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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 07-10-2026

CORAM

THE HON'BLE MR.JUSTICE SHAMIM AHMED

CRL RC No. 826 of 2026

CNR: {HCMA010760642026}

Case QR

N.Fareed Rahman
S/o Naina Mohamed,
57/68, Pammal Nallathambi Street,
MGR Nagar,
Chennai.
and also at,
N.Fareed Rahman,
Ashifa Footwear,
79, KK Salai,
MGR Nagar,
Chennai.

..Petitioner(s)

Vs

K.K.Thirugnanam
S/o Karuppanan,
6/3, Murugesan Street,
West KK Nagar,
Chennai.

..Respondent(s)

Prayer: To set aside the Judgment dated 05.03.2026 passed in Crl.A.No.546 of 2024 by Honourable III Additional Sessions Court, Chennai confirming the Judgment dated 04.07.2024 passed in CC.No.1068 of 2021 by Honourable Judge of Fast Track Court - IV, at George Town and acquit the petitioner from all charges and pass such further or other orders.

For Petitioner(s): Mr. S.Gurumoorthy

For Respondent(s): Mr. M.S.Vishal

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ORDER

Heard Mr. S.Gurumoorthy, learned counsel appearing for the Petitioner and Mr. M.S.Vishal, learned counsel for the Respondent.

2. This Criminal Revision Case has been filed by the petitioner set aside the Judgment dated 05.03.2026 passed in Crl.A.No.546 of 2024 by Honourable III Additional Sessions Court, Chennai confirming the Judgment dated 04.07.2024 passed in CC.No.1068 of 2021 by Honourable Judge of Fast Track Court - IV, at George Town and acquit the petitioner from all charges.

3. The facts of the case in nutshell, that led to filing of this Criminal Revision Petition and necessary for disposal of the same, are as follows:-

a) The Petitioner was convicted and sentenced for the offence under Section 138 of the Negotiable Instruments Act, by the Learned Fast Track Court - IV, at George Town, in C.C.No.1068 of 2021, by the judgement dated 07.07.2024, to undergo simple imprisonment of two months and to pay a compensation/cheque amount of Rs.50,000/- (Rupees Fifty Thousand only), with 3% per annum for the said amount from the date of dishonor of case cheque to till date to the accused u/s.357 of Cr.P.C. within a period of one month u/s. 138 of N.I.Act and in default of the payment of said compensation , the accused

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shall undergo two weeks simple imprisonment. Aggrieved by the order of the Trial Court, the Petitioner filed a Criminal Appeal in C.A.No.546 of 2024 before the Learned III Additional Sessions Court, Chennai.

b) The Learned III Additional Sessions Court, Chennai, confirming the judgement passed by the JFast Track Court - IV, at George Town, in C.C.No.1068 of 2021, by the judgement dated 04.07.2024, dismissed the said appeal vide order dated 05.03.2021. Aggrieved by the same, the present Criminal Revision Petition has been filed.

4. When the matter is taken up for hearing today, the learned counsel for the petitioner, submits that the total cheque amount is Rs.60,000/-, out of which a sum of Rs.35,000/- has already been deposited before the trial Court. He further submits that the remaining sum of Rs.25,000/- has been paid today to the respondent in cash through the learned respondent's counsel, Mr. M. S. Vishal. Thus, the entire cheque amount of Rs.60,000/- has been paid. Both the learned counsel submit that a joint compromise affidavit will be filed today itself and request this Court to dispose of the petition in terms of Section 147 of the Negotiable Instruments Act, 1881.

5. Learned counsel for the Revision Petitioner submits that both the parties, who have entered into a Joint Compromise are present before this Court,

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to the effect that the Criminal Revision case shall be settled in accordance with the terms and conditions as contained therein.

6. Mr.S.Gurumoorthy, learned counsel for the Revision Petitioner further submits that the entire amount has been paid by the Revision Petitioner and no amount is due against the Revision Petitioner.

