NEGOTIABLE INSTRUMENTS ACT, 1881

IMPORTANT JUDGMENTS 2024–2025

A Compilation of
Significant Judgments Relating to the Negotiable Instruments Act, 1881 Pronounced by the Hon'ble Supreme Court & Hon'ble Rajasthan High Court
during the years 2024–2025

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FROM EDITOR'S DESK

After the successful release of the earlier editions of our Criminal Law Judgment Compilations and considering the widespread appreciation received from readers of the compilation who have been benefitted from such reading, we are pleased to present this specialised compilation of judgments pertaining exclusively to the Negotiable Instruments Act, 1881, comprising select and significant decisions rendered during the years 2024 and 2025.

This compilation brings together authoritative judgments passed by the Hon'ble Supreme Court of India and Hon'ble Rajasthan High Court, dealing with diverse and evolving aspects of the Negotiable Instruments Act, 1881, including but not limited to interpretation of statutory provisions, procedural compliances, evidentiary requirements, presumptions under the Act, compounding of offences, and sentencing principles. The compilation is made user-friendly as the readers can directly read the original text of the judgment by clicking on the name of the Judgment, which would direct them to the entire judgment as available on the website of the Hon'ble Supreme Court. It is our earnest endeavour that this compilation serves as a ready reference and practical guide for advocates, judicial officers, academicians, and students, and contributes meaningfully to a clearer understanding and effective application of the law relating to the Negotiable Instruments Act, 1881, in light of the most recent judicial pronouncements.

I extend my gratitude to our team comprising of Aditi Gupta, Aditya Gupta, Arpit Khandelwal, Harsh Khandelwal, Hitarth Dixit, Keshav Dadhich, Neeraj Kumar, Prakruti Sharma, Pranav Sharma, Rajendra Choudhary, Sourabh Kuntal, and Yash Gupta who have worked tirelessly on this compilation.

Regards,

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List of Cases

Negotiable Instruments Act, 1881

Supreme Court Judgments

Name	**Sanjabij Tari Versus Kishore S. Borcar & Anr., Criminal Appeal No. 1755 of 2010**
Brief facts	• Appeal was filed against ex-parte judgment and order passed by the High Court of Bombay at Goa acquitting the Respondent No.1-Accused under Section 138 of the Negotiable Instruments Act, 1881 (for short 'NI Act') and reversing the concurrent judgments of the Trial Court and the Sessions Court.
Issues	• Whether the provisions of section 223 of BNSS are applicable on the complaints filed under section 138 of the NI Act? • Whether the cheque issued in furtherance of a transaction in breach of section 269SS of Income Tax Act would not be a "legally enforceable debt" for the purpose of section 138 of NI Act? • Scheme for compounding of the offence under section 138 of the NI Act. • Manner of issuance of summons on the Complaint under NI Act. • Action plan to reduce the pendency of NI Act case.
Held	• Supreme Court quashed the judgment of the High Court and upheld the order of the Trial Court to convict the accused. The findings of the Court are as under: **Breach of section 269SS does not make the transaction void and it continues to be legally enforceable debt** • This Court is of the view that any breach of Section 269SS of the IT Act, 1961 is subject to a penalty only under Section 271D of the IT Act, 1961. Further neither Section 269SS nor 271D of the IT Act, 1961 state that any transaction in breach thereof will be illegal, invalid or statutorily void. Therefore, any violation of Section 269SS would not render the transaction unenforceable under Section 138 of the NI Act or rebut the presumptions under Sections 118 and 139 of the NI Act because such a person, assuming him/her to be the payee/holder in due course, is liable to be visited by a penalty only as prescribed. Consequently, the view that any transaction above Rs.20,000/- (Rupees Twenty Thousand) is illegal and void and therefore does not fall within the

	definition of 'legally enforceable debt' cannot be countenanced. Accordingly, the conclusion of law in P.C. Hari (*2025 SCC OnLine Ker 5535*) is set aside. **Presumption under Sections 118 and 139 of NI Act cannot be ignored** • This Court also takes judicial notice of the fact that some District Courts and some High Courts are not giving effect to the presumptions incorporated in Sections 118 and 139 of NI Act and are treating the proceedings under the NI Act as another civil recovery proceedings and are directing the complainant to prove the antecedent debt or liability. This Court is of the view that such an approach is not only prolonging the trial but is also contrary to the mandate of Parliament, namely, that the drawer and the bank must honour the cheque, otherwise, trust in cheques would be irreparably damaged. **Limited scope in revisional jurisdiction** • It is well settled that in exercise of revisional jurisdiction, the High Court does not, in the absence of perversity, upset concurrent factual findings. **Directions issued by the Supreme Court** • In all cases filed under Section 138 of the NI Act, service of summons shall not be confined through prescribed usual modes but shall also be issued dasti i.e. summons shall be served upon the accused by the complainant in addition. • The Trial Courts shall further resort to service of summons by electronic means in terms of Section 64 and under Clause (i) of Section 530 and other provisions of BNSS. • In order to facilitate expeditious settlement of cases under Section 138 of the NI Act, the Principal District and Sessions Judge of each District Court shall create and operationalise dedicated online payment facilities through secure QR codes or UPI links. • Each and every complaint under Section 138 of the NI Act shall contain a synopsis in the format (prescribed in the judgment) which shall be filed immediately after the index (at the top of the file) i.e. prior to the formal complaint. • Court directs that there shall be no requirement to issue summons to the accused in terms of Section 223 of BNSS i.e., at the pre-cognizance stage.

	• Trial Courts shall record cogent and sufficient reasons before converting a summary trial to summons trial. Trial Court shall be at liberty (at the initial post cognizance stage) to ask questions, it deems appropriate, under Section 251 Cr.P.C. / Section 274 BNSS, 2023 including the following questions: - (i) Do you admit that the cheque belongs to your account? Yes/No (ii) Do you admit that the signature on the cheque is yours? Yes/No (iii) Did you issue/deliver this cheque to the complainant? Yes/No (iv) Do you admit that you owed liability to the complainant at the time of issuance? Yes/No (v) If you deny liability, state clearly the defence: a) Security cheque only; b) Loan repaid already; c) Cheque altered/misused; d) (d) Other (specify). (vi) (Do you wish to compound the case at this stage? Yes/No • Wherever cases under Section 138 of the NI Act are permitted to be heard and disposed of by evening courts the High Courts should ensure that pecuniary limit of the cheque amount is realistic. **Guidelines for compounding the NI cases** • Since a very large number of cheque bouncing cases are still pending and interest rates have fallen in the last few years, this Court is of the view that it is time to 'revisit and tweak the guidelines'. Accordingly, the aforesaid guidelines of compounding are modified as under: - a) If the accused pays the cheque amount before recording of his evidence (namely defence evidence), then the Trial Court may allow compounding of the offence without imposing any cost or penalty on the accused. b) If the accused makes the payment of the cheque amount post the recording of his evidence but prior to the pronouncement of judgment by the Trial Court, the Magistrate may allow compounding of the offence on payment of additional 5% of the cheque amount with the Legal Services Authority or such other Authority as the Court deems fit.

	c) Similarly, if the payment of cheque amount is made before the Sessions Court or a High Court in Revision or Appeal, such Court may compound the offence on the condition that the accused pays 7.5% of the cheque amount by way of costs. d) Finally, if the cheque amount is tendered before this Court, the figure would increase to 10% of the cheque amount. • This Court is of the view that if the Accused is willing to pay in accordance with the aforesaid guidelines, the Court may suggest to the parties to go for compounding. If for any reason, the financial institutions/complainant asks for payment other than the cheque amount or settlement of entire loan or other outstanding dues, then the Magistrate may suggest to the Accused to plead guilty and exercise the power under Section 255(2) and/or 255(3) of the Cr.P.C. or 278 of the BNSS, 2023 and/or give the benefit under the Probation of Offenders Act, 1958 to the Accused.
Relevant Para No.	36, 37, 38, and 40

Name	**Vishnoo Mittal Versus M/S Shakti Trading Company, Special Leave Petition (Crl) No.1104 of 2022**
Brief Facts	• Insolvency proceedings commenced against M/s Xalta Food and Beverages Private Limited ("Corporate Debtor") on 25.07.2018. The cheque issued to the Complainant was dishonoured on 07.07.2018, however, the statutory notice under NI Act was issued on 06.08.2018. • Pursuant to the filing of NI Act complaint, Trial Court issued summons to the Appellants, who are the ex-directors of Corporate Debtor. Appellants challenged the proceedings and prayed for the quashing of the section 138 NI Act case against him in view of the moratorium issued under Section 14 of the IBC. • High Court dismissed the Petition and the Appellants approached the Supreme Court.
Issues	• Whether the ex-management of the Company be tried for the offence under section 138 of the NI Act when the demand notice under section 138 of the NI Act was issued after the commencement of CIRP against the Company?

