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IN THE COURT OF V ADDL. JUDICIAL MAGISTRATE OF I CLASS :: NELLORE :: SPSR NELLORE DISTRICT

Present:- **Smt. B.V.SULOCHANA RANI,**
V Addl. Judicial Magistrate of I Class, Nellore

Dated this the 15th day of July, 2026

Calendar Case No: 1277 of 2019
Old C.C No.85 of 2018

Between :

Karuru Ramana Reddy S/o. K. Pulla Reddy, Hindu, Aged about 56 Years, Businessman, Resident of Santhi Hotel, Near A.C.Statue, Trunk Road, Nellore city, SPSR Nellore District. **... Complainant**

And

Narapareddy Srinivasulu Reddy S/o Sesha Reddy, Hindu, Aged about 36 Years, Business, Chicken Stall, Main Road, Mypadu Village, Indukurupet Mandal, SPSR Nellore District. **... Accused**

This case coming before this Court on 02.07.2026 for final hearing in the presence of **Sri G. Raja Gopal Reddy, Advocate for complainant and Sri B.Madhu Sudhan, Advocate for Accused**, and having been heard arguments on both sides and stood over for consideration till this day this court delivered the following:

J U D G M E N T

This is a complaint filed by the complainant against the accused for the offence punishable Under Section 138 r/w 142 Negotiable Instruments Act.

2. **<u>The brief facts of the complaint are as follows:</u>**

The complainant pleaded that the accused borrowed an amount of Rs.3,00,000/- from him on 12.08.2016 and duly executed a promissory note on the same day in favour of the complainant by agreeing to repay the same with interest at the rate of 24% per annum either to the complainant or to his order on demand. Subsequently, on repeated demands made by the complainant, the accused issued cheque bearing No.593265, dated 12.08.2017 for an amount of Rs.3,50,000/- towards the above said promissory note debt drawn on State Bank of India, Mypadu Branch, Indukurupeta Mandal, SPSR Nellore District. The complainant presented the above said cheque on 10.10.2017 in Andhra Pragathi Grameena Bank, Nellore Main branch for encashment. But the same was returned as unpaid as “Funds Insufficient” as per cheque return memo dated 12.10.2017.

3. After receipt of intimation from the bank about dishonor of cheque, the complainant issued statutory legal notice dated 23.10.2017 by demanding the accused for payment of the cheque amount. The accused who received the legal notice on 24.10.2017 but issued a reply on 01.11.2017 with false and untenable allegations through his counsel and failed to pay the cheque amount and failed to comply with the demand of the complainant and thereby committed an offence U/Sec.138 r/w 142 Negotiable Instrument Act. Hence, the complaint.

4. The case was taken on file by the Judicial Magistrate of I Class for Special Mobile Court, Nellore for the offence punishable U/Sec.138 r/w 142 of Negotiable Instrument Act, and numbered it as CC 85/2018 and issued summons to accused.

5. On appearance of the accused, copies of case documents were furnished to him as contemplated U/Section. 207 Criminal Procedure Code.

6. On appearance of accused before this court, Accused examined U/Sec 251 Criminal Procedure Code and the allegations leveled against him Under Section 138 Negotiable Instruments Act are read over and explained to him in his vernacular language i.e., in Telugu for which he pleaded not guilty and claimed to be tried.

7. Subsequently, the case was transferred from the file of Judicial Magistrate of First Class for Special Mobile Court, Nellore to this court on the point of jurisdiction as per the orders dated 09.04.2019 in Crl.M.P.No.36/2019 for disposal according to law. After receipt of entire record in this court, it was renumbered as CC 1277/2019 and issued summons to the accused.

8. During the course of trial, the complainant examined as PW1 and Ex. P1 to P6 marked for the complainant.

9. After closure of evidence of the complainant, the accused examined under section 313 Criminal Procedure Code and the incriminating material appeared against the accused in the evidence of Pw1 and Pw2 is read over and explained to him, in Telugu for which the accused claimed it as false and reported that he has defence evidence.

10. During defence evidence, accused examined himself as DW1, through the accused, Ex.D1 to D3 marked.

11. After closure of evidence on both sides, heard arguments for both. Besides oral arguments, counsel for complainant filed written arguments.