7. Learned counsel for the Revision Petitioner further submits that the present Revision has been filed before this Court on 27.03.2026 and now on the basis of change in circumstances, as the parties have entered into a Compromise, it is prayed to this Court to compound the offence. It was further argued by the learned counsel for the Revision Petitioner that this Court has inherent powers to compound the offence, so that, ends of justice could be secured as the object of Negotiable Instruments Act is primarily compensatory and not punitive and moreover Section 147 of NI Act would have an overriding effect on Section 359 Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS). Irrespective of which stage, the parties are compromising with the kind leave of this Hon'ble Court.

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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 N.I. 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.*

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

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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 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 dishonor of cheque, it is unnecessary for the Magistrate to record any further preliminary evidence. Such affidavit evidence

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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. Learned counsel for the Revision Petitioner further relied upon the judgment of Gujarat High Court in the case of ***Kripal Singh Pratap Singh Ori vs. Salvinder Kaur Hardip Singh reported in 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."

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11. 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 in 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. Learned counsel for the Revision Petitioner has argued that the law regarding compounding of offences under the N.I. Act is very clear and is no more *res integra* and the offences under the N.I. Act can be compounded even at any stage of the proceedings. He submits that in terms of the aforesaid law

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laid down by the Hon'ble Supreme Court, the parties may be permitted to compound the offence and the conviction of the petitioner be set aside.

13. 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 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. A copy of the judgment has been placed before the Court for perusal.

14. I have heard both the learned counsel for the Revision Petitioner, the learned counsel for the Respondent and perused the materials placed on record.

15. 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'.*

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16. Before answering the aforesaid question as framed, I shall examine the relevant provision of the B.N.S.S, as well as the Negotiable Instrument Act. I may extract Section 359 of B.N.S.S., and Section 147 of Negotiable Instruments Act.

Section 359 B.N.S.S. - 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.

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(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.

(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.

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Section 147 of the Negotiable Instrument Act:-

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

17. 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 Sanhita 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 Sanhita or Act. However, such inherent powers are to be exercised sparingly and with caution.

18. In the instant case, it is true that the appeal was dismissed and the conviction and sentence was upheld by the appellate court, but it cannot be lost

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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.

19. I have considered the judgments cited by the learned counsel for the Revision Petitioner as well as by the learned Counsel for the Respondent and other decisions of the Hon'ble Apex Court and I do not think it necessary to enlist those decisions which are taken into consideration for the purpose of the present proceedings.

20. 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.

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21. 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.

22. In view of the settlement arrived at between the parties and the joint memo of compromise which shall be filed before this Court within 24 hours from now, the conviction and sentence imposed by the learned Judge of Fast Track Court-IV, at George Town in C.C.No.1068 of 2021 dated 04.07.2017 and confirmed by the learned III Additional Sessions Court, Chennai in Crl.A.No.546 of 2024 dated 05.03.2026, are **set aside.** The conviction and sentence under Section 138 of the Negotiable Instruments Act in S C.C.No.1068 of 2021 dated 04.07.2017 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 the offence with. the complainant/affected person

23.The learned counsel for the respondent seeks permission for the respondent to withdraw the amount deposited by the petitioner before the trial Court in C.C.No.1068 of 2021.

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24.Accordingly, the respondent is permitted to withdraw the said amount by filing an appropriate application before the learned trial Court within a period of four weeks from today. Upon receipt of such application, the learned trial Court is directed to release the sum of Rs.35,000/- deposited in C.C.No.1068 of 2021 by the petitioner, in favour of the respondent within a period of three weeks from the date of filing of the application.

25. Accordingly, this Criminal Revision Case is **allowed** in terms of the compromise entered into between the parties. The petitioner/accused is acquitted of the offence under Section 138 of the Negotiable Instruments Act in view of the compounding of the offence. However there shall be no order as to costs.

07-10-2026

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

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To

1.The III Additional Sessions Court, Chennai.

2.The Judge of Fast Track Court - IV, at George Town.

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SHAMIM AHMED, J.

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CRL RC No. 826 of 2026

07-10-2026

https://www.mhc.tn.gov.in/judis
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