Held	• The Supreme Court allowed the Petition and quashed the proceedings qua the Appellants. The findings of the Court are as under: • Court distinguished the judgment of P. Mohan Raj, (2021) 6 SCC 258 as it did not deal with the situation wherein the demand notice was issued after commencement of CIRP. • Clause (c) of the proviso to Section 138 of NI Act makes it clear that cause of action arises only when demand notice is served and payment is not made pursuant to such demand notice within the stipulated fifteen-day period. • The bare reading of the section 17 of the IBC shows that the appellant did not have the capacity to fulfil the demand raised by the respondent by way of the notice issued under clause (c) of the proviso to Section 138 NI Act. When the notice was issued to the appellant, he was not in charge of the corporate debtor as he was suspended from his position as the director of the corporate debtor as soon as IRP was appointed on 25.07.2018. Therefore, the powers vested with the board of directors were to be exercised by the IRP in accordance with the provisions of IBC. All the bank accounts of the corporate debtor were operating under the instructions of the IRP, hence, it was not possible for the appellant to repay the amount in light of section 17 of the IBC. Additionally, we have been informed on behalf of the appellant that, after the imposition of the moratorium, the IRP had made a public announcement inviting the claims from the creditors of the Corporate Debtor and the respondent has filed a claim with the IRP.
Relevant Para No.	9 and 11

Name	**Rekha Sharad Ushir Versus Saptashrungi Mahila Nagari Sahkari Patsansta Ltd, Criminal Appeal No. 724 of 2025**
Brief Facts	• In 2016, Complainant filed the complaint under section 138 of the NI Act alleging that the Appellant failed to honour the cheque bearing no. 010722 of Rs. 27,27,460/- issued for repayment of loan of Rs. 11,97,000/- given to the Appellant in the year 2008. • Prior to filing of the complaint, the Complainant issued the statutory notice to the Appellant regarding dishonouring of

	cheque. The Notice was responded by the Appellant through his counsel 28th November 2016 disputed the claim and called upon the Complainant to supply the loan document to the Appellant so as to enable him to furnish reply to the notice. The Appellant even sent a reminder letter dated 13th December 2016 to the Complainant. However, the Complainant neither specifically mentioned about these letters in his complaint nor did he place this reply notice and letter on record. • Complainant had earlier also filed a NI Act complaint against the Appellant in respect to another loan of Rs. 3,50,000/- extended in the year 2006. The Appellant allegedly gave two security cheques bearing Nos. 010721 and 010722 against that loan. However, pursuant to the filing of Complaint, the Complainant states of received the loan amount and the complaint was withdrawn by the Complainant. • Appellant/accused challenged the issuance of process before the High Court and upon its dismissal he approached the Supreme Court.
Issues	• Duty of the magistrate while examining the Complainant on oath under section 200 CrPC/223 BNSS. • Whether the Complaint can be quashed on the ground that the Complainant has concealed material facts/document while filing the complaint?
Held	• The Supreme Court allowed the appeal and quashed the Complaint with the liberty to the Complainant to initiate civil proceedings. The findings of the Court are as under: **Recording the complainant's statement on oath under Section 200 of the CrPC is not an empty formality** • A court of the Judicial Magistrate can take cognizance of an offence punishable under Section 138 of the NI Act based on a complaint filed under Section 200 of the Code of Criminal Procedure, 1973 (for short, 'the CrPC'). The corresponding provision under the Bhartiya Nagarik Suraksha Sanhita, 2023 (for short, 'the BNSS') is Section 223. After a complaint is filed under Section 200 of the CrPC, the learned Magistrate is duty-bound to examine the complainant on oath and witnesses, if any, present and reduce the substance of such examination into writing. What is reduced into writing is required to be signed by the complainant and witnesses, if any.

	• Recording the complainant's statement on oath under Section 200 of the CrPC is not an empty formality. The object of recording the complainant's statement and witnesses, if any, is to ascertain the truth. The learned Magistrate is duty-bound to put questions to the complainant to elicit the truth. The examination is necessary to enable the Court to satisfy itself whether there are sufficient grounds to proceed against the accused. After considering the complaint, the documents produced along with the complaint, and the statements of the complainant and witnesses, if any, the learned Magistrate has to apply his mind to ascertain whether there is sufficient ground for proceeding against the accused. If he is satisfied that there is sufficient ground to proceed against the accused, then the learned Magistrate has to issue a process in terms of sub-Section (1) of Section 204 of the CrPC. The corresponding provision under the BNSS is Section 227. Setting criminal law in motion is a serious matter. The accused faces serious consequences in the sense that he has to defend himself in the trial. **Complainant suppressed the material fact; cannot be allowed to set criminal law in motion** • The fact remains that in the complaint, the respondent has suppressed the reply dated 28th November 2016 and the letter dated 13th December 2016 sent by the appellant's advocate. These two documents have also been suppressed in the statement on oath. The respondent made out a false case that the appellant did not reply to the demand notice. Moreover, the case that the documents as demanded were supplied is not pleaded in the complaint and statement under Section 200 of CrPC. • While filing a complaint under Section 200 of CrPC and recording his statement on oath in support of the complaint, as the complainant suppresses material facts and documents, he cannot be allowed to set criminal law in motion based on the complaint. Setting criminal law in motion by suppressing material facts and documents is nothing but an abuse of the process of law.
Relevant Para No.	9, 10, 18 and 20

Name	**K. S. Mehta Versus M/S Morgan Securities And Credits Pvt. Ltd., SLP (Crl.) No. 4774 of 2024**
Brief Facts	• The dispute stems from an Inter-Corporate Deposit ("ICD"), executed between the accused company and the Respondent to avail a financial facility of ₹5,00,00,000 (Rupees Five Crores) against certain securities for a period of 180 days. Notedly, the Appellant(s) were neither in attendance at the board meeting held on 09.09.2002, wherein the said transaction was approved, nor were they signatories to the agreement or any related financial instruments. • Two cheques issued for discharging the financial obligations in furtherance of the ICD were dishonoured and consequently proceedings under section 138 of the NI Act were initiated against the Company and all its directors. • High Court denied to quash the proceedings against the Appellants.
Issues	• Whether non-executive directors of the Company can be vicariously held liable merely because they have attended the board meeting of the Company?
Held	• The Supreme Court allowed the Petition and quashed the proceedings qua the Appellants. The findings of the Court are as under: • This Court has consistently held that non-executive and independent director(s) cannot be held liable under Section 138 read with Section 141 of the NI Act unless specific allegations demonstrate their direct involvement in affairs of the company at the relevant time. • Upon perusal of the record and submissions of the parties, it is evident that the Appellant(s) neither issued nor signed the dishonoured cheques, nor had any role in their execution. There is no material on record to suggest that they were responsible for the issuance of the cheques in question. Their involvement in the company's affairs was purely non-executive, confined to governance oversight, and did not extend to financial decision making or operational management. • The mere fact that Appellant(s) attended board meetings does not suffice to impose financial liability on the Appellant(s), as such attendance does not automatically translate into control over financial operations.