12. Now the point for determination is:-

Whether the complainant is able to bring home the guilt of the accused for the offence punishable Under Section.138 of Negotiable Instruments Act beyond reasonable doubt?

POINT :

13. As this is a complaint filed by the complainant against the accused for the offence punishable under section 138 Negotiable Instruments Act, the initial burden lies on the complainant to prove the guilt of the accused for the offence punishable Under Section 138 Negotiable Instruments Act beyond reasonable doubt and the complainant shall prove the following essentials. ***That –***

(1) **T**here must be a legally enforceable debt.

(2) **In** order to discharge the said debt to the complainant, the accused must have issued a cheque or cheques.

(3) The cheque issued by the accused, presented for collection within the period of its validity by the complainant.

(4) The cheque was dishonored by the bank authorities for one of the reason which attracts the offence U/Sec.138 Negotiable Instruments Act.

(5) The complainant issued statutory notice U/Sec.138 (c) Negotiable Instrument Act within the prescribed period.

(6) If so, such notice is must be a valid notice.

(7) *T*he accused must served with statutory notice.

(8) If so, such service of notice must be a valid service of notice as per Section 138 (b) of Negotiable Instruments Act.

(9) The drawer/accused must failed to make payment covered by the dishonored cheque within stipulated time as per law, after receipt of said statutory notice.

(10)The complaint was filed within the period of limitation,

(11) This court having jurisdiction to try the offence.

14. If the complainant could able to prove all the above mentioned essentials or in other words if all the above points were answered positively in favour of the complainant and against the accused, the presumption U/Sec.139 Negotiable Instruments Act comes into play and the onus shifts on to the accused and he has to rebut, the said presumption.

15. In the present case in hand, according to the complainant, he gave Rs.3,00,000/- to the accused on 12.08.2016 as loan and the accused executed a promissory note in favor of the complainant in evidence thereof for the said debt. Subsequently, in spite of demands made by the complainant, the accused failed to repay the said debt under the said promissory note. Instead of it, the accused has issued Ex.P1/cheque to the complainant towards discharge of said debt on 12.08.2017, drawn on State Bank of India, Mypadu Branch, Indukurupeta Mandal where the accused has account. On 10.10.2017, the complainant presented the said cheque in Andhra Pragathi Grameena Bank, Main Branch, Nellore for encashment of said cheque but the said cheque was returned as dishonored due to insufficiency of funds in the account of the accused under a cheque return memo dated 12.10.2017. Later, on 23.10.2017, the complainant has issued the statutory notice to the accused by demanding the accused to pay the amount covered under the dishonored cheque, the said notice was served on accused on 24.10.2017 but the accused failed to comply with the demand of the complainant and issued a reply with untenable allegations dated 01.11.2017. Thus, the above mentioned all the essentials were made out and thereby the accused committed an offence punishable U/Sec.138 Negotiable Instruments Act.

On the other hand, the accused has set out defences that the complainant has no capacity to lend an amount of Rs.3,00,000/- to the accused, the accused has no necessity to borrow the said Rs.3,00,000/- from the complainant, this court has no jurisdiction to try the case and there was no legally enforceable debt in between the complainant and the accused.

In view of said rival contentions of both parties out of the above mentioned 11 points, there is dispute only with regard to jurisdiction of this court, so also existence of legally enforceable debt in between the complainant and accused. In view of the same, the initial burden lies on the complainant to establish those two aspects.

16. With regard to jurisdiction of this court to try the matter, as the complainant presented the cheque in Andhra Pragathi Grameena Bank for encashment in Nellore and the same was returned as dishonored within the limits of this court, as such this court is having jurisdiction to try the matter.

As per section 142(2) Negotiable Instruments Act, the complaint must be filed in the court where the payee’s Bank branch is located. Hence this court is having jurisdiction to try this matter.

In **Jai Balaji Industries Limited Vs. M/s. HEG Limited, 2025 INSC 1362** the Hon’ble Supreme Court of India, gave a significant clarification and settled the conflict with regard to territorial jurisdiction.

As per the judgment of the Hon’ble Supreme Court of India, where the payee's Bank is located, the court existed therein is having jurisdiction to try the matter. In view of the same, in the present in hand as the payee's bank i.e., Andhra Pragathi Grameena Bank, Main Branch, Nellore is located within the jurisdiction of this court, hence this court is having jurisdiction to try this matter.

