IN THE COURT OF XXXV METROPOLITAN MAGISTRATE COURT (FTCII), EGMORE AT ALLIKULAM, CHENNAI – 03.

Present : Dr. J. STALIN, M.L., Ph.D,
XXXV Metropolitan Magistrate,
XXXV Metropolitan Magistrate Court (FTC-II)
Wednesday, 01st day of July, 2026.

S.T.C.No.781/2025
CNR- TNCH0F- 002973-2025

a)	The Serial Number of the Case	S.T.C No.781 of 2025
b)	Date of Commission of the Offence	29.01.2025
c)	Name of the Complainant	Mr.K.B.Vikas S/o.K.Balan, 23/11, Gajalakshmi Colony, 3rd Cross Street, Shenoy Nagar, Aminjikarai, Chennai – 600 030.
d)	Name of the Accused Person	Mr.J.Muthukrishnan S/o.Jawaharlal Nehru, Punjab National Bank, Circle Sastra, Chennai South, No.769, Spencer Plaza, Anna Salai, Chennai – 600 002.
e)	The Offence complained of or proved	Proved
f)	The plea of accused and his examination	-
g)	The final order	Convicted
h)	The date of such order	01.07.2026
i)	In all cases in which an appeal lies from the final order either under section 373/Sec.414 BNSS or under section 374 CrPC/Sec.415 BNSS, a brief statement of the reasons for the decision	In the result, the accused is found guilty for offence under Section 138 of Negotiable Instrument Act and the accused is convicted as per Section 255 (2) Cr.P.C/Sec.278(2)BNSS.

This case coming before me for final hearing on 19.06.2026 in the presence of M/s.M.Maruthupandiyan, advocates for the complainant and M/s.T.K.Ashok

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Kumar, advocates for the accused and upon hearing their arguments, perusing the materials on records this Court delivers the following;

JUDGMENT

This complaint has been filed by the complainant against the accused under Section 138 of the Negotiable Instruments Act.

2. Gist of facts of the complaint: -

The Complainant states that he is running a company in the name and style of Vikas Engineering Enterprises at SIDCO Industrial Estate, Thirumudivakkam, Chennai – 600 132 and manufacturing to moulds and dyes of plastic items. The complainant is having bank account with the Punjab National bank, where the accused was working as Branch Manager. The accused after seeing the transactions of the complainant sanctioned a bank loan on 15.06.2023 but on the same day the accused requested the complainant at his chamber to give Rs.6,00,000/- as a hand loan for urgent needs. For discharge the liability, the accused issued cheque bearing No.929431 dated 25.11.2024 for a sum of Rs.1,50,000/- drawn on M/s.Punjab National Bank, Arumbakkam, Chennai to the complainant. When the said cheque was presented before the complainant bank M/s.City Union Bank, Aminjikarai Branch, Chennai and it was returned with an endorsement of "Funds Insufficient" on 28.11.2024. Therefore, on 13.12.2024 the complainant issued a legal notice to the accused and the same was returned by the accused as Left. The complainant issued a another legal notice to the accused on 13.12.2024 to his home address and the same was returned with the endorsement “Refused” and to the working place which was served on 16.12.2024. The accused has not repaid such amount, therefore, accused committed the offence under section 138 and 142 of Negotiable Instrument Act.

3. On receipt of the complaint, sworn statement was recorded and cognizance was taken for offence under Section 138 of the Negotiable Instrument Act on 07.02.2025 and process was issued against the accused along with copy of complaint u/s 204(3) Cr.PC/Sec 227(5) of BNSS. On receipt of summons, the accused appeared and the accused was furnished with the copies of the documents relied upon by the complainant and the accused was questioned about the substance of accusation made in complaint. The accused pleaded not guilty and claimed to be put on trial.