Relevant Para No.	16, 17 and 18

Name	**M/s Shri Sendhur Agro & Oil Industries versus Kotak Mahindra Bank Ltd., Transfer Petition (Crl.) No. 608 of 2024**
Brief Facts	• Transfer petition filed under Section 406 of the Cr.P.C with a prayer to transfer Criminal Case No. 4016 of 2021 titled as Kotak Mahindra Bank Limited v. M/s Shri Sendhur Agro and Oil Industries pending in the court of Judicial Magistrate First Class, Chandigarh (UT) to the court of Metropolitan Magistrate, Coimbatore, Tamil Nadu, essentially on the ground that no cause of action could be said to have arose for the bank to lodge the complaint for the offence punishable under Section 138 of the NI Act.
Issues	• Whether a complaint under Section 138 of the N.I. Act can be transferred under Section 406 Cr.P.C. on grounds of lack of territorial jurisdiction?
Held	• Supreme Court dismissed the appeal and concluded that the Complaint u/s 138 of the NI Act cannot be transferred under section 406 CrPC on the ground of lack of jurisdiction. Court also enlisted in Para No. 49 of its judgment the circumstances in which the powers under section 406 can be exercised. The findings of the Court are as under: • Although no rigid and inflexible rule or test could be laid down to decide whether or not the power under Section 406 Cr.P.C should be exercised, yet it is manifest from a bare reading of sub-sections (2) and (3) of the said section and on an analysis of the decisions of this Court that an order of transfer of trial is not to be passed as a matter of routine and more particularly on the plea of lack of territorial jurisdiction of the court to try the offence under Section 138 of the N.I. Act. • For the purpose of transfer of any case or proceedings under Section 406 of the Cr.P.C., the case must fall within the ambit of the expression "expedient for the ends of justice". Mere inconvenience or hardship that the accused may have to face in travelling from Coimbatore to Chandigarh would not fall within the expression "expedient for the ends of justice". The case must fall within any of the five situations as narrated in para 49 of this

	judgment. It is always open for the petitioner accused to pray for exemption from personal appearance or request the Court that he may be permitted to join the proceedings online.
Relevant Para No.	49 and 67

Name	**Kaveri Plastics Versus Mahdoom Bawa Bahrudeen Noorul, Special Leave Petition (Crl.) Nos. 11184-11185/2024**
Brief Facts	• Kaveri Plastics (Appellant) entered into a Memorandum of Understanding with M/s Nafto Gaz India Private Ltd. for the sale/lease of land. In part discharge of liability, a cheque for ₹1,00,00,000 was issued, which was later dishonoured for "insufficient funds." The Appellant served two statutory notices (dated 08.06.2012 and 14.09.2012) but erroneously demanded ₹2,00,00,000—exactly double the cheque amount—in both. The Metropolitan Magistrate initially refused to discharge the accused, but the Delhi High Court subsequently quashed the complaint, holding the notices invalid.
Issues	• Whether a demand notice under proviso (b) to Section 138 NI Act is valid when it seeks an amount different from the cheque amount? • Whether a discrepancy claimed to be a mere "typographical error" can salvage such a defective notice?
Held	• The Supreme Court dismissed the appeals and upheld the quashing of the complaint. The findings of the Court are as under: • Demand notice must exactly match the cheque amount: The Court emphasized that proviso (b) to Section 138 NI Act mandates a demand for the "said amount of money," which unambiguously refers to the cheque amount alone. Demanding ₹2 crores instead of ₹1 crore created ambiguity and denied the drawer a clear opportunity to remedy the default, defeating the legislative intent. • Strict construction of penal statutes: Relying on the principle that penal provisions must be strictly construed, the Court held that statutory conditions must be "meticulously" complied with. The Court ruled that no implied compliance is permitted and literal fulfilment is required. • Typographical errors are not a valid defence: The Court rejected the "typographical error" plea, noting that even inadvertent

	mistakes are fatal to the validity of the notice. The duplication of the error in two separate notices further undermined the claim of mere inadvertence.
Relevant Para No.	8

Name	**Gian Chand Garg Versus Harpal Singh & Anr., Special Leave Petition (Criminal) No. 8050 of 2025**
Brief Facts	• The accused Appellant was convicted by the Trial Court for the offence under section 138 of the NI Act and the conviction was upheld by the Appellate Court. Even the High Court dismissed his revision petition. Thereafter, the Appellant entered into settlement with the Complainant and the Appellant filed an application for review before the High Court for seeking acquittal in light of compromise between the parties and even the Complainant consented to such application. However, the application was dismissed by the High Court.
Issues	• Whether the conviction under section 138 of the NI Act can be set aside at any stage in light of settlement between the parties?
Held	• The petition was allowed and the Supreme Court acquitted the Appellant in light of settlement reached between the parties. The findings of the Court are as under: • 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.
Relevant Para No.	10

Name	**Bansal Milk Chilling Centre versus Rana Milk Food Private Ltd. & Anr. Special Leave Petition (Crl.) No.15699 of 2024**
Brief Facts	• The appellant filed a complaint under Section 138 of the NI Act regarding the dishonour of three cheques totaling ₹14 lakhs. After the complainant's chief-examination, the appellant sought to amend the complaint to correct a typographical error, changing

	the description of supplied goods from "Desi Ghee (milk products)" to "milk." The Trial Court allowed the amendment, but the High Court of Punjab & Haryana set it aside, holding that amendments are not permissible after cognizance and that the change was an attempt to avoid GST liability. The appellant subsequently challenged the High Court's order before the Supreme Court.
Issues	• Whether amendment to the complaint under section 138 of the NI Act was permissible after cognizance is taken?
Held	• Order of High Court was quashed and the amendment to the Complaint was allowed. The observations of the Court are as under: • It will be appropriate to observe that amendments/alterations are not alien to the Code of Criminal Procedure. Section 216 of the Cr.P.C. deals with the power of Court to alter any charge and the concept of prejudice to the accused. No doubt when a charge is altered, what is altered is the legal provision and its application to a certain set of facts. The facts per se may not be altered. However, the section does throw some light in considering the issue of amendments. • The test of 'prejudice to the accused' is the cardinal factor that needs to be borne in mind. • On the facts of the present case and considering the stage of the trial, we find that absolutely no prejudice would be caused to the accused/respondents. The actual facts will have to be thrashed out at the trial. As to what impact the amendment will have on the existence of debt or other liability is for the Trial Court to decide based on the evidence. It was a curable irregularity which the Trial Court rightly addressed by allowing the amendment.
Relevant Para No.	15, 18

Name	**Adhiraj Singh Versus Yograj Singh And Others, S.L.P. (Crl.) No(S). 16051-16052 of 2023**
Brief Facts	• Three post-dated cheques dated 17.07.2019, 17.09.2019 and 23.09.2019 were issued by the Respondent No. 2 – Company on 12.07.2019. The appellant was the director of Respondent No. 2 – Company from 28.09.2016 to 21.06.2019.

Issues	• Whether a retired director of the Company be held liable for offence under section 138 of the NI Act when the cheque was issued after his retirement?
Held	• The proceedings and complaint was quashed to the extent of retired director. The findings of the Court are as under: • It is also not in dispute that the cheques issued by the Company were signed by another competent person on behalf of the Company. Once the facts are plain and clear that when the cheques were issued by the Company, the appellant had already resigned and was not a director in the Company and was not connected with the company, he cannot be held responsible for the affairs of the Company in view of the provisions as contained in Section 141 of the NI Act.
Relevant Para No.	7

Name	**Munish Kumar Gupta v. M/S Mittal Trading Company Crl. Appeal No. of 2024 arising out of SLP (Crl.) No. 3040/2023**
Brief Facts	• The Respondent/Complainant had initiated a complaint dated 02.01.2013 under Section 138 of the Negotiable Instruments Act, 1881 read with Section 420 of the Indian Penal Code, 1860 against appellant for dishonour of cheque dated 22.07.2010. • Subsequently, the Respondent had tendered evidence before the learned Trial Court. At that stage, claiming that inadvertently a typographical error had arisen with regard to mentioning the year of the cheque, the Respondent had filed an application seeking amendment of the said complaint. The application for amendment was filed as late as on 24.10.2017. • The learned Magistrate rejected the amendment on the grounds that the date had been consistently recorded as 22.07.2010 in both the complaint and the evidence. • However, the High Court allowed the application filed by the Respondent and permitted him to carry out the amendment. • Hence, the present appeal was filed before the Apex Court by the accused assailing the judgment/order of the High Court.
Issues	• Whether the High Court was justified in allowing the amendment of the cheque date at such a later stage when the original date was consistently mentioned in all documents and evidence?