17. When it comes to the existence of legally enforceable debt in between the complainant and the accused in connection with Ex.P1 cheque, according to the complainant, the accused has borrowed Rs.3,00,000/- from him and executed a promissory note in favour of the complainant and towards the debt under the said promissory note, the accused has issued Ex.P1/cheque to the complainant and thereby the accused has issued Ex.P1/cheque in connection with discharge of a legally enforceable debt.

Further, the complainant taken another plea by stating that he has filed a suit vide OS.No.413 of 2017 on the file of Principal Senior Civil Judge's Court, Nellore on the basis of said promissory note and the suit was decreed in his favour and thereby the complainant has established about the existence of a legally enforceable debt in between them, the accused did not challenge the said decree before the appellate court and thereby the said decree attains finality and through the said decree, the complainant has established the existence of legally enforceable debt in between himself and the accused and as the accused has issued Ex.P1/Cheque to the complainant in connection with the debt under Ex.P2 promissory note, the initial burden has discharged by the complainant to prove the existence of legally enforceable debt.

On the other hand, the accused by admitting about passing of a decree in favour of the complainant herein, in OS 413 of 2017 on the file of Principal Senior Civil Judge's court on 06.05.2023 and he did not opt for any appeal against said decree till date, he has taken a plea that the Hon'ble Senior Civil Judge's Court did not consider his evidence and the documents produced by him i.e., Exs.D1 to D3, on the ground that the accused herein failed to take such pleas in his pleadings in the suit so that a decree was passed and the said decree cannot be taken into consideration in the present case.

18. Further, according to the accused, from 01.08.2016 to 01.11.2016, he was in judicial custody in connection with Cr.No.117 of 2016 of Podalakuru Police Station, so there is no scope to him to execute Ex.P2 promissory note in favour of the complainant, Ex.P2 promissory note is only a created one by forging the signatures of the accused and thereby there was no legally enforceable debt in between the complainant and accused, in the absence of Ex.P2 Promissory note.

During trial, the accused entered into the witness box as DW1, and he got marked Exs.D1 to D3 i.e., certified copy of the remand report in Cr.No.117/2016 of Podalakuru PS dated 01.08.2016 and certified copy of sureties acceptance memo dated 01.11.2016 and copy of bail order dated 01.11.2016, on the file of Hon'ble VII Addl. District and Sessions Judge, Gudur.

As seen from the said Exs.D1 to D3, it appears that one Narapareddy Srinivasulu Reddy @ Napireddy shown as A1 in Cr.No..117 of 2016 of Podalakuru Police Station and he was produced before the AJMFC, Gudur along with three other accused in the said crime and the said Srinivasulu Reddy remanded to judicial custody on 01.08.2016 as per the remand order. Ex.D2 the solvency bonds discloses that the sureties were accepted on 01.11.2016 by the court for the said Srinivasulu Reddy, the first accused in Cr.No.117 of 2016 of Podalakuru PS and Ex.D3 is the bail order passed by the Hon'ble VII Addl. District and Sessions Judge, Gudur in Crl.M.P.No.1155 of 2016 in Cr.No.117 of 2016 of Podalakuru PS on 01.11.2016. From Exs.D1 to D3 the accused herein could able to establish that one N.Srinivasulu Reddy @ Napireddy was in judicial custody from 01.08.2016 to 01.11.2016. Herein, the thing has to be considered by this court whether the said Narapareddy Srinivasulu Reddy @ Napi reddy/A1 in Cr.No.117 of 2016 of Podalakuru PS and the said documents Ex.D1 to D3 are pertaining to the present accused or not?

As per the complainant, the name of the accused in the remand report and the solvencies produced before the court under Ex.D2 does not belongs to the present accused and they are belongs to one of the cousin of the accused who is also having the same name, Exs.D1 to D3 are only created for the purpose of this case and claiming them as they belongs to him. As the complainant raised the said contention it is the bounden duty of the accused to produce some cogent, reliable and strong material evidence before the court with his photo identity proof to say that Ex.D1 to D3 only refers to him but not elseone.

