

IN THE I ADDITIONAL CITY CIVIL & SESSIONS (TADA) COURT, CHENNAI

**Present: Tmt. R.K.P. Tamilarasi, M.L.,
IV Additional Sessions Judge,
I Additional Sessions Court (TADA), (FAC)**

Thursday, the 4th day of June 2026.

Criminal Appeal No.1398 of 2025

CNR.No.TNCH01-027332-2025

against

C.C.No.323 of 2020

From which court the appeal is preferred : The learned XXXVII Metropolitan Magistrate, Fast Track Court-IV, George Town, Chennai-1.

Name and description of the Appellant /Accused : Mr.R.Vijayakumar,
AG-2, Plot No.19 & 20,
Rajarathinam Nagar,
Ullagaram,
Chennai - 600 091.

Name and description of the Respondent / Complainant : Mr.M.Palaniappan,
S/o.R.Muthiah,
No.13, Abirami Nagar 3rd Street,
Thirunindravoor,
Tamil Nadu - 602 024.

To what offence the Trial Court passed the order : U/s.138 of Negotiable Instruments Act.

Judgment passed by the Trial Court : The Accused is found guilty u/s.255(2) of Cr.P.C., for the offence punishable under Sections 138 Negotiable Instruments Act, convicted and sentenced to undergo 3 months Simple Imprisonment and to pay the cheque amount of Rs.4,00,000/- as

compensation u/s.357(3) of Cr.P.C., to the complainant; in default, the accused shall undergo one month simple Imprisonment.

Judgment passed by this Court : In the result, this Criminal Appeal is allowed and the Judgment of conviction and sentence passed on 03.11.2025 by the learned Metropolitan Magistrate, FTC-IV, George Town, Chennai, in C.C.No.323/2020, is hereby set aside, in view of the fact that the offence under Section 138 of Negotiable Instruments Act, has been compounded by the parties u/s.147 of Negotiable Instruments Act, and consequently the appellant/accused is hereby acquitted from the charge levelled against him.

The Respondent/Complainant is permitted to withdraw the amount of Rs.80,000/-(Rupees Eighty Thousand only), which was already deposited by appellant/accused on 20.01.2026, before the Metropolitan Magistrate, FTC-IV, George Town, Chennai, in C.C.No.323/2020 by way of filing a payment out petition. The bail bond if any executed by this appellant/accused is ordered to be forfeited.

Date of filing of appeal : 19.11.2025
Date of taking on the file : 24.11.2025
Date of arguments heard : 01.06.2026
Date of judgment : 04.06.2026

This Criminal Appeal came up on 01.06.2026 for final hearing before this Court in the presence of M/s.S.Sathiskumar and Kamaraj, counsel appearing for appellant/accused and of M/s.M.Arvind Kumar, A.Jyothi Rani, Harish Babu J., Chidhambaram S., counsel for the respondent/complainant, upon perusing the trial court Judgment and relevant records, mediation report along with Joint Compromise Memo and a petition filed u/s.147 of N.I.Act, has been compounded by both the parties and upon hearing both side arguments and having stood over for consideration till this day, this Court delivered the following:

JUDGMENT

01. This Criminal Appeal has been filed by the Appellant/Accused to set aside the Judgment of conviction passed by the Learned Metropolitan Magistrate, Fast Track Court-IV, George Town, Chennai, in C.C.No.323 of 2020 on 03.11.2025 under Section 415 (3)(a) of BNSS, 2023.

02. This Court being the first Appellate Court, it is the duty of this Court to appraise or reappraise the evidence adduced by the parties before the Trial Court. The Hon'ble Supreme Court has settled that the first Appellate Court is duty bound to frame points arise in the appeal and addressed to all the points with cogent reasons.