Held	• The Apex Court allowed the appeal and the High Court's order permitting the amendment was set aside. The findings of the Court are as under: • As against such conclusion reached by the learned Magistrate, the High Court based on the discussion and applying the principles laid down in the various judgments cited therein by the learned counsel, allowed the said application to carry out necessary corrections/ amendment. However, while ultimately arriving at the conclusion as to whether the amendment is required to be permitted, the High Court had merely arrived at the conclusion that if such amendment is not permitted, it would prove fatal to the case of the complainant and as indicated, the respondent/complainant was only seeking the correction of the year. The High Court has, in fact, lost sight of the fact that the documents also contain the said date and the evidence recorded is also to the same effect. • In a matter of the present nature, where the date is a relevant aspect based on which the entire aspect relating to the issue of notice within the time frame as provided under the Negotiable Instruments Act, 1881, and also as to whether as on the date there was sufficient balance in the account of the issuer of the cheque would be the question, the amendment, as sought for, in the present circumstance, was not justified. 10. Accordingly, the judgment and order dated 04.01.2023 passed by the High Court of Punjab and Haryana at Chandigarh is set aside.
Relevant Para No.	7, 9, 10

Name	**M/S. Celestium Financial Versus A. Gnanasekaran Etc., Special Leave Petition (Crl.) Nos.137-139/2025**
Brief Facts	• The leave of appeal filed by the Complainant was dismissed by the High Court without granting the leave. The Complainant approached the High Court against the order of acquittal passed by the NI Act Court.
Issues	• Whether an appeal would be maintainable under the proviso to Section 372 of the Code of Criminal Procedure, 1973 (for short, "CrPC") against an order of acquittal passed in a case instituted upon a private complaint under Section 138 of the Negotiable Instruments Act, 1881 (for short, "the Act"), by treating the

	complainant in such a proceeding as a victim within the meaning ascribed to the term under Section 2(wa) of the CrPC.?
Held	• The court observed that a complainant under Section 138 of the NI Act is well within his rights to prefer an appeal under Section 372, Cr.P.C. The findings of the Court are as under: • In the case of an offence alleged against an accused under Section 138 of the Act, we are of the view that the complainant is indeed the victim owing to the alleged dishonour of a cheque. In the circumstances, the complainant can proceed as per the proviso to Section 372 of the CrPC and he may exercise such an option and he need not then elect to proceed under Section 378 of the CrPC. • As already noted, the proviso to Section 372 of the CrPC was inserted in the statute book only with effect from 31.12.2009. The object and reason for such insertion must be realised and must be given its full effect to by a court. In view of the aforesaid discussion, we hold that the victim of an offence has the right to prefer an appeal under the proviso to Section 372 of the CrPC, irrespective of whether he is a complainant or not. Even if the victim of an offence is a complainant, he can still proceed under the proviso to Section 372 and need not advert to sub-section (4) of Section 378 of the CrPC.
Relevant Para No.	7.8 and 10

Name	**Dhanasingh Prabhu Versus Chandrasekar & Another, Special Leave Petition (Criminal) No.5706 Of 2024**
Brief Facts	• Respondent No. 1 and 2 are the partners of M/s Mouriya Coirs. Respondent No. 1 issued the cheque of the Firm in favour of the Complainant and the cheque was returned unpaid. • Complainant issued demand notice to the Respondents and later filed the NI Complaint. The Respondents challenged the complainant and contested that the partnership firm was not arrayed as accused and thus, the complaint was not maintainable.
Issues	• Whether the provisions of section 141 of the NI Act are also applicable in the cases of partnership firm? • Whether the High Court was right in dismissing the complaint on the ground that the name of the partnership firm was not mentioned in the statutory notice issued by the appellant /

	complainant to the respondents under Section 138 of the Act and was also not arraigned as an accused in the complaint filed by the appellant / complainant?
Held	• The Supreme Court allowed the Petition and held that the complaint is maintainable against the partners of the Firm even when the demand notice was not issued to the Firm and the Firm was not arrayed as an accused in the Complaint. The findings of the Court are as under: • Even in the absence of partnership firm being named as an accused, if the partners of the partnership firm are proceeded against, they being jointly and severally liable along with the partnership firm as well as inter-se the partners of the firm, the complaint is still maintainable. The accused in such a case would in substance be the partners of the partnership firm along with the firm itself. Since the liability is joint and several, even in the absence of a partnership firm being proceeded against by the complainant by issuance of legal notice as mandated under Section 138 of the Act or being made an accused specifically in a complaint filed under Section 200 of CrPC, (equivalent to Section 223 of the BNSS), such a complaint is maintainable. • Thus, when it is a case of an offence committed by a company which is a body corporate stricto sensu, the vicarious liability on the categories of persons mentioned in sub-section (1) and sub-section (2) of Section 141 of the Act accordingly would be proceeded against and liable for the offence under Section 138 of the Act. In the case of a partnership firm on the other hand, when the offence has been proved against a partnership firm, the firm per se would not be liable, but liability would inevitably extend to the partners of the firm inasmuch as they would be personally, jointly and severally liable with the firm even when the offence is committed in the name of the partnership firm. On the facts of the present case and considering the stage of the trial, we find that absolutely no prejudice would be caused to the accused/respondents. The actual facts will have to be thrashed out at the trial. As to what impact the amendment will have on the existence of debt or other liability is for the Trial Court to decide based on the evidence. It was a curable irregularity which the Trial Court rightly addressed by allowing the amendment.

Relevant Para No.	9.9 and 9.10

Name	**Raj Reddy Kallem v. State of Haryana & Anr. Criminal Appeal No. 2210/2024**
Brief Facts	• In 2012, Respondent No.2-complainant paid Rs. 1.55 crores advance to Appellant's company for supply of a fiber laser cutting machine, which was never delivered. The Appellant issued 5 cheques for refund, which were dishonoured, leading to proceedings u/s 138 NI Act and FIR u/s 406, 420, 120B IPC. • The Appellant was convicted by the Trial Court u/s 138, NI Act. During pendency of appeal before the Additional Sessions Judge, the Parties reached a settlement before the Lok Adalat, whereafter the Additional Sessions Judge passed the settlement order dated 05.12.2015, whereunder the Appellant agreed to pay back the entire amount of Rs. 1.55 Crore and compound or quash offences, failing which the appeal would be decided on merits. Upon default, the Trial Court declared the settlement frustrated. • Eventually, under directions of the Hon'ble Supreme Court, the appellant deposited remaining ₹20 lakhs and an additional ₹10 lakhs towards interest, thereby making full restitution. • However, the complainant later refused to compounding, resulting in continuation of criminal proceedings despite full repayment and over a year of incarceration. Hence, appeal is filed before the Hon'ble Supreme Court.
Issues	• Whether the proceedings under Section 138 NI Act and IPC sections should be quashed despite the complainant's refusal to compound the case? • Whether the Supreme Court can invoke Article 142 to quash criminal proceedings?
Held	• The Supreme Court allowed the appeal and quashed all criminal proceeding in exercise of powers under Article 142 of the Constitution of India. The findings of the Court are as under: • Distinguished between compounding (requires consent) and quashing (court's discretion), relied on JIK Industries Limited & Ors. vs Amarlal V. Jamuni & Anr. - Quashing of a case is different from compounding. In quashing the court applies it but in