Admittedly, the accused did not lodge any criminal case against the complainant herein and one Naga Raja Venkata Naga Sathish Kumar for filing this false case by using the cheque which allegedly given by the accused to the said Naga Raja Venkata Naga Sathish Kumar. If really, there is no legally enforceable debt in between the accused and the complainant, Ex.P2 is a created document, the accused might have taken steps against the said Sathish kumar and PW1 for creation of Ex.P2 promissory note and for misusing of cheque which issued by the accused allegedly to the said Sathish kumar. No such steps were taken by the accused admittedly in this case.

Moreover, as per the chief of accused, he has some monetary transactions with the said Naga Raja Venkata Naga Sathish kumar, he has given unfilled and signed cheque and promissory note to the said Sathish kumar, the said Sathish kumar and complainant herein were colluded and they filled up the promissory note and cheque in the name of the complainant and filed false cases against the accused, even though there is no debt in between the complainant and accused. On one hand the accused taken a plea of issuance of empty signed promissory note and cheque to one Venkata Sathish kumar and on the other hand, during cross examination of PW1, it was suggested to PW1 that on seeing the signature on Ex.P1 cheque the complainant has created Ex.P2 promissory note by forging the signature of the accused. Which categorically denied by PW1. Thus, the accused has taken inconsistent and self-contradictory pleas in connection with his signature on Ex.P2 promissory note.

The complainant filed copy of judgment in OS 413 of 2017 on the file of Principal Senior Civil Judge's Court, Nellore, before this court in which admittedly passed a decree in favour of the complainant herein on the basis of Ex.P2/Promissory note. If it is observed, the contents of the said judgment, the Hon'ble Senior Civil Judge, Nellore clearly mentioned that the accused herein vaguely stated in his written statement that he borrowed a sum of Rs,3,00,000/- in the year 2016 from Naga raja venkata sathish kumar and at that time the said Sathish kumar obtained a blank signed promissory note and cheque from the accused as security. Which clearly indicates that the accused herein has clearly admitted his signature and borrowing of amount Rs.3,00,000/- under Ex.P2/Promissory note whereas the contention of the accused is he had borrowed the said amount from the said Venkata Naga Sathish kumar and he gave empty signed cheque and promissory note to the said Sathish kumar. By using the same, the complainant created the present Ex.P1 and P2 in collusion with Sathish kumar.

Another significant fact in this case is Ex.D1 and D2 herein filed in the suit and got marked as Ex.B1 and B2 also but by keeping them aside, as they are beyond the pleadings of the Defendant, a decree was passed in the said suit.

In the present case in hand also, prior to filing of this complaint, the complainant has issued the statutory legal notice to the accused under Ex.P4 on 23.10.2017 and the same was served on the accused. It is not under dispute that service of Ex.P4 legal notice on the accused. Moreover, the accused has issued a reply notice dated 01.11.2017/Ex.P5 to the complainant. If it is carefully examined, the contents of the reply notice/Ex.P5 issued by the accused to the complainant nowhere the accused has taken a plea that during the alleged debt under Ex.P2 he was in judicial custody. As per the accused, he was in judicial custody from 01.08.2016 to 01.11.2016, but he has issued Ex.P5 reply notice on 01.11.2017. Which means by the date of issuance of Ex.P5, the alleged judicial custody was completed in such a case, what prevented the accused to state those facts in his reply notice and explain the circumstances that on the date of debt under Ex.P2 he was elsewhere and there is no scope to him to borrow the said amount and execute Ex.P2/promissory note to him was not explained by the accused and even there is no whisper about the said plea in Ex.P5/reply notice.

19. When the complainant disputed the physical identity of person mentioned in Ex.D1 to D3, by stating that they are no way related to accused herein, and they are related to one of the cousin of the accused who is having the same name, it has to be established by the accused.

It is settled law that the plea of alibi is a weak piece of evidence and it has to be established with a strong, cogent and reliable evidence. Upon careful examination of the remand report under Ex.D1, except remand report, no other enclosures of the said remand report was produced before this court to establish the physical identity of the accused herein, in the said crime. Moreover, the inconsistent pleas taken by the accused from O.S. 413 of 2017 on the file Principal Senior Civil Judge's Court to this court with respect to signature on Ex.P2 promissory note gives rise a strong doubt towards the case of the accused herein.

Moreover, as per Section 20 of Negotiable Instruments Act when the defendant handed over an incomplete and unfilled promissory note to the plaintiff admittedly, it amounts to giving authority to the plaintiff to fill up the said promissory note and subsequently the defendant should not deny his liability under the said promissory note for the amount mentioned there in.

