IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

CRM-M No. 14790 of 2021
Reserved on : 20.01.2024
Pronounced on : 23.01.2025

Rajesh Mehra .....Petitioner

versus

LSC Securities Limited (formerly known as LSE Securities Ltd.)

.....Respondent

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. Rahi Mehra, Advocate
for the petitioner.

Mr. Atul Goyal, Advocate and Mr. Manish Goyal, Advocate
for the complainant-respondent.

***

HARPREET SINGH BRAR, J. (ORAL)

1. The present petition has been preferred under Section 482 of Code of Criminal Procedure, 1973 (hereinafter 'Cr.P.C.') for quashing of Complaint bearing No. COMA/NACT/10464/2018 dated 26.07.2018 (Annexure P-1) and summoning order dated 04.12.2018 under section 138 of the Negotiable Instruments Act, 1881 (hereinafter 'NI Act').

2. Succinctly, the facts of the case are that the respondent-company is carrying on the business of trading of shares and securities. The petitioner, through the sub-broker of the respondent i.e. M/s. AKA Share Broker (hereinafter 'the Sub-Broker'), has been dealing with shares and securities of numerous companies and owed Rs. 9,90,557.41/-. The

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and
integrity of this document

respondent made numerous calls for the payment due; however, the petitioner did not clear the dues. Further, in lieu of the outstanding balance, the petitioner drew a cheque bearing No. 050372 dated 07.06.2018 (Annexure P-3) favouring the respondent i.e '*LSC Securities Ltd. A/C AKA Share broker Ltd.*' for an amount of Rs. 9,90,557.41/-, bearing his signature. He also assured the respondent that the same will be encashed on presentation. The Sub-Broker being a 'holder in due course', presented the cheque (supra) for encashment with his banker HDFC Bank Ltd., Kennedy Avenue, Court Road, Amritsar. However, the same was dishonoured and returned for reason 'Drawers sign differs from Specimen' vide return memo dated 11.06.2018 (Annexure-P4). Further, the respondent through the sub-broker made numerous efforts to recover balance outstanding, however the accused paid no heed to the same. Consequently, the respondent served a legal notice dated 30.06.2018 through registered post to clear the dues within 15 days, however, the petitioner failed to comply with the same and the complaint (supra) was filed.

3 Learned counsel for the petitioner *inter alia* contends that the concerned Court at Ludhiana lacks jurisdiction as the cheque (supra) was placed and dishonoured at HDFC Bank Ltd., Kennedy Avenue, Court Road, Amritsar (Annexure P-3). Furthermore, a bare perusal of the memo (Annexure P-4) makes it clear that the Ludhiana Court does not possess any jurisdiction to entertain the same. Learned counsel further contends that the trial is maintainable only at the place where it was dishonoured, therefore, in the present case the concerned Court at Amritsar has jurisdiction as opposed to Ludhiana. The error qua jurisdiction goes to the root of the matter being a

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and
integrity of this document

patent illegality. He further submits that the Sub-Broker has admitted the fact that the cheque (supra) was placed for encashment in Amritsar, where it was dishonoured.

4. Furthermore, Section 142(2) of the NI Act was added by the Negotiable Instruments (Amendment) Ordinance, 2015, applicable w.e.f. 15.06.2015, whereby it was clarified that a complaint under NI Act will be maintainable at the place where the cheque was presented and dishonoured, therefore, the jurisdiction lies with the concerned Court in Amritsar and not Ludhiana. Reliance in this regard is placed on the judgment rendered by the Hon'ble Supreme Court in ***Bridgestone India Pvt. Ltd. Vs. Inderpal Singh (2016) 1 SCC(Cri) 472*** and this Court in ***Rolly S. Vettor and ors. Vs. M/s E.I. Dupont India Pvt. Ltd. 2019(3) R.C.R.(Crl.) 522.***

5. *Per contra* learned counsel of the respondent contends that the respondent maintains his account at Ludhiana therefore, the cheque would be deemed to have been presented for encashment at Ludhiana. A bare perusal of Section 142(2)(a) of the NI Act *prima facie* makes it clear that the Ludhiana Court has the jurisdiction to entertain the complaint (supra).

