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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05-08-2026

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THE HON'BLE MR.JUSTICE SHAMIM AHMED

CRL RC No. 1439 of 2024

Crl.MP.Nos.12105 12106 of 2024

V.P.Pachiyappan, Proprietor Of Swamy Exports,
D.No.5, Muniyappan Nagar, 3rd Street,
Pallipalayam, Kumarapalayam Taluk, Namakkal
District - 638 006.

..Petitioner(s)

Vs

Deepa, Proprietor Of Deepa Exports, Rep.By Her
Power Of Attorney K.Shanmugam, D.No.148,
Near By Cauveri River, Pavadai Street,
Pallipalayam, Kumarapalayam Taluk, Namakkal
District - 638 006.

..Respondent(s)

CRL RC No. 1440 of 2024

Crl.MP.Nos.12111 and 12112 of 2024

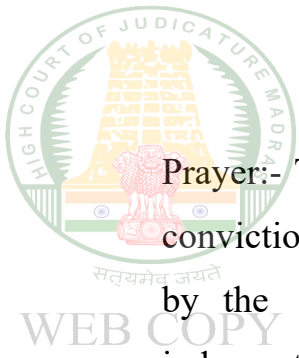
V.P.Pachiyappan, Proprietor Of Swamy Exports,
D.No.5, Muniyappan Nagar, 3rd Street,
Pallipalayam, Kumarapalayam Taluk, Namakkal
District - 638 006.

..Petitioner(s)

Vs

S.Suresh, Proprietor Suresh Fabrics, 7-b,
Aandikadu, Agraharam Post, Pallipalayam, Erode.
Represented By His Power Of Attorney,
K.Shanmugam, S/o.Kandasamy, D.No.148, Near
By Cauveri River Side, Pavadai Veedhi,
Pallipalayam, Erode.

..Respondent(s)



Prayer:- These Criminal Revision Cases are filed to set aside the judgments of conviction and sentence, dated 28.03.2024, made in CA.No.32 and 33 of 2023, by the II Additional Sessions Court, Thiruchengodu, confirming the judgments of conviction and sentence, dated 10.02.2023, made in STC.No.331 and 332 of 2020, by the Judicial Magistrate, Kumarapalayam.

For Petitioner(s): Mr.Ms.K.Dhivya Shree for Mr.M.Vijaya Ragavan

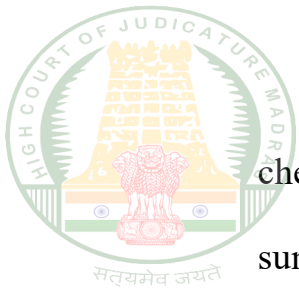
For Respondent(s): Mr.M.Kavikannan

COMMON ORDER

1. These Criminal Revision Cases are filed to set aside the judgments of conviction and sentence, dated 28.03.2024, made in CA.No.32 and 33 of 2023, by the II Additional Sessions Court, Thiruchengodu, confirming the judgments of conviction and sentence, dated 10.02.2023, made in STC.No.331 and 332 of 2020, by the Judicial Magistrate, Kumarapalayam, respectively.

2. The facts of the case are as follows:-

(a) The Revision Petitioner is the accused in both cases. The Respondents, who are different Firms and represented by the Power of Attorney, K.Shanmugam, are the complainants. There were business transactions between them. The complainants had filed complaints in STC.No.331 and 332 of 2020, for the offence under Section 138 of the Negotiable Instruments Act, against the accused, before the Trial Court, in respect of dishonour of cheques, dated 07.04.2010, for a sum of Rs.1,21,580/- and dated 10.04.2010, for a sum of Rs.1,00,000/0 (In All Rs.2,21,580/-) and



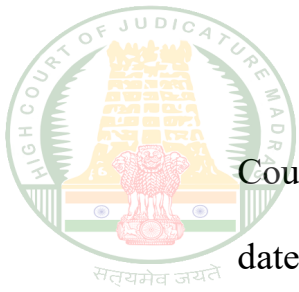
cheques, dated 10.12.2010 for a sum of Rs.50,000/-, 13.12.2010 for a sum of Rs.1,75,000/- and dated 14.12.2010, for a sum of Rs.1,75,000/- (In all Rs.4,00,000/-) respectively.