4. The complainant in order to prove his case, examined PW1 and marked Ex.P1 to Ex.P-9 on the side of complainant.

5. **The case of the complainant as per the evidence is briefly as follows:-**

The Complainant states that he is running a company in the name and style of Vikas Engineering Enterprises at SIDCO Industrial Estate, Thirumudivakkam, Chennai – 600 132 and manufacturing to moulds and dyes of plastic items. The complainant is having bank account with the Punjab National bank, where the accused was working as Branch Manager. The accused after seeing the transactions of the complainant sanctioned a bank loan on 15.06.2023, under Ex.P-1, but on the same day the accused requested the complainant at his chamber to give Rs.6,00,000/- as a hand loan for urgent needs. For discharge the liability, the accused issued cheque bearing No.929431 dated 25.11.2024 for a sum of Rs.1,50,000/- drawn on M/s.Punjab National Bank, Arumbakkam, Chennai to the complainant, under Ex.P-2 and Ex.P-3. When the said cheque was presented before the complainant bank M/s.City Union Bank, Aminjikarai Branch, Chennai and it was returned with an endorsement of "Funds Insufficient" on 28.11.2024, under Ex.P-4. Therefore, on 13.12.2024 the complainant issued a legal notice to the accused and the same was returned by the accused as 'Left', under Ex.P-5 and Ex.P-6. The complainant issued a another legal notice to the accused on 13.12.2024 to his home address and the same was returned with the endorsement “Refused”, under Ex.P-7 and to the working place, which was served on 16.12.2024, under Ex.P-8 & Ex.P-9. The accused has not repaid such amount, therefore, accused committed the offence under section 138 and 142 of Negotiable Instrument Act.

6. On completion of evidence of complainant, the accused was questioned under Section 313(1)(b) Cr.P.C, on the incriminating circumstances in the evidence. The accused denied the evidence as false and stated that he has not lead evidence in the side of defence.

7. On the side of the accused, no oral and documentary evidence were marked.

8. Points for Consideration:-

Whether the complainant has proved his case, beyond reasonable doubts that the accused have issued cheque under Ex.P-2 in favour of the complainant to satisfy a legally enforceable debt, which is existed between the complainant and the accused?

9. Heard both sides.

10. On considering complaint, evidences, defences and submissions, there is no dispute regarding the issuance of cheque, Ex.P-2, and signature contained therein, as per cross examination of PW1 by the accused. Further, there is no dispute that the cheque in question was returned dishonoured for the reason “Insufficient funds” under Ex.P-4 is subsequently, the complainant sent legal notice to the accused, under Ex.P-5 and Ex.P-6 and the same was received, under Ex.P-8 and Ex.P-9, but the accused has not paid the cheque amount. Despite the above admissions, the accused seriously disputed about existing liabilities between the parties and the purpose of issuance of cheque.

11.On considering the objection regarding liabilities, initially, the ingredients for constituting the offence under Section 138 NI Act has to be analysed. It read as follows:-

i. *Cheque must have drawn on an account maintained in bank for payment of certain amount of money to another person.*
ii. *Cheque should have been issued for discharge, in whole or in part, of any debt or other liability;*
iii. *Cheque was presented to the bank within a period of its validity;*
iv. *Cheque was returned by the bank unpaid, due to insufficient fund or exceeds the amount arranged to be paid from that account;*
v. *Notice in writing, was served to the drawer of the cheque, within 30 days;*
vi. *Drawer of such cheque fails to make payment of the said amount of money within 15 days of the receipt of the notice.*

Only if all the above-mentioned ingredients are satisfied that the person who had drawn the cheque can be deemed to have committed an offence under Section 138 of the Act.

12. On perusal of Cheque, the Accused bank the accused issued cheque bearing No.929431, dated 25.11.2024 for a sum of Rs.1,50,000/- drawn on M/s.Punjab National Bank, Arumbakkam Branch, to the complainant, under Ex.P-2. When the said cheque was presented before the complainant bank M/s.City Union Bank Ltd, Aminjikarai Branch and its were returned with an endorsement of "Insufficient Funds”. It specified accused bank account number also. There is no dispute regarding that the account number mentioned in cheque belonged to the accused. Already discussed, there is no dispute regarding issuance of such cheque.

13. On perusal of the cheque, Ex.P-2, was issued on 25.11.2024 and it was presented in bank on 27.11.2024**.** This shows that the cheque was presented in bank within a period. The validity period of cheque is three months, therefore, it is presented in bank on 27.11.2024 within validity period. On

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perusal of Ex.P-4, the cheque was returned as "Insufficient Funds". On perusal of Ex.P-5, on 13.12.2024, the legal notice was issued to the accused demanding cheque amounts. It shows that this notice was issued within 30 days. The said notice was received by the accused on 16.12.2024. From this date, 15 days lapsed on 31.12.2024 but during this period, the accused has not furnished the cheque amount, therefore, the complaint filed on 29.01.2025. This shows that the complaint was filed within 30 days.