	compounding it is primarily based on consent of the injured party. Therefore, the two cannot be equated. • This Court has time and again reiterated that in cases of section 138 of NI Act, the accused must try for compounding at the initial stages instead of the later stage, however, there is no bar to seek the compounding of the offence at later stages of criminal proceedings including after conviction, like the present case (See: K.M Ibrahim v. K.P Mohammed & Anr. (2010) 1 SCC 798 and O.P Dholakia v. State of Haryana & Anr. (2000) 1 SCC 762). In the case at hand, initially, both sides agreed to compound the offence at the appellate stage but the appellant could not pay the amount within the time stipulated in the agreement and the complainant now has shown her unwillingness towards compounding of the offence, despite receiving the entire amount. The appellant has paid the entire Rs.1.55 crore and further Rs.10 lacs as interest. • As far the requirement of 'consent' in compounding of offence under section 138 of NI Act is concerned, this Court in JIK Industries Limited & Ors. v. Amarlal V. Jamuni & Anr. (2012) 3 SCC 255 denied the suggestion of the appellant therein that 'consent' is not mandatory in compounding of offences under Section 138 of NI Act. • All the same, in this particular given case even though the complainant has been duly compensated by the accused yet the complainant does not agree for the compounding of the offence, the courts cannot compel the complainant to give 'consent' for compounding of the matter. In our opinion, if we allow the continuance of criminal appeals pending before Additional Sessions Judge against the appellant's conviction then it would defeat all the efforts of this Court in the last year where this Court had monitored this matter and ensured that the complainant gets her money back. • As far as FIR case under Sections 406, 420, 120B of IPC against the appellant is concerned, in any case we do not find any merit in the allegations that the appellant from the very beginning had the intention of cheating the complainant. It is a fact that the appellant failed to procure and supply the 'machine' even after taking the advance money from the complainant but there is nothing on record to show that the appellant had any ill intention of cheating or defrauding the complainant from the very inception. The

	transaction between the parties was purely civil in nature which does not attract criminal law in any way. • Even though complainant is unwilling to compound the case but, considering the totality of facts and circumstances of the present case which we have referred above, we are of the considered view that these proceedings must come to an end. We, therefore, allow this appeal and set aside the impugned order of High Court dated 29.11.2022. We also quash all the criminal proceedings qua appellant arising out of FIR No.35 of 2014 at P.S Mahesh Nagar, Ambala pending before Chief Judicial Magistrate, Ambala. Since, criminal appeals filed by present appellant against his conviction under Section 138 of the NI Act are also pending, we deem it appropriate that the said proceedings should also be quashed. Hence, in order to do complete justice, we exercise our powers under Article 142 of the Constitution of India, and hereby quash all the pending criminal appeals on the file of Additional Sessions Judge, Ambala Cantt., against the appellant in the present matter, and set aside the conviction and sentence awarded to the appellant by the trial court. • We also direct the trial court to hand over the Demand Drafts totalling the amount of Rs.30 lacs to the complainant which were deposited in the trial court in pursuance of this Court's orders, if not handed-over till now.
Relevant Para No.	12,13,14 and15

Name	**Prem Raj v. Poonamma Menon & Anr. Special Leave Petition (Crl.) No. 9778/2018**
Brief Facts	• Appellant herein challenges judgment and order dated 23rd January, 2018 passed in Crl. R.P. No. 1111 of 2011, whereby the High Court of Kerala allowed, only in part, his Revision Petition against the judgment and order of the learned Additional Sessions Judge, Thrissur, dated 11th January, 2011, in Criminal Appeal No. 673 of 2007, which, in turn, upheld his conviction, as handed down by the learned Judicial First Class Magistrate vide order dated 14th August, 2007 in CC No. 51 of 2003, under Section 138 of the Negotiable Instruments Act, 1881.

Issues	• Whether a criminal proceeding can be initiated and the accused therein held guilty with natural consequences thereof to follow, in connection with a transaction, in respect of which a decree by a competent Court of civil jurisdiction, already stands passed?
Held	• The Supreme Court allowed the appeal and quashed all criminal proceedings. The findings of the Court are as under: • It appears from the record that the very same cheque was in issue before the Civil Court, and also the Court seized of the Section 138 N.I. Act Complaint. • We find the manner in which this matter has travelled up to this Court to be quite concerning. We fail to understand as to how a civil as well as criminal course could be adopted by the parties involved, in respect of the very same issue and transaction, in these peculiar facts and circumstances. • The position as per K.G. Premshanker vs. Inspector of Police & Anr, (2002) 8 SCC 87 is that sentence and damages would be excluded from the conflict of decisions in civil and criminal jurisdictions of the Courts. Therefore, in the present case, considering that the Court in criminal jurisdiction has imposed both sentence and damages, the ratio of the above-referred decision dictates that the Court in criminal jurisdiction would be bound by the civil Court having declared the cheque, the subject matter of dispute, to be only for the purposes of security. • In that view of the matter, the criminal proceedings resulting from the cheque being returned unrealised due to the closure of the account would be unsustainable in law and, therefore, are to be quashed and set aside. Resultantly, the damages as imposed by the Courts below must be returned to the appellant herein forthwith. • The appeal is allowed in the aforesaid terms. Hence, the judgment and order passed by Additional Sessions Judge, Thrissur, in Criminal Appeal 673 of 2007, which upheld the conviction, as handed down by the learned Judicial First Class Magistrate in CC No. 51 of 2003, which came to affirmed by the High Court of Kerela in Crl.R.P.No.1111 of 2011 is quashed and set aside.
Relevant Para No.	8, 11, 12 and 13

Name	**M/s Rajco Steel Enterprises v. Kavita Saraff and Another Petition for Special Leave to Appeal No. 5583 / 2022**
Brief Facts	• Four independent complaint cases were lodged in the Court of the Metropolitan Magistrate, Kolkata by the Petitioner which were registered as CC Nos. 34905, 34906, 34907 and 34908 of 2009 respectively. • The facts of the case are that the Petitioner had granted financial assistance to the Accused/Respondent No. 1, in discharge of which the accused had issued four cheques. The said cheques were dishonoured on the ground of insufficiency of funds. Hence, complaints were lodged by the Petitioner against the Accused. • The Accused/Respondent No.1 had taken the defence that the petitioner had not provided any financial assistance, but money was advanced to the accused/respondent no.1 for undertaking stock market related transactions through her account. • The Trial Court found the Accused/Respondent No. 1 guilty and convicted him for the commission of offence u/s 138 of NI Act, 1881. • The Trial court convicted the accused under section 138 NI Act. As respondent failed to rebut the presumption contained in Section 118 read with Section 139 of the NI Act. • The First Appellate Court set aside the finding of the Trial Court finding that the Accused/Respondent No. 1 had successfully rebutted the presumption of guilt. • The appeal filed against such finding was also dismissed by the High Court. • Hence, the Petitioner filed the present Special Leave Petition before the Apex Court.
Issues	• Whether the findings of the First Appellate Court and the High Court are on no evidence or perverse?
Held	• The Apex court dismissed the SLP filed by the Petitioner. The findings of the Court are as under: • The Respondent no.1/accused has put up a plausible defence as regards the reason for which the petitioner's funds had come to her account. Both the appellate fora, on going through the evidence did not find existence of any "enforceable debt or other liability". This strikes at the root of the petitioner's case.

	• We are of the opinion that there is no perversity in the finding of the High Court, and prior to that, in the finding of the First Appellate Court, that went against the complainant/petitioner. It cannot be held that these findings were perverse, or based on no evidence. No point of law is involved in this set of cases, that would warrant our interference. We accordingly dismiss these petitions.
Relevant Para No.	11 and 12

Name	**Ajitsinh Chehuji Rathod v. State of Gujarat & Anr., Criminal Appeal No. 478 of 2024**
Brief Facts	• The appellant challenged the rejection of his application under Section 482 CrPC by the Gujarat High Court of a case under Section 138 of the NI Act. The appellant was accused of issuing a cheque for Rs. 10 lakhs that was dishonoured due to "insufficient funds and dormant account." During trial, the appellant requested a handwriting expert's opinion to verify his signature on the cheque, which was rejected by the Trial Court and the Trial Court later convicted the Appellant. • During the course of appeal, the Appellant filed an application under section 391 of the CrPC for taking additional evidence at appellate stage and seeking a direction to obtain the opinion of the handwriting expert after comparing the admitted signature of the accused appellant and the signature as appearing on the disputed cheque. The Appellant also requested that concerned officer from the Post Office should be summoned so as to prove the defence theory that the notice under Section 138 of NI Act was never received by the accused appellant. However, the Appellate Court dismissed the application and said order was upheld by the High Court.
Issues	• Whether the Appellant was entitled to lead additional evidence under Section 391 of the Criminal Procedure Code at the appellate stage? • Whether the Application of the Appellant was sustainable when the Appellant has not posed any question to the bank official examined in defence for establishing his plea of purported mismatch of signature on the cheque in question?