20. Sec 20 of Negotiable Instruments Act speaks that where one person signs and delivers to another a paper stamped in accordance with law relating to Negotiable

Instrument Act, then in force in India and either wholly blank are having written on an incomplete Negotiable Instrument, thereby given prima facie authority to the holder there of to make or complete, as the case may be, upon it a Negotiable Instrument, for any amount specified therein and not exceeding the amount covered by the stamp, the person so signing shall be liable upon such instrument, in the capacity in which he signed on the same to any holder in due course for such amount.

21. From the above text, it is clear that Sec. 20 of Negotiable Instruments Act itself gives authority to the holder of stamped and signed instrument to fill up the blanks and to Negotiate the instruments therefore it is not necessary that the blank should be in the hand writing of the defendant and the party so signed in the instrument is bound to a holder in due course.

22. In H.S.Srinivasa Vs. Girijamma I(2007) BC their lordship held that "the person in possession of an incomplete instrument in material particulars, has the authority primafacie to fill it up and thus the executant becomes liable to pay the amount due"

23. In 1998(2) bank CCR 321 Madras in between P.Thalamalai Chetty Vs. Rathina Swamy held that "once it is admitted that the defendant has signed the promissory note his liability cannot be denied the defendant having admitted in a clear and categorically terms in his written statement and in his evidence that he signed on the promissory note the suit must have been decreed by the court below".

24. In Chidambaram Vs. P.T.Ponnuswamy 1996 BJ 338 (Madras) held that Sec.20 of Negotiable Instruments Act is itself authority to the holder of Inchoate stamped and signed instrument to fill up the blanks and to negotiate the instruments. Instruments may wholly blank or incomplete in particulars and in either case the holder has the authority to make or complete the instruments as a negotiable. Therefore it is not necessary that the blanks should be in the hand writing of the defendant.

In view of the above settled principles of law, the plea of the accused that Ex.P1 and P2 were not filled up by him and he gave empty signed one is not a valid defence.

Further, the another defence taken by the accused in this case is he has given Ex.P1 cheque to one Venkata Naga Sathish kumar but not to the complainant by using the same, the complainant filed the present false complaint against him.

As per Sec 118 (g) of Negotiable Instruments Act, every holder of a negotiable instrument (like a cheque, promissory note, or bill of exchange) is presumed to be a **"holder in due course"**. This means they are presumed to have paid valuable consideration for it, obtained it in good faith, and taken it before maturity. The burden of proving otherwise falls entirely on the defendant. Since, this is a **rebuttable presumption**, the opposing party can challenge it by presenting solid evidence that casts suspicion on the holder's title, such as proving the instrument was obtained through fraud or unlawful means

As seen from text, u/sec 118(g) of Negotiable Instruments Act, it is very much clear that the holder of a negotiable instrument, shall be the holder in due course. Unless and until the contrary is proved. In the present case in hand, the complainant is the holder of the Ex.P1/ cheque. Accused is not disputing his signature on Ex.P1/cheque and it is not the case of the accused the said cheque was went into the hands of the complainant by way of theft or fraud, etc., as mentioned in Sec 118(g) of the Negotiable Instruments Act. In such a case, the plea of the accused that he has given the Ex.P1/ Cheque to Venkata Naga Sathish kumar cannot be considered and it shall be presumed that the complainant is the holder in due course of Ex.P1/cheque.

The complainant able to establish the debt under Ex.P2 in O.S.413 of 2017, and the said decree which passed in favour of the complainant attains finality and it was not under challenge admittedly. The plea of alibi taken by the accused by disputing execution of Ex.P2 was not proved by the accused. In these circumstances, this court holds that the complainant able to establish the existence of legally enforceable debt in between the complainant and accused under EX.P2 and the complainant clearly mentioned in his complaint itself that accused has issued Ex.P1 cheque towards the debt under Ex.P2/promissory note. In these circumstances, this court holds that there was a legally enforceable debt in between the complainant and accused and towards discharge of the said debt only the accused has issued Ex.P2/cheque to the complainant. Thus the complainant able to establish all the essentials mentioned above, to prove an offence under section 138 Negotiable Instruments Act against the accused.

