

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-07-2026

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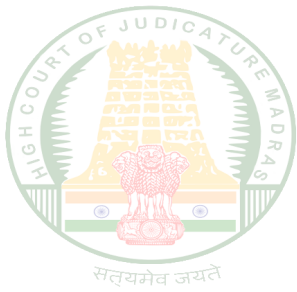
THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

CRL OP No. 11840 of 2025

and

Crl.M.P.Nos.7902 & 7903 of 2025

1. M/s.Phooltas Transrail Limited,
Represented by its Authorized Signatory,
Mr.Ponraj Kumar Rai,
Layak Enclave (East), Sahay Nagar,
Phulwari Shariff, Patna,
Bihar-801 506.
2. Mr.Rajendra Kumar Agarwala
S/o.Shri.Phoolchand Agarwala,
Director - Phooltas Transrail Limited,
Layak Enclave (East), Sahay Nagar,
Phulwari Shariff, Patna,
Bihar-801 506.
3. Mr.Rohitashwaa Kumar Agarwala
C/o.Shri.Rajendra Kumar Agarwala,
Director - Phooltas Transrail Limited,
Layak Enclave (East), Sahay Nagar,
Phulwari Shariff, Patna,
Bihar-801 506.
4. Mr.Vishwanath Singh
S/o.Shri.Jamdar Singh,
Director - Phooltas Transrail Limited,
Layak Enclave (East), Sahay Nagar,
Phulwari Shariff, Patna,
Bihar-801 506.
5. Mr.Ritdhvaj Agarwala
S/o.Shri.Rajendra Kumar Agarwala,
Director - Phooltas Transrail Limited,
Layak Enclave (East), Sahay Nagar,
Phulwari Shariff, Patna,
Bihar-801 506.



..Petitioners / Accused

Vs

WEB C M/s.Palfinger India Private Limited,
Represented by its Authorized Signatory,
Mr.E.Vijayakumar,
Having its registered officer at
No.37, Varadarajapuram, Nazarathpet,
Poonamallee, Chennai-600 123.

..Respondent /
Complainant

Prayer: This Criminal Original Petition filed under Section 528 of Bharatiya
Nagarik Suraksha Sanhita, 2023, praying to call for the records and quash the
proceedings in S.T.C.No.18 of 2025 on the file of the learned Metropolitan
Magistrate, Fast Track Court-II, Allikulam, Chennai against the petitioners.

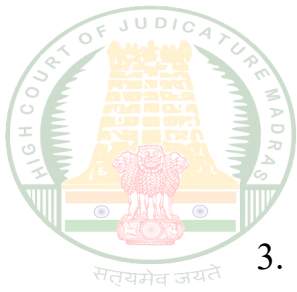
For Petitioner(s): Mr.B.A.Sujay Prasanna

For Respondent(s): Mr.D.Ferdinand
for BFS Legal

ORDER

This Criminal Original Petition has been filed seeking to call for the
records and quash the proceedings in S.T.C.No.18 of 2025 on the file of the
learned Metropolitan Magistrate, Fast Track Court-II, Allikulam, Chennai.

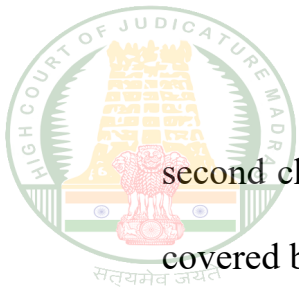
2. I have heard the learned counsel for the petitioner and the learned
counsel appearing for the respondent.



3. The case arises out of a private complaint filed under Section 200 of the Code of Criminal Procedure alleging the commission of an offence under Section 138 of the Negotiable Instruments Act, 1881.

4. The gist of allegations is that the complainant company, namely M/s.Palfinger India Private Limited, had supplied goods (Cranes) to the accused company, namely M/s.Phooltas Transrail Limited. Towards partial discharge of the amounts due, three (3) cheques dated 30.09.2023, 31.10.2023 and 30.11.2023, each for a sum of Rs.48,38,000/-, were issued. Upon presentation, all the three cheques were returned unpaid with the endorsement “Insufficient Funds” on 02.12.2023. Thereafter, a statutory notice was issued on behalf of the complainant company. Since no payment was made within the statutory period of fifteen days, the private complaint came to be filed against the company on whose behalf the cheques were issued, the second accused who is stated to be the Director and signatory to the cheques, and three other Directors, thereby arraying a total of five accused. Seeking to quash the said private complaint, the present Criminal Original Petition has been filed.

5. The learned counsel for the petitioner submitted that each of the cheques was accompanied by a covering letter. Even according to the complainant’s own documents, the invoice number mentioned in respect of the



second cheque and the third cheque is one and the same. Further, the amount covered by the second and third cheques is stated to be double the amount of the corresponding invoice. Therefore, according to the learned counsel, the complainant's case is patently false and there could not have been a legally enforceable liability to the extent reflected in the cheques.