	• Whether the presumption under section 118 of the NI Act shifts the burden on the Appellant to prove the denial of signature?
Held	• The Apex Court dismissed the appeal observing that despite having opportunity, the accused appellant failed to vigilantly raise his claims at the stage of trial, unreasonably failing to cross-examine the witnesses. The findings of the Court are as follows: • The appellant examined the witness of the Bank of Baroda in support of his defence but not a single question was put to the said witness regarding genuineness or otherwise of the signatures as appearing on the cheque in question. • Cheque was not returned due to signature mismatch but on account of insufficiency of funds. • Section 118 sub-clause (e) of the NI Act provides a clear presumption regarding indorsements made on the negotiable instrument being in order in which they appear thereupon. Thus, the presumption of the indorsements on the cheque being genuine operates in favour of the holder in due course of the cheque in question which would be the complainant herein. In case, the accused intends to rebut such presumption, he would be required to lead evidence to this effect. • Certified copy of a document issued by a Bank is itself admissible under the Bankers' Books Evidence Act, 1891 without any formal proof thereof. Hence, in an appropriate case, the certified copy of the specimen signature maintained by the Bank can be procured with a request to the Court to compare the same with the signature appearing on the cheque by exercising powers under Section 73 of the Indian Evidence Act, 1872. The Appellant never procured a certified copy of his specimen signatures from the Bank. • The Order of the Trial Court rejecting the application of the Appellant was never challenged by the Appellant. • There was no requirement for the appellate Court to have exercised power under Section 391 CrPC for summoning the official from the Post Office and had rightly rejected the application under Section 391 CrPC. The said is to be decided on facts during the course of appeal.
Relevant Para No.	16, 17, 18 and 19

Name	**Rajesh Viren Shah v. Redington (India) Limited., Special Leave Petition (Crl.) No.6905 of 2022**
Brief Facts	• The Appellants, Rajesh Viren Shah and Sanjay Babulal Bhutada (Directors of the Company), were implicated as accused individuals in a complaint filed under Section 138 of the Negotiable Instruments Act, 1881, pertaining to the dishonouring of cheques dated 22 March 2014 issued by the Respondent Company. However, these directors had resigned from the directorship of the Company prior to the date of presentment of cheque. • The complaint was filed against the accused directors under Sections 200 and 191A, Code of Criminal Procedure, 1973 read with Section 144 of the NI Act. The High Court rejected the accused's petition seeking to quash the complaint. The director therefore appealed to the Supreme Court.
Issues	• Whether a director who has resigned from such position and which fact stands recorded in the books as per the relevant rules and statutory provisions, can be held liable for certain negotiable instruments, failing realization?
Held	• The Apex Court allowed the appeal. The findings of the Court are as under: • The record reveals the resignations to have taken place on 9th December 2013 and 12th March 2014. Equally, we find the cheques regarding which the dispute has travelled up the courts to have been issued on 22nd March 2014. The latter is clearly, after the appellant(s) have severed their ties with the Respondent-Company and, therefore, can in no way be responsible for the conduct of business at the relevant time. Therefore, we have no hesitation in holding that they ought to be then entitled to be discharged from prosecution.
Relevant Para No.	4, 7, 8 and 10

Rajasthan High Court

Name	**Rashmi Khandelwal v. Kanhiyalal, S.B. Criminal Miscellaneous (Petition) No. 1623/2019**
Brief Facts	• The complainant has submitted three different complaints against the accused-petitioner for the offence punishable under Section 138 of the Negotiable Instruments Act, 1881 on three different occasions i.e. on 28.08.2017, 01.04.2017 and 11.08.2017. At the time of filing of the complaints under Section 138, there was no provision for the payment of interim compensation of 20% of the cheque amount to the complainant under the Act of 1881. • The Ld. Trial Court passed the order impugned directing the petitioner to pay interim compensation that is 20% of the cheque amount to the complainant.
Issues	• Whether the amended provision contained under Section 143A of the Negotiable Instruments Act, 1881 would apply on the complaint filed prior to enactment and enforcement of this provision?
Held	• The Hon'ble High Court allowed the petitions and the impugned orders passed by the Trial Court was quashed and are hereby set aside. The findings of the Court are as under: • Bare perusal of Section 143A of the Act of 1881 indicates that the Court trying an offence under Section 138 of the Act of 1881, may direct the drawer of the cheque to pay interim compensation to the complainant i.e. amount not exceeding 20% of the cheque amount. The sub-section (4) of Section 143A of the Act of 1881 provides that in case the drawer of the cheque is acquitted, the Court shall direct the complainant to repay the same amount to the drawer. • This Court cannot lose sight of the fact that, prior to insertion of the new provision, i.e., Section 143A in the Act of 1881, there was no provision in the Act for issuing directions to the drawer of cheque to pay interim compensation of 20% of the cheque amount to the complainant prior to the commission of the offence under Section 138 of the Act of 1881. • In the light of the judgment passed by the Hon'ble Apex Court in the case of G.J. Raja vs. Tejraj Surana reported in AIR 2019 SC

	3817 it is clear that Section 143A of the Act of 1881 has its prospective effect and the same is applicable upon the complaints filed under Section 138 of the Act of 1881 after introduction/insertion of Section 143A of the Act of 1881 i.e. after 01.09.2018. This provision cannot have its retrospective effect upon the complaints filed prior to 01.09.2018.
Relevant Para No.	13, 18 and 25

Name	**Moolchand v. Bherulal, S.B. Criminal Appeal (Sb) No. 869/2023**
Brief Facts	• In the present case, a cheque was issued by the Respondent-accused to the Appellant-Complainant and the same was dishonoured and subsequently a statutory demand notice dated 28.08.2012 was issued to the Respondent Complainant and the same was received by the Respondent-Complainant on 01.09.2012. Thereafter, the Respondent-Complainant submitted its reply on the aforesaid notice on 06.09.2012. However, the Appellant-Complainant filed the S.138 complaint on 14.09.2012 before the expiry of 15-day notice period (i.e., prematurely under S.138(c)). • Despite the prematurity bar in S.142, proceedings went ahead and the Respondent-accused was found guilty and sentenced to undergo one year simple imprisonment with fine of Rs. 5,00,000/-. • Aggrieved by the same, the Respondent-accused preferred an appeal on the ground that the aforesaid Complaint is a premature Complaint. The Ld. Appellate Court dismissed the Complaint filed under section 138 NI Act without granting any opportunity to file afresh and acquitted the respondent-accused of all the charges. • Aggrieved by such dismissal, the Appellant-Complainant preferred the present appeal.
Issues	• Whether the complainant can be left remediless, if he/she has filed a premature complaint under Section 138 of the Negotiable Instruments Act, 1881?
Held	• The Hon'ble High Court while relying on the judgments in the case of Yagendra Pratap Singh Vs. Savitri Pandey reported in(2015) AIR (SC) 157 and Gajanand Burange Vs. Laxmi Chand

	Goyal, Criminal Appeal No.1229/2022 quashed and set aside the impugned order and modified the impugned order granting liberty to the appellant to file a fresh criminal complaint against the accused-respondent within a period of one month. The findings of the Court are as under: • It is apparent that in a case where the complaint was filed before the expiry of a period of fifteen days stipulated in the notice which is required to be served upon the drawer of the cheque, the Court cannot take cognizance thereof. However, the second complaint on the same cause of action has been held to be maintainable and the delay in filing such complaint shall be deemed to have been condoned. • In the considered opinion of this Court, the very object of laying down of law aforesaid was to curtail the practice of filing the pre-mature complaints. However, by grating liberty to file fresh complaint in cases where the complaints have already been filed before the expiry of the mandatory period of fifteen days in terms of Section 138 (c) of the Act, a balance has been struck so as to not make the complainant remediless. • In the considered opinion of this Court, the very object of laying down of law aforesaid was to curtail the practice of filing the pre-mature complaints. However, by grating liberty to file fresh complaint in cases where the complaints have already been filed before the expiry of the mandatory period of fifteen days in terms of Section 138 (c) of the Act, a balance has been struck so as to not make the complainant remediless. Under such circumstances, a second complaint is submitted on the basis of same facts, such complaint would not amount to double jeopardy to the accused.
Relevant Para No.	12,13,14,15,16,18,19 and 20