03. The averments found in the complaint filed by the respondent/complainant under Section 138 Negotiable Instrument Act R/W Section 200 of Cr.P.C. are as follows:

That on 17.11.2017 the accused had borrowed a sum of Rs.3,75,000/- by way of cash from the complainant and promised to repay the same together with interest @ 24% per annum on demand and the accused had executed a Promissory note in favour of the complainant. The accused was the colleague of the complainant's wife and as such got acquainted with the complainant. After repeated demands, the accused had issued two cheques bearings No.00028 dated 02.11.2019 and cheque bearing No.00027 dated 13.11.2019 for Rs.2,00,000/- each, totalling a sum of Rs.4,00,000/- towards part of his liability together with interest and the complainant had presented the said cheque on 14.11.2019 and the same were returned as "Funds Insufficient" on 15.11.2019. On 07.12.2019, the complainant issued legal notice to the accused calling upon the accused to repay the said cheque amount to the complainant within 15 days as per u/s.138 of N.I. Act and the same was received by the accused on 09.12.2019 but the accused had not repaid the said cheque amount to the complainant. So, the complainant has filed this complaint against the accused before this court.

04. On perusal of entire records, there is prima facie case made out as against the accused u/s.138 of N.I Act. This Court has taken cognizance of the said offence against the accused and issued summon to the accused. On appearance of accused, this Court has furnished the copies to the accused and explained about the substance of accusation for an offence u/s.138 of N.I Act to the accused u/s.251 of Cr.P.C and the accused has pleaded not guilty and tried the case. Based on the above proceedings, this court has directed to produce the complainant side witnesses.

05. Before the trial court, on the side of the complainant, the complainant was examined as PW1. Ex.P1 to Ex.P8 documents were marked and on the side of the defense, the accused was examined as DW1 and Ex.D1 was marked. On appearance of accused, this Court has read over and explained about the incriminating evidence u/s.313(1)(b) of Cr.P.C to the accused and he denied as false evidence.

06. After full trial, the Metropolitan Magistrate/Trial Judge found that the accused is found guilty for the offence u/s.138 of N.I.Act and convicted u/s.255 (2) of Cr.P.C., and sentenced to undergo three months Simple Imprisonment and to pay a sum of Rs.4,00,000/- towards cheque amount as compensation u/s.357(3) of Cr.P.C., to the complainant, in default the accused shall undergo Simple Imprisonment for a period of one month. The Appellant counsel filed a memo stating that, the appellant/accused already deposited 20% compensation amount of Rs.80,000/- before the Trial Court and the same was recorded.

07. Aggrieved by the conviction and sentence of the learned Metropolitan Magistrate, the unsuccessful accused has preferred this criminal appeal and has raised many grounds. **The grounds made in the appeal** are as follows:

1) That the trial court had failed to appreciate the evidence from a proper perspective and had arrived at an erroneous conclusion.

2) That the trial court had not properly appreciated the fact that the appellant was employed along with the respondent's wife and the appellant repaid the entire borrowed amount to the bank account of the respondent's wife and she also assured the appellant that she would return the cheques and the promissory note which had been given by the appellant as security.

3) The respondent did not mention in his legal notice that the alleged hand loan was extended through his wife. The transaction reflecting such repayment is evidenced by the bank passbook marked as Ex.D1.

4) In the light of the respondent's admission regarding his lack of knowledge concerning the transactions between the appellant and the respondent's wife, it is inconceivable as to how the respondent could have extended a handloan to the appellant.

5) That the trial court passed an order without appreciating the arguments, deposition and documents marked on the side of the appellant. Therefore, this appellant/accused prayed to set aside the conviction and sentence passed on 03.11.2025 by the Trial Court in C.C.No.323/2020.

08. Point for consideration:

Whether this case can be compounded under the provision of Section 147 of Negotiable Instruments Act in the appellate stage and whether the accused is entitled for acquittal are the points arose for consideration?

09. This appeal has been filed before the learned Principal Judge, Chennai and after taking cognizance of the case, the same has been made over to this Court for disposal in accordance with law. During the pendency of this case, this matter was referred to mediation. Before Mediation, both parties have amicably settled all their disputes and this appellant/accused has paid entire cheque amount to the satisfaction of the Respondent/Complainant. Mediation report along with Settlement Agreement produced before this Court.

10. The learned counsel appearing for the Appellant/Accused and the Respondent/Complainant stated that, they have amicably settled their dispute before Mediation and in view of the settlement, both the parties jointly filed a petition u/s.147 of N.I. Act, for compounding the offence u/s.138 of N.I. Act., before this Court and the same was allowed.

11. As per above said petition, both the parties are amicably settled their disputes and differences through Settlement Agreement dated 25.03.2026. The terms of Settlement has been arrived between the parties in the following manner.