(b) Before the Trial Court, in STC.No.331 of 2020, on the side of the Complainant, PW.1 was examined and Ex.P1 to Ex.P11 were marked and on the side of the Accused, DW.1 and DW.2 were examined and in STC.No.332 of 2020, on the side of the Complainant, PW.1 was examined and Ex.P1 to Ex.P10 were marked and on the side of the Accused, DW.1 and DW.2 were examined. By the impugned judgements of conviction and sentence of the Trial Court, dated 10.02.2023, in both the cases, the accused was convicted and sentenced for the offence under Section 138 of the Negotiable Instruments Act to undergo Simple Imprisonment for one year.

(c) In the appeals filed by the Revision Petitioner, by the impugned judgements of conviction and sentence, dated 28.03.2024, the lower appellate court had confirmed the judgements of conviction and sentence of the Trial Court. Hence, these Criminal Revision Cases have been filed by the Revision Petitioner/Accused, seeking the relief, as stated above.

3. This Court Heard Ms.K.Dhivyashree for Mr.M.Vijayaraghavan, the learned counsel for the Revision Petitioner and Mr.N.Kavikannan, the learned counsel for the Respondents.

4. During the pendency of the present Criminal Revision Case before this



Court, the parties have entered into a Joint Memorandum of Compromise, dated 05.08.2026, which is taken on record and it reads as under:-

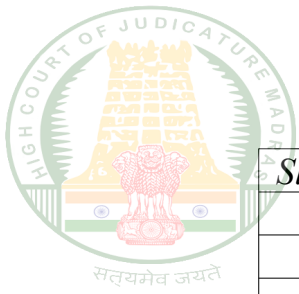
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***“JOINT COMPROMISE MEMO FILED BY THE PETITIONER
AND THE RESPONDENT*”**

1. It is submitted that, the Respondent namely K.Shanmugam, who is the Power of Attorney to one Deepa (in Crl.R.C.No.1439 of 2024) and one Suresh (in Crl.R.C.No.1440 of 2024) has filed a Complaint U/s.138 of N.I Act, against the Petitioner in S.T.C No.331 of 2020 and S.T.C.No.332 of 2020 before the Learned Judicial Magistrate, Kumarapalayam.

2. It is submitted that, the complaint in S.T.C No.331 of 2020 arises from the fact that, the Petitioner had credit dealing with the complainant therein towards the purchase of Gray Fabrics. As per the records maintained by the complainant, in their regular, ordinary and usual course of business, on 02.04.2010, the Petitioner purchased fabrics from the Complainant on credit basis to the tune of Rs.2,21,580/- and in order to discharge the said liability, he had issued two post-dated cheques bearing No.295639 dated 07.04.2010 and another cheque bearing No.295640 dated 10.04.2010 in favour of the complainant for Rs.1,21,580/- and Rs.1,00,000/- respectively drawn on State Bank of Mysore, Erode Branch and after several demands, the Petitioner requested the complainant further three months to discharge the cheque amount and changed the date of 1st Cheque from 07.04.2010 to 10.12.2010 and the date of 2nd Cheque from 10.04.2010 to 10.12.2010 and subsequently the said cheques were presented for collection on 20.01.2011 and it was returned as "Funds insufficient" by memo dated 20.01.2011. Hence, the complainant issued legal notice dated 05.02.2011 to the Petitioner and for which, he did not given reply and failed to pay the cheque amount.

3. It is submitted that, the complaint in S.T.C.No.332 of 2020 arises from the fact that, the Petitioner and the complainant therein were doing textile business. On 09.10.2010, the Petitioner borrowed a sum of Rs.4,00,000/- for his urgent business needs and in order to discharge the said liability, the Petitioner had issued 3 post-dated cheques in favour of him drawn on State Bank of Mysore, Erode Branch and the details of the cheques as follows:-



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Sl. No	Cheque No	Cheque Date	Amount
1.	295643	10.12.2010	Rs.50,000/-
2.	295624	13.12.2010	Rs.1,75,000/-
3.	295623	14.12.2010	Rs.1,75,000/-
		Total	Rs.4,00,000/-

When the same was presented for collection on 20.01.2011, it was returned as "Funds insufficient" by memo dated 20.01.2011. Hence, the complainant issued legal notice dated 05.02.2011 to the Petitioner and for which, he did not given reply and failed to pay the cheque amount.