6. The second contention raised by the learned counsel for the petitioner is that the cheques were drawn in favour of M/s.Palfinger Cranes India Private Limited, whereas the complaint has been filed by M/s.Palfinger India Private Limited. Though it is admitted that there was a change of name, which was approved by the Registrar of Companies by order dated 28.08.2023, the learned counsel submitted that the name change had taken effect prior to the dates of the cheques. Therefore, according to him, as on the dates of issuance of the cheques, the cheques were not drawn in the name of the complainant company and, consequently, the cheques must be treated as invalid. On that ground also, it is contended that the trial Court ought not to have taken cognizance of the complaint.

7. The third submission of the learned counsel for the petitioner pertains to the fourth accused. It is contended that the fourth accused had resigned from the company and the requisite Form-32 has been filed before the Registrar of Companies on 16.05.2023. The said filing was accepted and acted upon by the

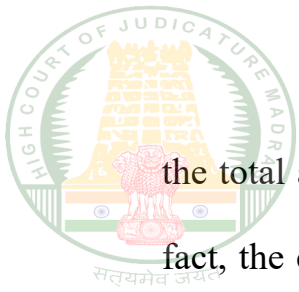


Registrar of Companies. An extract evidencing the same has also been produced before this Court. Therefore, it is contended that the fourth accused was not associated with the company either on the dates of issuance of the cheques or on the dates of their presentation. Consequently, the prosecution as against the fourth accused is liable to be quashed.

8. In support of the above contention, the learned counsel for the petitioner placed reliance upon the decision of the Hon'ble Supreme Court in ***Vishnoo Mittal vs. Shakti Trading Company***, reported in (2025) 9 SCC 417.

9. Per contra, the learned counsel appearing for the complainant submitted that, insofar as the issue of legally enforceable liability is concerned, the parties had also simultaneously agitated their disputes before a Sole Arbitrator, as the civil disputes between them were referable to arbitration. The Sole Arbitrator has already passed an award dated 01.01.2026 decreeing the claim of the complainant company. According to the learned counsel, the issuance of the three cheques was specifically framed as an issue before the Arbitral Tribunal and, upon appreciation of the evidence, the said issue was decided in favour of the complainant company.

10. The learned counsel further submitted that the mere fact that the covering letter contains a particular invoice number would not, by itself, negate



the total amount due and payable to the complainant company. As a matter of fact, the cheques were issued in advance and were intended to be presented on future dates. Therefore, the contention that the amount covered under the cheques should correspond only to the invoice mentioned in the covering letter cannot be accepted. According to the learned counsel, so long as there exists a legally enforceable liability, the complaint under Section 138 of the Negotiable Instruments Act is maintainable.

11. Insofar as the issue relating to the change of name is concerned, the learned counsel submitted that the name of the company was duly changed in accordance with law. The cheques were issued in favour of the very same corporate entity, which subsequently presented them for encashment under its changed name. Therefore, the liability continues to be with reference to the same company, and the change of name does not affect the validity of the cheques.

12. With regard to the contention concerning the resignation of the fourth accused, the learned counsel submitted that an identical issue had been raised in a connected matter and this Court had rejected the said contention on the ground that such questions are matters for trial and cannot be adjudicated in proceedings seeking quashing of the complaint. In support of the said submission, reliance was placed upon the order passed by this Court in



Criminal Original Petition No.18637 of 2025.

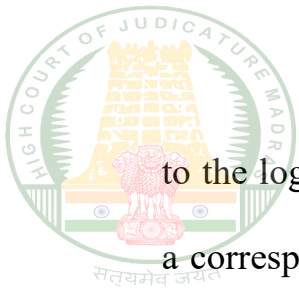
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13. The learned counsel for the complainant also relied upon the judgment of the Hon'ble Supreme Court in ***Ashutosh Ashok Parasrampuriya and another vs. Gharrkul Industries Private Limited*** reported in (2023) 14 SCC 770.

14. In reply, the learned counsel appearing for the petitioner / accused submitted that, as against the judgment of this Court in Criminal Original Petition No.18637 of 2025, the accused had preferred Special Leave to Appeal (Crl.) No. 15008 of 2025 before the Hon'ble Supreme Court. It was further submitted that the Hon'ble Supreme Court has granted an interim order in favour of the petitioner therein.

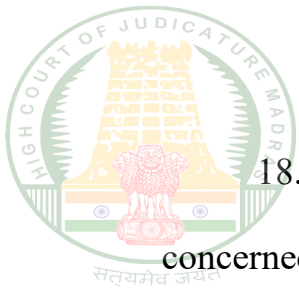
15. I have considered the rival submissions made on either side and perused the materials available on record.