Name	**Bharat Mittal Ex-Director v. State of Rajasthan, S.B. Criminal Miscellaneous (Petition) No. 2912/2025**
Brief Facts	• Petition is filed under Section 528 of Bhartiya Nagarik Suraksha Sanhita, 2023 with a prayer seeking quashing of the impugned order dated 27.11.2024 (to the extent of deposition of 20% compensation award) and order dated 02.05.2025 passed by Additional District and Sessions Court in Criminal Appeal No. 83/2024, whereby, learned Appellant Court has rejected the

	application of the petitioner for waiver of condition of depositing 20% compensation amount. • The petitioner in capacity of a director and as an authorized signatory of respondent No.3/Company had issued a cheque on behalf of the Company in favour of the respondent No.2/complainant. Thereafter, for dishonor of the said cheque with the remark "Exceeds arrangement" and non-payment of amount even after service of legal notice, respondent No.3 filed a complaint against the petitioner alleging offence under Section 138 of Negotiable Instruments Act, 1881. • Learned Trial Court vide impugned order dated 28.10.2024 convicted the petitioner and imposed a sum of Rs. 8,10,00,000/- on the petitioner as compensation under Section 357(3) of Cr.P.C. Thereafter, the petitioner challenged the said order and prayed for suspension of sentence before the learned Appellant Court, whereby Court vide order dated 27.11.2024 imposed a condition of furnishing bond and depositing 20% of the compensation amount to the respondent No.2, within a period of 60 days for hearing the appeal and for keeping the order of conviction in abeyance, as per the provisions of Section 148 of NI Act. However, the petitioner, being a compulsive litigant, filed a modification application qua the said order on 20.04.2025 (after the expiry of 60 days), which was dismissed by the learned Appellant Court vide order dated 02.05.2025 stating that as per the provisions of Section 362 Cr.P.C no change or modification can be made in the order except for correction of clerical or arithmetic error.
Issues	• Whether the condition of depositing 20% of the compensation amount, imposed by the Appellate Court under Section 148 of the Negotiable Instruments Act, 1881, is mandatory in nature and not liable to be waived or modified in absence of exceptional circumstances? • Whether a director and authorised signatory of a company can be held vicariously liable for dishonour of cheque under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881, despite exoneration of other directors at an earlier stage?
Held	• The High Court dismissed the Petition of the Petitioner and even restrained the Petitioner from alienating any of his personal assets, whether movable or immovable, until such time as petitioner satisfy the Official Liquidator that these assets were acquired

	through legitimate means unrelated to the company's funds. The findings of the Court are as under: • It is pertinent to mention here that initially learned Trial Court took cognizance against the other directors of the Company namely Mr.Sunil Mittal and Ms.Mukta Mittal and others, however, they filed a revision qua the same which was allowed by the Court vide order dated 12.05.2014, and petitioner herein never assailed the said order, thereby making it absolute. • Further, learned Trial Court has held the petitioner vicariously liable. A company, being an artificial entity operates through individuals, and crime committed by a company often involves mens rea, that is actions and decisions of the said individuals. However, criminal law generally doesn't recognize vicarious liability unless specifically provided by the statute. Thus, the directors can be prosecuted alongside the company if evidence reflects that they have played an active role with mens rea. Taking note of the case in hand wherein as per the provisions Section 141 of NI Act, which expressly extends liability on company officials for dishonor of cheque, the petitioner can be held liable for the acts of the Company. Therefore, the learned Trial Court has rightly held the petitioner vicariously liable. • Further, learned Appellant Court upon application filed by the petitioner praying suspension of sentence directed the petitioner, as per the provisions of Section 148 of NI Act, to deposit 20 % of the compensation amount within 60 days, despite the same, the petitioner has flouted the said condition imposed by the concerned Court and instead filed a modification/amendment application, after the expiry of the 60 days as directed and with a significant delay, which reflects petitioners' vindictive attitude and intent to frustrate the proceedings under NI Act before the concerned Court. • Taking note of the aforementioned observations, this Court has concluded that the dispute in the instant matter pertains to the year 2012-13 for default in making payment qua the amount of Rs. 5 crore approximately; that the petitioner has admitted the obligation/liability due towards respondent No.2; that the petitioner has never assailed the order dated 12.05.2014, whereby, learned Trial Court took cognizance against the petitioner and exonerated other directors; that direction passed by the learned Appellant Court qua deposition of 20 % of the compensation

	amount within a period of 60 days for keeping the suspension order in abeyance, as per the provision of Section 148 of NI Act, was flouted by the petitioner; that the said order was not immediately assailed by the petitioner and modification application qua the same was filed with a significant delay, reflecting malice intent on the part of petitioner; that the petitioner till date has not paid any amount to the respondent No.2; that the petitioner has acted as a compulsive litigant and has attempted to frustrate the provisions of the NI Act, therefore, this Court deems it apposite to dismiss the present petition with a cost of Rs.5,00,000/- (Rupees Five Lakhs only), which is to be recovered from the petitioner only. Further, the petitioner is hereby restrained from alienating any of his personal assets, whether movable or immovable, until such time as petitioner satisfy the Official Liquidator that these assets were acquired through legitimate means unrelated to the company's funds.
Relevant Para No.	17, 18, 19 and 22

Name	**Kaluram v. State of Rajasthan & Anr., S.B. Criminal Revision Petition No. 528/2016**
Brief Facts	• In the present case, a Complaint was filed against the Petitioner under Section 138 of the NI Act. It was alleged that the Petitioner had taken a grinding machine on rent and had issued a cheque amounting to Rs. 20,000/- in part discharge of alleged rental dues. However, the Petitioner had also made a cash payment to the Complainant of the same amount. The Cheque was subsequently present and dishonoured. • The Petitioner was convicted by the Trial Court and the same was upheld by the Appellate Court. The Petitioner filed the present Petition before the High Court against the impugned judgment.
Issues	• Whether dishonour of a cheque attracts penal liability under Section 138 NI Act when the corresponding liability has already been discharged?
Held	• The High Court allowed the Revision Petition and set aside the conviction of the Petitioner by observing that complainant had already received ₹20,000/- in cash in lieu of the cheque amount, the cheque no longer represented any subsisting liability as on the

	date it was presented. Court noted that during his cross examination the Complainant admitted to have received the amount in cash but offered an unsubstantiated explanation for retaining the cheque that he did so because he believe some additional was also outstanding. The findings of the court are as under: • Section 138 of the NI Act lays down the essential ingredients that must be satisfied to constitute the offence of dishonour of cheque. Primarily, it mandates that the cheque must be drawn for the discharge, in whole or in part, of any debt or other legally enforceable liability. • Section 139 of the NI Act raises a statutory presumption in favour of the holder of the cheque that the same was issued for the discharge of a legally enforceable debt or liability. However, this presumption is rebuttable in nature, and the burden to rebut it lies upon the accused by leading cogent and credible evidence • The law is well settled that mere possession of a signed cheque is not sufficient to presume the existence of a legally enforceable debt. The accused may rebut the presumption under Section 139 either by bringing out contradictions or inconsistencies in the complainant's case or by demonstrating circumstances that render the complainant's claim improbable or inherently doubtful. • It is a well-settled proposition that dishonour of a cheque issued not against a subsisting liability, but already repaid, does not attract the rigours of Section 138 NI Act. Since the dishonour pertains to a cheque whose corresponding liability had already been discharged, no offence can be said to have been made out.
Relevant Para No.	5, 6, 10 and 11

Name	**Firm Jehtmal & Sons Through its Proprietor Jethamal v. State of Rajasthan, S.B. Criminal Revision Petition No. 841/2025**
Brief Facts	• In the present case, the petitioner was convicted under Section 138 of the NI Act. The Petitioner filed an appeal against the said order and the appellate court dismissed the appeal on 23.08.2022 solely on the ground of non-appearance. Subsequently, the Trial Court issued an arrest warrant against the petitioner on 29.11.2024. • The petitioner challenged the impugned order by filing the present criminal revision.