4. It is submitted that, on completion of trial in both the cases, the learned trial court by judgment dated 10.02.2023 convicted the Petitioner and imposed sentence to undergo Simple Imprisonment for a period of One year respectively. Aggrieved by the same, the Petitioner preferred an appeal before the Learned II Additional sessions Judge, Tiruchengode in Crl.A.No.32 of 2023 and Crl.A.No.33 of 2023 and the same was dismissed by judgment dated 28.03.2024 and thereby the Learned Appellate Court has upheld the conviction and sentence given by the Learned Trial court.

5 It is submitted that, after dismissal of the above said appeals, the Petitioner has preferred the present Criminal Revision Petitions and while pending the same, now the Petitioner has entered compromise with the Respondent and thereby they have settled the issue amicably among themselves out of freewill and without any coercion. Accordingly, the Petitioner paid a sum of Rs.7,00,000/- to the Respondent by way of Demand Draft No.792037 dated 13.07.2026, drawn at State Bank of India, Pallipalayam Branch infavour of the Respondent herein as full and final settlement in respect of both cases (Crl.R.C.1439/2024 & Crl.R.C.1440/2024) and the Respondent has received the same on 05.08.2026 and acknowledged it. The Respondent has agreed that he has no further claims in any manner in respect of the cheque involved in both the cases.

6. It is submitted that therefore the petitioner and the Respondent prayed to permit them to compound the offence under sec.147 of N.I Act, based on the compromise arrived between them and set aside the judgment dated 28.03.2024 passed in Crl.A.No.32 of 2023 and Crl.A.No.33 of 2024 by the Learned II Additional Sessions Judge, Tiruchengode confirming the judgment dated 10.02.2023 passed in



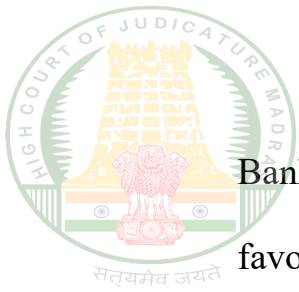
S.T.C No.331 of 2020 and S.T.C.No.332 of 2020 by the Learned Judicial Magistrate, Kumarapalayam and if this petition is allowed no prejudice would be caused to anyone.

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It is, therefore, humbly prayed that this Hon'ble Court may be pleased to accept this joint compromise memo filed by both the parties and pass appropriate orders in the above Criminal Revision Petitions as this Hon'ble Court may deem fit and thus render justice.

Dated at Chennai on this the 05th day of August, 2026.”

5. The learned counsel for the Revision Petitioner has submitted that during the pendency of these Criminal Revision Cases before this Court, the parties have entered into a Joint Memorandum of Compromise, dated 05.08.2026 to the effect that the Criminal Revision Cases shall be settled, in accordance with the terms and conditions, as contained therein.
6. The learned counsel for the Revision Petitioner has further submitted that in terms of the said Joint Memorandum of Compromise, today, the Revision Petitioner has paid a sum of Rs.7,00,000/-, by way of a Demand Draft No.792037, dated 13.07.2026, drawn on State Bank of India, Pallipalayam Branch, in favour of the Power of Attorney of the Respondent Firms, namely. K.Shanmugam, who has also acknowledged the receipt of the said amount and hence, the learned counsel prayed this Court to compound the offence and to acquit the Revision Petitioner.
7. The learned counsel for the Respondents has submitted that today, the Power of Attorney of the Respondent Firms, namely, K.Shanmugam, has received a Demand Draft No.792037, dated 13.07.2026, drawn on State



Bank of India, Pallipalayam Branch, for a sum of Rs.7,00,000/-, in his favour, from the Revision Petitioner and thus, no amount is due, against the Revision Petitioner, in both cases.