16. Insofar as the first submission made on behalf of the petitioner, the contention is that, in respect of the second and third cheques, the amount actually due could only be a lesser amount and not the amount covered by the cheques. Even assuming the said contention to be true, the same cannot constitute a ground for quashing the complaint at the threshold. Even according



to the logic advanced by the petitioner, the first cheque remains unaffected and a corresponding liability is admitted to subsist. Therefore, whether the cheques were issued for an amount higher than the actual liability is a matter that can be adjudicated only during trial upon appreciation of oral and documentary evidence. It is also relevant to note that the complainant is armed with an arbitral award in its favour.

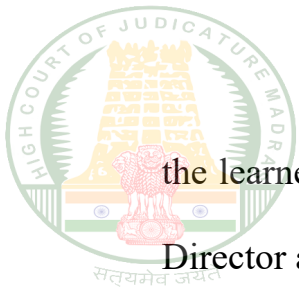
17. Insofar as the second submission is concerned, a cheque is a negotiable instrument, intended to discharge a liability. The intention of the accused while issuing the cheque was admittedly to discharge the liability allegedly due to the complainant company, though the existence and extent of such liability are now disputed. There is no dispute with regard to the identity of the payee company. In such circumstances, when the cheques are stated to have been issued around the period during which the change of name was effected and approved by the Registrar of Companies, the mere inclusion of the word “Cranes” in the name of the payee company cannot invalidate the instrument. The contention is purely hyper-technical in nature and does not affect the validity of the cheques. Therefore, the proceedings cannot be quashed on the said ground.



18. Insofar as the final contention relating to the fourth accused is concerned, it is true that in a connected matter this Court had taken the view that all issues, including the issue relating to resignation from the company, could be adjudicated during the course of trial. However, it is brought to the notice of this Court that the said issue is presently under consideration before the Hon'ble Supreme Court.

19. It is now well settled that Form-32 filed before the Registrar of Companies can be treated as an unimpeachable document. The contention of the learned Counsel for the complainant is that the fourth accused was a Director of the company at the time when the cheques were issued. However, the said submission cannot be accepted. What is relevant is whether the person was in charge of and responsible for the affairs of the company at the time when the offence under Section 138 of the Negotiable Instruments Act was completed.

20. The offence under Section 138 of the Negotiable Instruments Act is made out only when the drawer fails to make payment within fifteen days from the date of receipt of the statutory notice. In the present case, insofar as the fourth accused is concerned, he had ceased to be a Director of the company prior to the presentation of the cheques and issuance of the statutory notice. Consequently, he was not in a position to make arrangements for payment on behalf of the company during the relevant period. Therefore, the contention of



the learned counsel for the complainant company that the fourth accused was a Director at the time of issuance of the cheques cannot be accepted.

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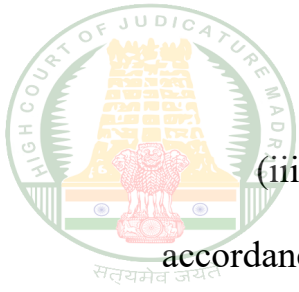
21. As a matter of fact, the learned Counsel appearing on behalf of the accused has rightly placed reliance upon the judgment of the Hon'ble Supreme Court in *Vishnoo Mittal vs. Shakti Trading Company*, reported in (2025) 9 SCC 417, wherein, after considering identical circumstances, the Hon'ble Supreme Court, in paragraph No. 13 of the judgment, held that the statutory notice period is the relevant period for determining the liability of a Director under Section 141 of the Negotiable Instruments Act.

22. Therefore, this Court is of the view that the complaint, insofar as accused No.4, is concerned, is liable to be quashed, whereas, no case has been made out for quashing the complaint in its entirety.

23. In view thereof, the above, this Criminal Original Petition No.11840 of 2025 is allowed on the following terms:

(i) The prayer sought for by the petitioners to quash the complaint in its entirety stands rejected.

(ii) However, the proceedings in S.T.C.No.18 of 2025 are quashed insofar as the fourth petitioner / accused No.4 (Vishwanath Singh) is concerned.



(iii) The proceedings shall continue as against the remaining accused in accordance with law.

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24. Considering the nature of dispute between the parties, the trial Court is requested to expedite the trial and dispose of the case as expeditiously as possible and in any event, within a period of one year from the date of receipt of a copy of this order. Consequently, connected miscellaneous petitions are closed.

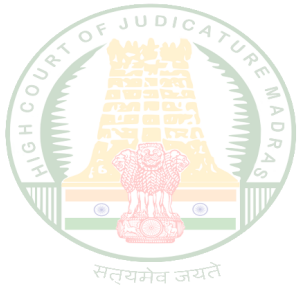
02-07-2026

Neutral Citation: Yes/No

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To

The learned Metropolitan Magistrate,
Fast Track Court-II, Allikulam, Chennai.



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Case Citation: (2026) ibclaw.in 3954 HC

CRL OP No. 11840 of 2



D.BHARATHA CHAKRAVARTHY, J.

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**CRL OP No. 11840 of 2025
and
Crl.M.P.Nos.7902 & 7903 of 2025**

02-07-2026