Issues	• Whether an appeal against conviction can be dismissed for default or non-prosecution?
Held	• The Hon'ble Court allowed the Revision Petition and remanded that matter back to the appellate court. The Hon'ble Court, relying on the doctrine of audi alteram partem and judicial precedents, observed that criminal appeals against conviction cannot be dismissed for default of appearance and must be decided on merits. The findings of the court are as under: • It is well settled by a catena of decisions that doctrine of 'audi alteram partem' contemplates that no one should be condemned unheard. This principle embodies the foundational tenet of natural justice, ensuring fairness and preventing arbitrary decisions. Furthermore, numerous rulings affirm that a party should not be penalized or prejudiced due to the negligence or misconduct of their legal counsel. The rationale underpinning this position is rooted in the recognition that the integrity of judicial proceedings depends on the principles of fairness and justice. • Allowing a party to suffer consequences arising solely from counsel's negligence would undermine these principles, as it would unjustly penalize an individual for circumstances beyond their control. It also emphasizes that the onus of ensuring proper representation ultimately rests with the party, and that justice should not be compromised by procedural lapses attributable to counsel. Consequently, these doctrines collectively serve to uphold the fairness, transparency, and integrity of judicial processes.
Relevant Para No.	Page no. 2 and 4

Name	**Lakshita Marketing v. State of Rajasthan, S.B. Criminal Revision Petition No. 1163/2014**
Brief Facts	• In the present case, the Petition was filed against the impugned judgment passed by the revisional Court wherein the Trial Court's orders taking cognizance under Section 138 of the Negotiable Instruments Act, 1881 were quashed. • The petitioner had filed three criminal complaints under Section 138 NI Act alleging dishonour of cheques issued by the accused-respondent. The Trial Court took cognizance and ordered issuance of process against the accused. However, the

	Revisional Court quashed the order on the basis of a detailed examination of the factual matrix and merits of the case.
Issues	• What is the scope of judicial scrutiny at the stage of taking cognizance? • Whether the revisional court can conduct detailed examination of facts and probable defense of the accused at the time of considering revision against order of cognizance?
Held	• The Hon'ble Court allowed the Revision Petitions and held that that at the stage of cognizance, the court must only examine whether a prima facie offence is made out—not whether the prosecution is ultimately likely to succeed. The findings of the Court are as under: • Taking cognizance of an offence merely implies the formal application of judicial mind to the allegations made in the complaint and supporting material for the purpose of proceeding further in the matter. At this preliminary stage, the Court is not required to determine the guilt or innocence of the accused, nor is it expected to undertake a detailed scrutiny of the evidence. The probative value of defence material is irrelevant at this stage and must be evaluated only at the appropriate stage of trial. • By setting aside the order of cognizance at this threshold stage, the Revisional Court has pre-empted a trial on merits and exceeded the jurisdiction vested in it under the Criminal Procedure Code.
Relevant Para No.	4.1 and 4.5

Name	**Shaliwahan Singh Rathore & Ors. v. State of Rajasthan & Anr., S.B. Criminal Miscellaneous (Petition) Nos. 2216/2018, 2220/2018, 2221/2018 & 2224/2018**
Brief Facts	• The present criminal miscellaneous petitions were filed under Section 482 Cr.P.C. seeking quashing of criminal complaint cases pending against the petitioners for offence under Section 138 of the Negotiable Instruments Act, 1881. The complaint cases were filed by respondent No.2, before the Special Judicial Magistrate, N.I. Act Cases No.3, Kota.

	• The complainant company runs an IIT-JEE coaching institute and had entered into employment contracts with the petitioners, who were engaged as faculty members. At the time of execution of the contracts, the complainant obtained undated cheques from the petitioners as security/indemnity to safeguard against future losses arising from breach of contractual terms. It was agreed that the cheques could be presented in case of breach of contract. • Subsequently, the petitioners resigned from service. Alleging breach of contractual terms, the complainant presented the cheques for encashment. Upon dishonour of the cheques and failure of the petitioners to make payment despite statutory notice, complaint cases under Section 138 N.I. Act were filed and cognizance was taken by the trial court.
Issues	• Whether proceedings under Section 138 of the N.I. Act are maintainable when cheques were issued as security and no legally enforceable debt existed on the date of issuance? • Whether criminal proceedings under Section 138 N.I. Act deserve to be quashed at the threshold stage?
Held	• The Court upon examining held that the relevant date for determining existence of legally enforceable debt or liability is the date of presentation/maturity of the cheque and not merely the date of issuance. The Court further held that disputed questions regarding validity of the contract and existence of liability require evidence and cannot be adjudicated while exercising inherent jurisdiction. Accordingly, the petitions were dismissed. The findings of the Court are as under: • The issuance of the cheques in question under the signatures of the petitioners to the complainant company is not in dispute at all. It is also not in dispute that when the cheques in question were given to the complainant, dates were not mentioned therein and they were given as security purpose. The core argument, upon which, learned counsel for the petitioners is trying to set up his case is that since there was no legally enforceable debt or other liability at the time of drawal/issuance of the cheques, the provisions of Section 138 of the N.I. Act would not attract. • Whether or not the contract/s entered into between the petitioners and the respondent company is a valid contract or

	not and whether it gives rise to liability on breach of condition of the contract, cannot be adjudicated at this stage and needs to be examined and evaluated before the trial court as while exercising powers under Section 482 Cr.P.C., appreciation of evidence is not desirable. Thus, this Court is not inclined to make any observation on this aspect of the matter. • It is not disputed by both the parties that at the time of drawal of the cheques, there was no debt or liability subsisting. The cheques in question (undated) were given as security and as per the case of the complainant, on breach of the conditions of the contract, they were presented for encashment. In Salar Solvent Extractions Ltd. v. South India Viscose Ltd.: (1994) 3 Crimes 295 (Mad)., it has been held that only the dates which the cheques bear are the relevant dates. A post dated cheque is deemed to have been drawn on the date it bears. • Negotiable Instruments Act is made out from liability/debt existing on date of issuance of cheque or date of maturity comes up. The Hon'ble Apex Court, in case Dashrathbhai Trikambhai Patel (supra) decided that as to when Section-138 will be attracted in cases of part-payment made after the cheque was issued but before the cheque was encashed. The Court held that such a payment must be endorsed on the cheque under Section 56. The Apex Court in the above-mentioned judgment observed many previous Supreme Court judgments to decide the instant case including Indus Airways Private Limited (supra). In later judgment, the Apex Court delved deeper into this issue and considered that in cases of part payment, it is unjust to consider the date of issuance of cheque for the purposes of Section-138 as the amount liable on the date of issuance will be more than the amount liable on the date of encashment of the cheque. This is unjust to the drawer who made a part payment already by some other means. Hence the court considered this submission and held that the date of maturity of the cheque should be considered to decide on the debt occurring under Section-138 • In wake of the aforesaid discussion, I am of the considered opinion that the petitioners cannot shirk their liability to pay the cheque amount to the complainant by taking plea that there was no legally enforceable debt or liability subsisting on the date of issuance/drawl. The relevant date for determining the existence of a legally enforceable debt or liability under the N.I. Act would

	be the date of presentation/maturity of the cheque in question. If there subsists any legally enforceable debt or liability on the date of presentation of cheque; the cheque gets dishonoured and the drawer fails to make payment of the cheque amount within the stipulated time period, after serving legal notice, the drawer of the cheque in question has to face trial under the N.I. Act. However, the accused petitioners would be at liberty to cross-examine the complainant and adduce other evidence during trial to rebut the presumption of legally enforceable debt or liability subsisting on the date of presentation of cheques in question for encashment; disprove the validity of the contract and produce any other material, favouring their cases.
Relevant Para No.	10, 12, 13, 17 and 22