8. In support of his arguments, learned counsel for the Revision Petitioner has submitted that in the case of **Damodar S. Prabhu vs. Sayed Babalal H** reported at **2010 (2) SCC (Cri) 1328**, the Hon'ble Apex Court had formulated the guidelines for compounding the offence under section 138 of Negotiable Instruments Act, wherein in para 21, it was pleased to observe as under :-

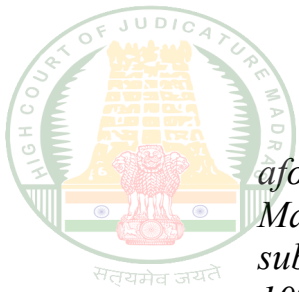
"With regard to the progression of litigation in cheque bouncing cases, the learned Attorney General has urged this Court to frame guidelines for a graded scheme of imposing costs on parties who unduly delay compounding of the offence. It was submitted that the requirement of deposit of the costs will act as a deterrent for delayed composition, since at present, free and easy compounding of offences at any stage, however belated, gives an incentive to the drawer of the cheque to delay settling the cases for years. An application for compounding made after several years not only results in the system being burdened but the complainant is also deprived of effective justice. In view of this submission, we direct that the following guidelines be followed:-

THE GUIDELINES

(i) In the circumstances, it is proposed as follows:

(a) That directions can be given that the Writ of Summons be suitably modified making it clear to the accused that he could make an application for compounding of the offences at the first or second hearing of the case and that if such an application is made, compounding may be allowed by the court without imposing any costs on the accused.

(b) If the accused does not make an application for compounding as



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aforsaid, then if an application for compounding is made before the Magistrate at a subsequent stage, compounding can be allowed subject to the condition that the accused will be required to pay 10% of the cheque amount to be deposited as a condition for compounding with the Legal Services Authority, or such authority as the Court deems fit.

(c) Similarly, if the application for compounding is made before the Sessions Court or a High Court in revision or appeal, such compounding may be allowed on the condition that the accused pays 15% of the cheque amount by way of costs.

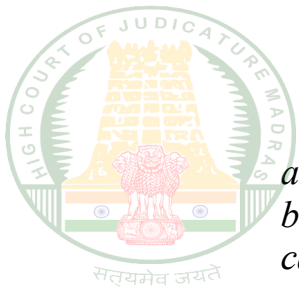
(d) Finally, if the application for compounding is made before the Supreme Court, the figure would increase to 20% of the cheque amount."

9. The learned counsel for the Revision petitioner also submitted that in the case of **M/s Meters and Instruments Private Limited and another vs. Kanchan Mehta** reported at **2017 (7) Supreme 558**, the Hon'ble the Apex Court in para 18, was pleased to observe as under :-

i) Offence under Section 138 of the Act is primarily a civil wrong. Burden of proof is on accused in view presumption under Section 139 but the standard of such proof is "preponderance of probabilities". The same has to be normally tried summarily as per provisions of summary trial under the Cr.P.C. but with such variation as may be appropriate to proceedings under Chapter XVII of the Act. Thus read, principle of Section 258 Cr.P.C. will apply and the Court can close the proceedings and discharge the accused on satisfaction that the cheque amount with assessed costs and interest is paid and if there is no reason to proceed with the punitive aspect.

(ii) The object of the provision being primarily compensatory, punitive element being mainly with the object of enforcing the compensatory element, compounding at the initial stage has to be encouraged but is not debarred at later stage subject to appropriate compensation as may be found acceptable to the parties or the Court.

(iii) Though compounding requires consent of both parties, even in



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absence of such consent, the Court, in the interests of justice, on being satisfied that the complainant has been duly compensated, can in its discretion close the proceedings and discharge the accused.

