

Crl.R.C.(MD).No.482 of 2019

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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Dated : 12.09.2025

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THE HONOURABLE MR.JUSTICE K.K.RAMAKRISHNAN

Crl.RC(MD)No.482 of 2019

and

Crl.MP(MD)Nos.6546 & 6547 of 2019 and 12369 of 2025

Muthumanikandan

...Petitioner/Appellant/Accused

Vs.

Kannan

... Respondent/Respondent/
Complainant

PRAYER: Criminal Revision Petition has been filed under Section 397 r/w 401 of Cr.P.C., to call for the records to set aside the judgment passed by the learned Additional District Judge, Fast Track Court, Paramakudi, Ramanathapuram District, made in Crl.A.No.23 of 2014, dated 08.11.2017, confirming the conviction and sentence passed by the Judicial Magistrate, Kamuthi, Ramanathapuram District, in S.T.C.No.409 of 2010, dated 04.12.2018 made and to allow this petition.

For Petitioner : Mr.M.Gandhirajan

For Respondent : Mr.A.Uthayakumar



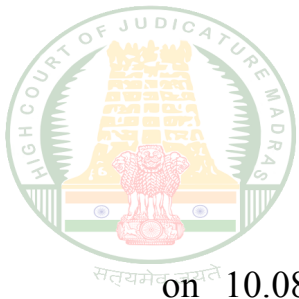
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ORDER

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This Criminal Revision Case has been filed to set aside the judgment of the learned Additional District Judge, Fast Track Court, Paramakudi, Ramanathapuram District, made in Crl.A.No.23 of 2014, dated 08.11.2017, confirming the conviction and sentence passed by the learned Judicial Magistrate, Kamuthi, Ramanathapuram District, in S.T.C.No.409 of 2010, dated 04.12.2018.

2. The petitioner and the respondent are friends. The petitioner received a sum of Rs.9,80,000/- from the respondent on 08.12.2009 as advance for sale consideration. Thereafter, he failed to execute the property in favour of the respondent. Hence, the respondent demanded money received by the petitioner. To discharge the said debt, the petitioner issued two posted dated (03.04.2010 and 28.04.2010) cheques bearing Nos.0004260 and 0004952 drawn on the bank of Q-III Abiramam Co-operative Bank. When the respondent presented the cheque for collection before his Bank namely, South Indian Bank, Aruppukottai, on 05.04.2010, one cheque was returned on 10.04.2010 and another cheque was returned on 28.05.2010 with an endorsement “funds Insufficient”. Thereafter, on receipt of request made by the petitioner, he presented the above cheques again

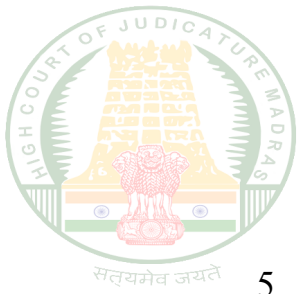


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on 10.08.2010 and the same were also returned on 11.08.2010 with an endorsement “funds Insufficient”. So, the respondent issued a legal notice on 20.08.2010. Even though the petitioner received the same, neither sent any reply nor paid any amount. In such circumstances, the respondent filed a complaint under Section 138 Cr.P.C., before the learned Judicial Magistrate, Kamuthi, Ramanathapuram District, and the same was taken on file in C.C.No.37 of 2017.

3. Thereafter, on receipt of the summons, the petitioner appeared and contested the case. The learned Trial Judge after following the procedure, examined P.W.1 and perused the documents Ex.P.1 to Ex.P.9 and passed the conviction under Section 138 of Negotiable Instruments Act to undergo 1 year Simple Imprisonment and directed to pay the cheque amount of Rs.9,80,000/- as compensation in default to undergo 3 months Simple Imprisonment by the Judgment dated 04.12.2014.

4. Aggrieved over the same, the petitioner filed the Criminal Appeal in Crl.A.No.23 of 2014 on the file of the learned Additional District Judge, Fast Track Court, Paramakudi, Ramanathapuram District. The learned Appellate Judge also confirmed the same. Hence, the petitioner preferred this revision before this Court.



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5. Earlier, this Court, directed the jurisdictional Police to secure the petitioner and commit him to prison to undergo the period of sentence imposed by the learned trial Judge for the reason he has not obtained an order of suspension of sentence of imprisonment from this Court and also not made his appearance before this Court and the same was complied with.

6. Today (12.09.2025), when the matter is taken up for hearing, the learned counsel for the petitioner and the learned counsel for the respondent would submit that the matter has been amicably settled between the petitioner and the respondent. The respondent/defacto complainant appeared in person before this Court. When an enquiry, he stated that he received the entire cheque amount from the petitioner/accused. To that effect, he has also filed an undertaking affidavit before this Court. The relevant portion of the above said undertaking affidavit is as follows :-

“I respectfully submit that while pending this Criminal Revision Case, the matter amicably settled between the appellant and the respondent in the presence of both side of the well-wishers but it was not reported to advocate. Since trial Court advocate one Muneeswaran was passed away due to which the petitioner/appellant could not contact the revision case advocate who is appearing on



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behalf of the petitioner/appellant before this Hon'ble Court.”