14. As per the complaint, the cheque was issued for discharge of the debt incurred by the accused. But, on perusal of case of defence side by way of cross examination of PW1, the accused objected the liability. On perusal of Section 139 of NI Act, it read as follows: -

> "**Sec.139: Presumption in favour of holder** – *It shall be presumed, unless the contrary is proved, that the holder of a cheque received the cheque, of the nature referred to in Section 138, for the discharge, in whole or in part, of any debt or other liability."*

On reading of above principle, the holder of the cheque has to be presumed that it is received for discharge of debt or liability. Being holder of cheque, it has to be presumed that the cheque under Ex.P-2 was received for discharge of debt or liability.

15. Next, it has to be analysed, 'whether such debt is for legally enforceable debt or liability'. In ***APS Forex Services Pvt. Ltd v. Shakti International Fashion Linkers, Crl. A. 271/2020, dated 14.02.2020, (2020) 2 KLT 21 SC : 2020 SCC online SC 193***), the Hon'ble Supreme Court of India held that

> "*5.2. ……. once the accused has admitted the issuance of cheque which bears his signature, there is presumption that there exists a legally enforceable debt or liability under Section 139 of the N.I. Act. However, such a presumption is rebuttable in nature and the accused is required to lead the evidence to rebut such presumption*".

On reading of above principle, when the accused admitted signature, then the presumption exists as legally enforceable debt.

16. In the present case, the accused has admitted the issuance of cheque and the signature contained in cheque, Ex.P-2. The admission of accused regarding issuance of signed cheque to the PW1 but, it is disputed that it is filled and given to the complainant for security purpose. Further, PW1 evidence that the accused has given his cheque under Ex.P-2, to the complainant. Only dispute is that the cheque was issued as security of credit transaction. In the circumstances, this court is of considered view to draw the initial statutory presumption in favour of the complainant that there exists a legally enforceable debt or liability. This clearly establishes that the complainant has proved the ingredients for offence under Section 138 NI Act. As the initial presumption is available in favour of the complainant, it is the duty cast upon the accused to rebut the presumption by way of producing appropriate evidences.

17. On considering whether the accused rebutted the presumption by producing appropriate evidences, in present case, neither oral or documentary evidences were produced by the accused. In the absence of any defence evidences, 'whether the accused can rebut the presumption' has to be analysed. In ***Basalingappa v. Mudibasappa, (2019) 5 SCC 418**,* the Hon'ble Supreme Court of India held as follows:-

"*23. We having noticed the ratio laid down by this Court in above cases on Section 118 (a) and 139, we now summarize the principles enumerated by this court in following manner: -*

i. *Once the execution of cheque is admitted Section 139 of the Act mandates a presumption that the cheque was for the discharge of any debt or other liability.*
ii. *The presumption under Section 139 is a rebuttable presumption and the onus is on the accused to raise the probable defence. The standard of proof for rebutting the presumption is that of preponderance of probabilities.*
iii. *To rebut the presumption, it is open for the accused to rely on evidence led by him or* ***accused can also rely on the materials submitted by the complainant in order to raise a probable defence.*** *Inference of preponderance of probabilities can be drawn not only from the materials brought on record by the parties but also by reference to the circumstances upon which they rely.*

iv. *That **it is not necessary for the accused to come in the witness box** in support of his defence, Section 139 imposed an evidentiary burden and not a persuasive burden,*

v. *It is not necessary for the accused to come in the witness box to support his defence."*

18. On reading of above principles, it is not necessary to rebut the presumption by examining accused as a witness. It would suffice, if the accused is able to rebut the presumption from the materials available on the complainant side. In the circumstances, the cross examination of complainant evidences and his documentary evidences has to be analysed, to decide whether the accused rebutted the statutory presumption.

19. Further, in ***Rajesh Jain v. Ajay Singh (2023) 10 SCC 148,*** **the Hon'ble Supreme Court of India held as follows:-**

"Once the presumption under Section 139 was given effect to the courts ought to have proceeded on the premise that the cheque was, indeed, issued in discharge of a debt/liability. The entire focus would then necessarily have to shift on the case set up by the accused, since the activation of the persumption has the effect of shifting the evidential burden on the accused. The nature of inquiry would then be to see whether the accused has discharged his onus of rebutting the presumption. If he fails to do so, the court can straightaway proceed to convict him, subject to satisfacton of the other ingredients of Section 138. If the court finds that the evidential burden placed on the accused has been discharged, the complainant would be expexted to prove the said fact independently, without taking aid of the presumption. The court would then take an overall view based on the evidence on record and decide accordingly.