6. Having heard the learned counsel for the parties and after perusing the record of the case with their able assistance, this Court is of the view that a study of Section 142, NI Act is called for. The relevant part from the same is reproduced below:

> ***142. Cognizance of offences.—***
>
> *1. ****
>
> *2. The offence under section 138 shall be inquired into and tried only by a court within whose local jurisdiction,—*

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and integrity of this document

(a) if the cheque is delivered for collection through an account, the branch of the bank where the payee or holder in due course, as the case may be, maintains the account, is situated; or

(b) if the cheque is presented for payment by the payee or holder in due course, otherwise through an account, the branch of the drawee bank where the drawer maintains the account, is situated.

Explanation- For the purposes of clause (a), ***where a cheque is delivered for collection at any branch of the bank of the payee or holder in due course, then, the cheque shall be deemed to have been delivered to the branch of the bank in which the payee or holder in due course, as the case may be, maintains the account.***

Reliance in this regard is placed on the judgment rendered by the Hon'ble Rajasthan High Court in the case of ***Ram Kishore Singhal v. State of Rajasthan 2023(3) NIJ 492,*** *the learned Court opined that,*

"9. ***where a cheque is delivered for collection at any branch of the bank of the payee or holder in due course, then, the cheque shall be deemed to have been delivered to the branch of the bank in which the payee or holder in due course, as the case may be, maintains the account.*** *Therefore, the contention of the petitioner that the court of Additional Civil Judge (JD) and Metropolitan Magistrate (N.I. Act Cases) No.1, Jodhpur Metropolitan was not having jurisdiction, is not tenable.*

7. Further, in the case of ***M/s. Premier Roller Flour Mills v. ICICI Bank Ltd, 2018(189) AIC 763***, *the Hon'ble Gauhati High Court opined that,*

"14. From the amended provision of Section 142 (2), it can be summarised that, firstly, when the cheque is delivered for collection

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and
integrity of this document

through an account, the complaint is to be filed before the court where the branch of the bank is situated, where the payee or holder in due course maintains his account. Secondly, when the cheque is presented for payment over the counter, the complaint is to be filed before the court where the drawer maintains his account. Section 142A stipulates all cases pending before any court, whether filed before it or transferred to it, pending before 15.06.2015 shall be transferred to the court having jurisdiction as per Section 142(2) by bringing a legal fiction as if the sub section (2) of Section 142 had been in force at all material times. Keeping in view the intent of Section 142A, sub section (1), introduced after the amendment which created the legal fiction as stated hereinabove that sub section (2) of Section 142 as amended by Negotiable Instruments (Amendment) Ordinance, 2015 be presumed to be in force at all material times shall have to be considered in deciding this application by taking judicial notice as subsequent event by this court.

8. A perusal of the abovementioned provision makes it clear that it is immaterial as to where the cheque is presented for encashment as it would be deemed to have been presented before the branch where the 'holder in due course' or the 'payee' maintains his account. Therefore, since the account of the respondent is maintained at Ludhiana, the cheque will be deemed to have been presented there. As such, the concerned Court at Ludhiana possesses the requisite jurisdiction to try the complaint (supra).

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and
integrity of this document

9. As an upshot of the discussion above, this Court finds that learned counsel for the petitioner has failed to point out any perversity or illegality in findings recorded by the learned trial Court which warrants interference by this Court. As such, the present petition is dismissed, being bereft of any merit.

10. Pending miscellaneous application(s), if any, shall also stand disposed of.

(HARPREET SINGH BRAR)
JUDGE

23.01.2025
Ajay Goswami

Whether speaking/reasoned	*Yes/No*
Whether Reportable	*Yes/No*

AJAY GOSWAMI
2025.01.31 18:00
I attest to the accuracy and
integrity of this document