(iv) Procedure for trial of cases under Chapter XVII of the Act has normally to be summary. The discretion of the Magistrate under second proviso to Section 143, to hold that it was undesirable to try the case summarily as sentence of more than one year may have to be passed, is to be exercised after considering the further fact that apart from the sentence of imprisonment, the Court has jurisdiction under Section 357(3) Cr.P.C. to award suitable compensation with default sentence under Section 64 IPC and with further powers of recovery under Section 431 Cr.P.C. With this approach, prison sentence of more than one year may not be required in all cases.

(v) Since evidence of the complaint can be given on affidavit, subject to the Court summoning the person giving affidavit and examining him and the bank's slip being prima facie evidence of the dishonour of cheque, it is unnecessary for the Magistrate to record any further preliminary evidence. Such affidavit evidence can be read as evidence at all stages of trial or other proceedings. The manner of examination of the person giving affidavit can be as per Section 264 Cr.P.C. The scheme is to follow summary procedure except where exercise of power under second proviso to Section 143 becomes necessary, where sentence of one year may have to be awarded and compensation under Section 357(3) is considered inadequate, having regard to the amount of the cheque, the financial capacity and the conduct of the accused or any other circumstances'.

10. The learned counsel for the Revision Petitioner further has relied upon the judgment of Gujarat High Court in the case of **Kripal Singh Pratap Singh Ori vs. Salvinder Kaur Hardip Singh** reported at **2004 CrL. L. J. 3786** wherein, the Gujarat High Court was pleased to observe as under:-

“31. In the circumstances, it is hereby declared that the compromise arrived between the parties to this litigation out of court is accepted as genuine and the order of conviction and sentence passed by the



learned JMFC, Vadodara and confirmed in appeal by the learned Sessions Judge, Fast Track Court, Vadodara, therefore, on the given set of facts are hereby quashed and set aside as this court intends, otherwise to secure the ends of justice as provided under section 482 Cr.P.C. Obviously the order disposing Revision Application would not have any enforceable effect."

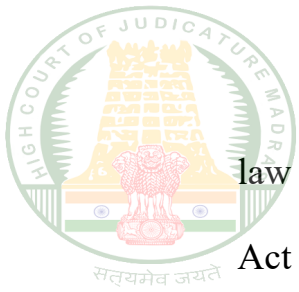
11. The learned counsel for the Revision Petitioner has also relied upon the judgment of Hon'ble the Apex Court in the case of **Vinay Devanna Nayak vs. Ryot Seva Sahkari Bank Limited** reported at **AIR 2008 SC 716** wherein the Hon'ble Apex Court was pleased to observe as under :-

"18. Taking into consideration even the said provision (Section 147) and the primary object underlying Section 138, in our judgment, there is no reason to refuse compromise between the parties. We, therefore, dispose of the appeal on the basis of the settlement arrived at between the appellant and the respondent.

19. For the foregoing reasons the appeal deserves to be allowed and is accordingly allowed by holding that since the matter has been compromised between the parties and the amount of Rs.45,000/- has been paid by the appellant towards full and final settlement to the respondent-bank towards its dues, the appellant is entitled to acquittal. The order of conviction and sentence recorded by all courts is set aside and he is acquitted of the charge levelled against him."

12. The learned Counsel for the Revision Petitioner submits that this Court has already decided a similar issue, vide judgment and order, dated **19.09.2025** in **Crl.R.C.(MD)No.875 of 2025 [K.Balachenniappan Vs Jeyakrishnan]**. The learned counsel argues that the present revision petitioner's case is fully covered by the aforesaid judgment and prays that the present Revision Petition may be disposed of in the same terms.

13. The learned counsel for the Revision Petitioner has further argued that the



law regarding compounding of offences under the Negotiable Instruments

Act is very clear and is no more res-integra and that the offences under the

Negotiable Instruments Act can be compounded, even at any stage of the proceedings. The learned counsel submits that in terms of the aforesaid law laid down by the Hon'ble Supreme Court, the parties may be permitted to compound the offence and the conviction of the Revision Petitioner be set aside.