7. In view of the compromise entered between the parties, the offence under Section 138 of Negotiable Instruments Act stands compounded under Section 147 of the Negotiable Instruments Act.

8. The Hon'ble Supreme Court in the case of ***Gian Chand Garge Vs. Harpal Singh & Another*** in Criminal Appeal arising out of ***SLP.(Crl.)No.8050 of 2025***, has held that once the complainant has signed the compromise deed accepting the amount in full and final settlement of the default sum the proceedings under Section 138 of the NI Act cannot hold water, therefore, the concurrent conviction rendered by the Courts below has to be set aside. The relevant paragraphs of the above said case are as follows:-

“5. Be that as it may, at the outset, it is apposite to advert to settled position of law enunciated by this court with regard to nature of proceedings under section 138 NI Act and the legal consequences that ensues upon a compromise being entered into between the parties.

6. This court in M/s. Meters and Instruments Private Limited & Anr. v. Kanchan Mehta 2018 (1) SCC



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560 held that the nature of offence under section 138 of the NI Act is a mainly a civil wrong and has been made specifically compoundable by section 147 of the NI Act which was inserted by the 2002 amendment to the said Act. The relevant observations have been extracted for reference:

“This Court has noted that the object of the statute was to facilitate smooth functioning of business transactions. The provision is necessary as in many transactions’ cheques were issued merely as a device to defraud the creditors. Dishonor of cheque causes incalculable loss, injury and inconvenience to the Vide the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 payee and credibility of business transactions suffers a setback. At the same time, it was also noted that nature of offence under Section 138 primarily related to a civil wrong and the 2002 amendment specifically made it compoundable.”

*7. It is also apposite to reiterate the observations in **P. Mohanraj & Ors. v. M/s. Shah Brothers Ispat Pvt. Ltd. (2021) 6 SCC 258** wherein this court referred the offence under section 138 NI Act as a “Civil Sheep” in “Criminal Wolf’s Clothing” which meant issues agitated by the parties under the said provision are of private nature which are brought within the sweep of criminality jurisdiction in order to strengthen the credibility of the negotiable instruments.*



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8. Further in **M/s. Gimpex Private Limited v. Manoj Goel (2021) SCC OnLine SC 925** this court took into consideration the effect of settlement arrived between the parties and observed that,

“38. When a complainant party enters into a compromise agreement with the accused, it may be for a multitude of reasons- Higher Compensation, faster recovery of money, uncertainty of trial and strength of complaint, among others. A complainant enters into a settlement with open eyes and undertakes the risk of the accused failing to honour the cheques issued pursuant to the settlement, based on certain benefits that the settlement agreement postulates. Once parties voluntarily entered into such an agreement and agree to abide by the consequence of non-compliance of the settlement agreement, they cannot be allowed to reverse the effects of the agreement by pursuing both the original complaint and the subsequent complaint arising from such non-compliance. The Settlement agreement subsumes the original complaint.....”

9. In **B.V. Sessaiah v. State of Telangana & Anr. (2023) SCC OnLine SC 96** this court was of the view that when parties enter into an agreement and compound the offence, they do so to save themselves from the process of litigation and when such a step is taken by the parties, the law very well allows them to do so. Hence, the courts cannot override such compounding and impose its will.



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10. Therefore, it is very clear that although dishonour of cheque entails criminal consequence, the legislature by virtue of section 147 of the NI Act has made it compoundable notwithstanding the provisions of the Code of Criminal Procedure, 1973 and the same can be compounded at any stage of the proceedings especially when the parties have themselves arrived at a voluntary compromise.”

9. Accordingly, the conviction and sentence imposed by the learned Judicial Magistrate, Kamuthi, Ramanathapuram District, in S.T.C.No.409 of 2010 dated 04.12.2014 and confirmed by the learned Additional District Judge, Fast Track Court, Paramakudi, Ramanathapuram District, made in Crl.A.No.23 of 2014, dated 08.11.2017, is hereby set aside and the Criminal Revision Case is allowed. The accused is acquitted from the charges levelled against him. Bail bond if any, executed by the accused shall stand discharged. The connected miscellaneous petitions are closed.

12.09.2025

NCC : Yes/No

Index : Yes/No

Internet: Yes/No

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Note : Issue order copy on 12.09.2025



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To

- 1.The Judicial Magistrate (FTC),
Karaikudi.
- 2.The Additional District Judge,
Sivagangai.
- 3.The Superintendent of Police,
Central Prison, Madurai.
4. The Section Officer,
Criminal Records,
Madurai Bench of Madras High Court, Madurai.



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K.K.RAMAKRISHNAN, J.

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