25. Now the onus shifts on to the accused to rebut the presumption under section 139 of NI Act but as mentioned above, the accused failed to rebut the same by his own evidence and from the contents of Ex.D1 to D3, or from the cross examination of PW1, and the identity of accused under Ex.D1 to D3 is under clouds. In these circumstances, in view of foregoing discussion, and settled legal principles, this court holds that the complainant proved the guilt of the accused beyond reasonable doubt for the offence punishable u/sec 138 r/w 142 Negotiable Instruments Act.

IN THE RESULT, the accused is **found guilty** for the offence punishable U/Sec.138 and 142 Negotiable Instrument Act and accordingly, the accused is convicted U/Sec 255 (2) Criminal Procedure Code.

Typed to my dictation by the Stenographer Grade-III, corrected and pronounced by me in Open Court, this the 15th Day of July, 2026.

Sd/- B.V.Sulochana Rani,
V Addl. Judicial Magistrate of I Class,
Nellore.

In view of the nature of the offence, this Court found that there are no grounds to invoke provisions of Probation of Offenders Act or Section 360 of Criminal Procedure Code.

When questioned the accused about the quantum of sentence to be imposed for the offence punishable Under section 138 of Negotiable Instruments Act accused submitted that he underwent heart surgery.

However, having considering the submissions made by the accused, as he found guilty for the offence punishable U/Sec.138 Negotiable Instrument Act and he is convicted U/Sec.255(2) Cr.P.C. by taking lenient view while imposing sentence.

The accused is sentenced to undergo simple imprisonment for a period of **one year** and further the accused is directed to pay a fine of **Rs.7,00,000/- (Rupees Seven Lakhs only)** failing which the accused is shall undergo simple imprisonment for a period of six months. **Out of said Rs. 7,00,000/- (Rupees Seven Lakhs only) fine amount, the complainant is entitled to get compensation Rs.6,00,000/- (Rupees Six Lakhs only)** U/Sec.357(3) Cr.P.C after expiry of the appeal period.

The accused informed about his right to prefer appeal against the Judgment and sentence. This Court asked the accused whether he is having means to engage an Advocate at Appellate Court and he informed that he is having means to engage a counsel at Appellate Court.

Typed to my dictation by the Stenographer Grade-III, corrected and pronounced by me in Open Court, this the 15th Day of July, 2026.

Sd/- B.V.Sulochana Rani,
V Addl. Judicial Magistrate of I Class
Nellore.

APPENDIX OF EVIDENCE
Witnesses Examined on behalf of Complainant

Prosecution Witness Number	Name of Witness	Description
Pw1	K.Ramana Reddy	Complainant

Witnesses Examined on behalf of Accused

Defence Witness Number	Name of Witness	Description
01	Narapareddy Srinivasulu Reddy	Accused

Exhibits marked on behalf of Complainant

Exhibit Number	Description of the Exhibit	Proved by/ Attested by
Ex.P1	Cheque bearing No.593265, dated 12.08.2017 for Rs.3,50,000/- drawn on State Bank of India, Indukurupeta branch.	Pw1
Ex.P2	Promissory note dated 12.08.2016 executed by accused in favour of Pw1 for Rs.3,00,000/-.	Pw1
Ex.P3	Cheque Return memo dated 12.10.2017 issued by Andhra Pragathi Grameena Bank, Nellore Branch.	Pw1
Ex.P4	Office copy of legal notice, dated 23.10.2017 along with postal receipt.	Pw1
Ex.P5	Reply notice, dated 01.11.2017.	Pw1
Ex.P6	Served postal acknowledgment	Pw1

Exhibits marked on behalf of Accused

Exhibit Number	Description of the Exhibit	Proved by/ Attested by
Ex.D1	Certified copy of Remand report of the accused dated 01.08.2016.	DW1
Ex.D2	Certified copy of Sureties acceptance memo dated 01.11.2016.	DW1
Ex.D3	Xerox copy of the bail order dated 01.11.2026, on the file of VII Addl.District and Sessions Judge, Gudur.	DW1

Material Objects

Material object Number	Description of the Object	Proved by/ Attested by
- NIL -		

Sd/- B.V.Sulochana Rani,
V Addl. Judicial Magistrate of I Class
Nellore.

// True Copy //
Sd/- B.V.Sulochana Rani,
V Addl.Judl. Magistrate of I Class, Nellore.