At the stage when the courts concluded that the signature had been admitted, the court ought to have inquired into either of the two questions (depending on the method in which the accused has chosen to rebut the presumption): Has the accused led any defence evidence to prove and conclusively establish that there existed no debt/liability at the time of issuance of cheque? In the absence of rebuttal evidence being led the inquiry would entail: Has the accused proved the non-existence of debt/liability by a preponderance of probabilities by referring to the "particular circumstances of the case".

On reading of the above principles, once the court concluded that the signature had been admitted then the cheque issued in discharge of debt or liability. Thereafter the evidential burden shifting on the accused to rebut the presumption. Thereafter, it has to be verified, whether accused had any defence evidence to establish that there is no debt or liability at the time of issuance of cheque.

20. On considering evidence and submission, the accused raised the following defences in order to rebut the presumption available in favour of the complainant, they are:

i. That the accused has not borrowed money from the complainant, and the cheque has not issued for legally enforceable debt.

ii. That the cheque has issued as security of business transaction and by way of misusing such cheque this case was instituted.

iii.That there is no averment regarding when the accused borrowed money and it is issued on which date.

21. On considering above objection, it admitted issuance of cheque and signature in cheque but stated that the cheque was issued as security of credit transaction. By way of 313 questioning, the accused admitted issuance of cheque and signature in cheque. This evidence of PW1 clearly admitted issuance of cheque. Further, it has admitted the existence of credit transaction. It is appeared to be legally enforceable debt. On considering objection regarding that it is was given to security to PW1, the burden is on the accused to prove the same but there is no single evidence placed before the court to establish such averment. In such circumstances, the statutory presumption in favour of complainant is not rebutted.

22. As per Section 139 of NI Act, the cheque has to be presumed that it has issued for consideration specified in cheque and it has issued on the date specified in cheque. On applying this provision to the present case, it has to be presumed that it has issued for consideration specified in cheque and it has issued on the date specified in Ex.P-2.

23. On contrary to this averment has to be proved by way of adequate evidences. In present case, there is no contrary evidence regarding above statutory presumption regarding consideration and date, therefore, the contention of accused regarding that it has not issued for consideration specified

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in cheque, has not been proved. Further, he has burden to prove that the alleged cheque amount is not related credit transaction and no arrears of amount, is on the accused. But there is no evidence regarding such fact and it is not established during cross examination of PW1 also. In the circumstances, the accused has not proved his contention and therefore, the statutory presumption has not been rebutted.

24. On considering objection of defence side regarding issuance of cheque as security of business transaction, it has to be analyzed, '*whether cheque issued as security will come under the purview of section 138 NI Act*'. In **Sampelly-Sathyanarayana Rao //Vs// Indian renewable energy, dated.19.09.2016**, the Hon'ble Supreme Court of India held as follows:-

> *"We are of the view that the question whether a post-dated cheque is for discharge of debt or liability depends on the nature of the transaction. If on the date of the cheque liability or debt exists or the amount has become legally recoverable, the Section is attracted and not otherwise. Reference to the facts of the present case clearly shows that though the word "security" is used in clause. 3.1(iii) of the agreement, the said expression refers to the cheques being towards repayment of installments. The repayment becomes due under the agreement, the moment the loan is advanced and the installment falls due. It is undisputed that the loan was duly disbursed on 28th February, 2002 which was prior to the date of the cheques once the loan was disbursed and installments have fallen due on the date of the cheque as per the agreement, dishonour of such cheques would fall under section.138 of the Act. The cheques undoubtedly represent the outstanding liability".*

25. On reading of above principle, if on the date of cheque, liability or debts exists or amount has become legally recoverable, then the offence under section.138 NI Act, will be attracted. In present case, the objection of defence side is that the cheque issued as security of business transaction. The credit is in existence on the date of cheque, therefore, the accused has liability to repay such amount on the date of cheque. Therefore, the offence under NI Act is very well attracted for this cheque. Hence, the objection of accused is not sustainable.