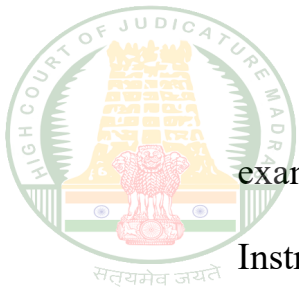
14. The learned counsel for the Respondents has submitted that in view of the said Joint Memo of Compromise, entered into between the parties and the matter has been settled amicably between the parties, the Respondents have no objection for compounding the offence and the parties may be permitted to compound the offence and the conviction of the Revision Petitioner may be set aside.

15. This Court considered the submissions of the learned counsel for the Petitioner and the learned counsel for the Respondents and also perused the entire materials placed on record.

16. Considering the facts as narrated above, the following question arose for consideration:-

'Whether the order passed by the Appellate Court confirming the conviction of the trial court under section 138 of Negotiable Instruments Act can be nullified by the High Court on the basis of compromise entered between the parties'

17. Before answering the aforesaid question as framed, it is pertinent to



examine the relevant provisions of the BNSS as well as the Negotiable Instrument Act, namely, Section 359 of BNSS and Section 147 of Negotiable Instruments Act, which read as under:-

Section 359 of BNSS:- Compounding of Offences -

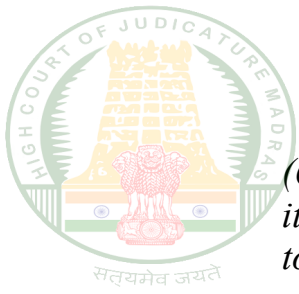
1) The offences punishable under the sections of the Bharatiya Nyaya Sanhita, 2023 specified in the first two columns of the Table next following may be compounded by the persons mentioned in the third column of that Table:-

2) The offences punishable under the sections of the Bharatiya Nyaya Sanhita, 2023 specified in the first two columns of the Table next following may, with the permission of the Court before which any prosecution for such offence is pending, be compounded by the persons mentioned in the third column of that Table:-

3) When an offence is compoundable under this section, the abetment of such offence or an attempt to commit such offence (when such attempt is itself an offence) or where the accused is liable under sub section (5) of section 3 or section 190 of the Bharatiya Nyaya Sanhita, 2023 (45 of 2023), may be compounded in like manner.

(4)(a) When the person who would otherwise be competent to compound an offence under this section is a child or of unsound mind, any person competent to contract on his behalf may, with the permission of the Court, compound such offence; (b) When the person who would otherwise be competent to compound an offence under this section is dead, the legal representative, as defined in the Code of Civil Procedure, 1908 (5 of 1908) of such person may, with the consent of the Court, compound such offence.

(5) When the accused has been committed for trial or when he has been convicted and an appeal is pending, no composition for the offence shall be allowed without the leave of the Court to which he is committed, or, as the case may be, before which the appeal is to be heard.



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(6) A High Court or Court of Session acting in the exercise of its powers of revision under section 442 may allow any person to compound any offence which such person is competent to compound under this section.

(7) No offence shall be compounded if the accused is, by reason of a previous conviction, liable either to enhanced punishment or to a punishment of a different kind for such offence.

(8) The composition of an offence under this section shall have the effect of an acquittal of the accused with whom the offence has been compounded.

(9) No offence shall be compounded except as provided by this section.

Section 147 of the Negotiable Instrument Act :'

"Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under this Act shall be compoundable."

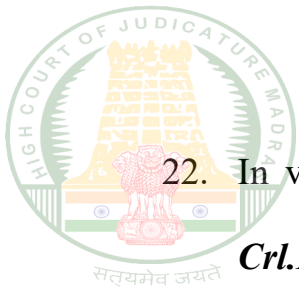
18. It is well settled that inherent power of the Court can be exercised only when no other remedy is available to the litigants and nor a specific remedy as provided by the statute. It is also well settled that if an effective, alternative remedy is available, the High Court will not exercise its inherent power, especially when the Revision Petitioner may not have availed of that remedy. The power can be exercised by the High Court to secure the ends of justice, prevent abuse of the process of any court and to make such orders as may be necessary to give effect to any order under this Code or Act, depending upon the facts of the given case. This Court can always take note of any miscarriage of justice and prevent the same by exercising its power. These powers are neither limited, nor curtailed by



any other provision of the Code or Act. However, such inherent powers are to be exercised sparingly and with caution.

