack of specific allegations and in view of the aforesaid observations, the Appellant(s) cannot be held vicariously liable under Section 141 of the NI Act.

20. Accordingly, the Impugned Judgment and Order dated 28.11.2023 of the High Court is set aside, and the criminal proceedings against the Appellant(s) in Complaint No(s).15858 and 15857 of 2017 pending before the Court of

Additional Chief Metropolitan Magistrate, New Delhi are hereby quashed.

21. The appeals are allowed. No order as to costs."

8. Further, a reading of the complaint clearly shows that it does not contain any specific allegation against the petitioner as if he is in-charge and responsible for the conduct of the business of A1-Company. Under these circumstances, this Court is of the opinion that proceeding the complaint against the petitioner, is an abuse of process of law.

9. Hence, the proceedings against the petitioner in STC No.462 of 2025, pending on the file of the learned Metropolitan Magistrate, Fast Track Court-IV, Chennai, is quashed.

10. The learned trial Judge is directed to dispose of the case in STC No.462 of 2025, as expeditiously as possible, as mandated under Section 143 of the Negotiable Instruments Act.

11. With the above directions, this Criminal Original Petition is allowed. Consequently, the connected Miscellaneous Petitions are closed.

13.11.2025

ksa-2
Index:Yes/No
Speaking/Non-speaking order
Neutral Citation:Yes/No

To
The Metropolitan Magistrate,

Fast Track Court-IV, Goerge Town Chennai

A.D.JAGADISH CHANDIRA J.

ksa-2

Crl.O.P.No.23303 of 2025

13.11.2025