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26. On considering objection regarding differentiation in ink of signature and contents of cheque under Ex.P-2, Section 20 of the N.I. Act authorized to fill up the blank instrument by the holder of instrument. In **Bir Singh Vs. Mukesh Kumar, (2019)(1)MWN(Cr.) DCC164(SC)** dated 6.2.2019 Hon'ble Supreme Court of India held as follows:-

> *"Para 37: A meaningful reading of the provisions of the Negotiable Instruments Act including, in particular, Sections 20,87 &139, makes it amply clear that a person, who signs a Cheque and makes it over to the Payee remains liable unless he adduces evidence to rebut the presumption that the Cheque had been issued for payment of a debt or in discharge of a liability. It is immaterial that the Cheque may have been filled in by any person other than the drawer, if the Cheque is duly signed by the drawer. If the Cheque is otherwise valid, the penal provisions of Section 138 would be attracted.*
>
> *Para:38: If a signed blank cheque is voluntarily presented to a Payee, towards some payment, the Payee may fill up the amount and other particulars. This in itself would not invalidate the Cheque. The onus would still be on the Accused to prove that the Cheque was not in discharge of a debt or liability by adducing evidence."*

27. On reading of above principle, the filling up of blank cheque which had voluntarily furnished to the payee, regarding amount and other particulars does not invalidate the cheque. In present case, the case of defence side is that the cheque was voluntarily given by the accused to the complainant for the purpose of security of credit transaction. Therefore, the allegation of differentiation in ink used in cheque under Ex.P-2, does not invalidate its validity and the statutory presumption available to this cheque. But there is no evidence regarding such fact and it is not established during cross examination of PW1 also. In the circumstances, the accused has not proved his contention and therefore, the statutory presumption has not been rebutted.

28. In these circumstances, unless and until the contrary to the cheque under Ex.P-2, proved, the presumption shall be made of consideration, as to date, as to time of acceptance, as to time of transfer, as to order of endorsement, as to stamps and that holder is a holder in due course and further, this cheque has been issued for discharge of whole or part of the legally enforceable debt or

liability. These presumptions are available to the complainant under Section 118 and 139 of the Negotiable Instruments Act.

29. Though the accused had taken the defence by principle of preponderance of probabilities, these are not proved, therefore, such defence has not rebutted the statutory presumption available in favour of the complainant. Mere asking of suggestion and bare denial by the accused without adducing any proper evidence is not acceptable and appreciable. In these circumstances, this court is of considered view that the complainant has proved the offence under Section 138 NI Act against the accused beyond reasonable doubt.

30. On considering the evidences, the accused issued cheque with knowledge that the has no adequate fund in their bank account. This cheque was issued for legally enforceable debt which has to be given by the accused to the complainant. The cheque is related to the business transaction related to the period of 2024. At this stage, the complainant has to be compensated regarding the cheque amount instead of levying fine, otherwise, the complainant will be prejudiced, hence, he has to be compensated with the cheque amount of Rs.1,50,000/-.

31. In the result, the accused is found guilty for offence under Section 138 of Negotiable Instrument Act and the accused is convicted as per Section 255 (2) Cr.P.C/Sec.278(2)BNSS and the accused is sentenced to undergo simple imprisonment for a period of **__1 Year_** and the accused is directed to pay a sum of **Rs.1,50,000/- (Rupees One Lakh Fifty Thousand Only)** as compensation under Section 357(3) Cr.P.C./Sec.395(3)BNSS to the complainant within 30 days from this date, in default 2 months Simple Imprisonment. No fine is imposed.

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Dictated to the Steno-Typist, transcribed by her, corrected and pronounced by me in the open Court, this the Wednesday, 01st day of July 2026.

J STALIN
dated: 01.07.2026
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XXXV Metropolitan Magistrate,
XXXV Metropolitan Magistrate Court/FTC – II,
Egmore @ Allikulam, Chennai.

List of Complainant side witnesses:

PW1 – Mr.K.B.Vikas

List of Complainant side Exhibits:

Ex.P-1 Credit Sanction Letter, dated 15.06.2023.
Ex.P-2 Cheque bearing No.929431, dated 25.11.2024.
Ex.P-3 Deposit Slip, dated 27.11.2024.
Ex.P-4 Return Memo, dated 28.11.2024.
Ex.P-5 Legal notice, dated 13.12.2024.
Ex.P-6 Legal notice returned, dated 14.12.2024.
Ex.P-7 Returned cover.
Ex.P-8 Tracking consignment, dated 16.12.2024.
Ex.P-9 Tracking consignment, dated 16.12.2024

List of Accused side witnesses: NIL

List of Accused side Exhibits: NIL

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