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19. In the instant case, it is true that the appeals were dismissed and the conviction and sentence was upheld by the appellate court, but it cannot be lost sight of the fact that this Court has power to intervene in exercise of its power only with a view to do the substantial justice or to avoid a miscarriage and the spirit of compromise arrived at between the parties. This is perfectly justified and legal too.
20. I have considered the judgments cited by the learned counsel for the Revision Petitioner and the other decisions of the Honourable Supreme Court and I do not think it necessary to enlist those decisions, which are taken into consideration for the purpose of the present proceedings.
21. In the instant case, the Revision Petitioner is invoking the inherent power of this court after dismissal of the appeal confirming his conviction and sentence. In these circumstances, I have to examine as to whether for entertaining the aforesaid case, any special circumstances are made out or not, so it can be legitimately argued and inferred and held that in all cases where the Revision Petitioner is able to satisfy this Court that there are special circumstances which can be clearly spelt out subsequent proceeding invoking inherent power of this court can be modified and cannot be thrown away on that technical argument as to its sustainability once the contesting parties entered into subsequent compromise.



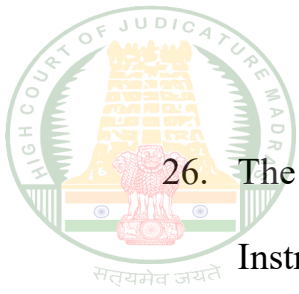
22. In view of the decisions rendered in the judgment dated **19.09.2025** in ***Crl.R.C.(MD)No.875 of 2025 [K.Balachenniappan Vs Jeyakrishnan]*** and

taking into account the fact that the parties have settled the dispute amicably by way of compromise, this Court is of the view that the compounding of the offence as required to be permitted.

23. In view of the settlement arrived at between the parties and the Joint Memo of Compromise, this Court is of the view that the dispute between the parties has been amicably resolved. Section 147 of the Negotiable Instruments Act provides that offences punishable under the said Act shall be compoundable. Since the Respondents/ Complainants have voluntarily agreed for settlement and received the entire amount agreed between the parties, there is no impediment for this Court to permit compounding of the offence in the interest of justice.

24. In the result, these Criminal Revision Case are **disposed of, in terms of Memorandum of Compromise**, arrived at between the parties to this litigation out of Court.

25. The impugned conviction and sentence made in the judgments of conviction and sentence, dated 28.03.2024, made in CA.No.32 and 33 of 2023, by the II Additional Sessions Court, Thiruchengodu, confirming the judgments of conviction and sentence, dated 10.02.2023, made in STC.No.331 and 332 of 2020, by the Judicial Magistrate, Kumarapalayam, respectively, are hereby **modified**.



26. The conviction and sentence made under Section 138 of the Negotiable Instruments Act in STC.Nos.331 and 332 of 2020 **stands annulled** as this

Court intends, otherwise to secure the ends of justice. The Revision Petitioner shall be treated as **acquitted** on account of compounding of the offence with the complainants/persons affected.

27. Consequently, the connected criminal miscellaneous petitions are closed. There is no order as to costs.

28. The Registry is directed to send a copy of this order to the Trial Court concerned for its compliance and information, immediately.

05-08-2026

Index: Yes/No

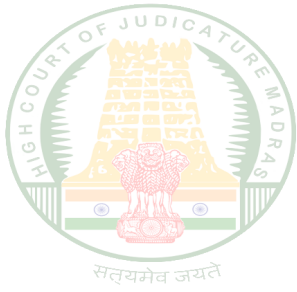
Speaking/Non-speaking order

Neutral Citation: Yes/No

SRCM

To

1. The II Additional Sessions Judge, Thiruchengodu
2. The Judicial Magistrate, Kumarapalayam



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Case Citation: (2026) ibclaw.in 4801 HC

CRL RC No. 1439 and 1440 of 2



SHAMIM AHMED, J.

SRCM

**CRL RC Nos. 1439 and
1440 of 2024**

05-08-2026