(a) As per the settlement The appellant/accused agreed to pay a total sum of Rs.2,00,000/- to the respondent/complainant in full and final settlement of the dispute.

(b) The appellant/accused has already paid a sum of Rs.60,000/- on 08.04.2026 as first instalment and a further sum of Rs.60,000/- on 15.05.2026 as second instalment, total amount paid Rs.1,20,000/-.

(c) The balance amount of Rs.80,000/- is available in court deposit. The respondent/complainant agrees to receive the said amount as the final balance payable under the settlement.

(d) The appellant/accused hereby gives his consent and no objection for permitting the respondent/complainant to withdraw the said sum of Rs.80,000/- from court disposit.

(e) On receipt of the said balance deposit amount, the respondent/complainant acknowledges that the entire settlement amount of Rs.2,00,000/- stands satisfied in full

(c)The respondent/complainant also agrees that he has no objection for withdrawing the deposited amount of Rs.80,000/- lying in the Metropolitan Magistrate, FTC-IV, George Town, Chennai vide by signing this agreement, the parties hereto that they have no further claims or demands against each other with respect to CrI.A.No.1398/2025.

12. As such, it shall be presumed that the appellant and the respondent had mutually settled their compensation amount and thereby they have compounded the offence as per the provision of Section **147 of Negotiable Instruments Act which reads as follows:-**

“Offences to be compoundable- Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under this Act shall be compoundable”

13. Whether the case can be compounded in the appeal stage is the question to be decided. In a case law in *Anil Kumar Haritwal and Another Vs. Alka Gupta and Another reported in 2004 Criminal Law Journal 3853 (SC)*, the Hon’ble Supreme Court has held as follows:-

“The prayer of the parties seeking to settle the dispute and praying for setting aside the conviction and sentence should be allowed. This appeal setting aside the conviction and sentence imposed on the appellants in the interest of justice in view of the fact that the dispute is settled between the parties and Section 147 of the Negotiable Instruments Act permits compounding of the offence”.

14. The above said conduct of the parties herein, would clearly attract the intention of the legislatures in enacting the provision of Section 147 of the Negotiable Instruments Act. When the offence is a compoundable one and when the parties to the appeal had settled their dispute in an amicable manner, it is the duty of the Court to see that, the parties herein shall leave the Court in a peaceful mind and for which, the Court has to pass a suitable order to meet the ends of justice. Since the parties to the appeal had settled their dispute and keeping in view of the spirit of Section 147 of Negotiable Instruments Act, it is necessary for this Court to allow the appellant and the respondent to compound the offence and to set aside the Judgment of conviction passed on 03.11.2025 by the learned Metropolitan Magistrate, FTC-IV, George Town, Chennai, in C.C.No.323/2020.

15. On perusal of mediation report along with settlement agreement and a petition filed u/s.147 of N.I.Act, it came to know that, this Criminal Appeal settled as full and final settlement amount of Rs.2,00,000/-, as the appellant paid a sum of Rs.60,000/- on 08.04.2026 and Rs.60,000/- paid on 15.05.2026 and agreed to withdraw a sum of Rs.80,000/- lying in the concerned Magistrate Court. Further, this Appellant/Accused's counsel filed a memo stating that, the appellant/accused already deposited 20% compensation amount of Rs.80,000/- before the Trial Court and the same was recorded. Hence, the learned Metropolitan Magistrate is directed to permit the Respondent/Complainant to withdraw the sum of Rs.80,000/-(Rupees Eighty Thousand only) by way of filing necessary application, which was already deposited by the Appellant/Accused before the Trial Court. Considering the above stated circumstances and in the interest of justice, this Court finds that, this Criminal Appeal is allowed and the appellant/accused is acquitted from the charge levelled against him and the points are decided accordingly.

In the result, this Criminal Appeal is allowed and the Judgment of conviction and sentence passed on 03.11.2025 by the learned Metropolitan Magistrate, FTC-IV, George Town, Chennai, in C.C.No.323/2020, is hereby set aside, in view of the fact that the offence under Section 138 of Negotiable Instruments Act, has been compounded by the parties u/s.147 of Negotiable Instruments Act, and consequently the appellant/accused is hereby acquitted from the charge levelled against him.

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This Judgment has been dictated by me to the Steno-typist, directly and computerized by her, corrected and pronounced by me in the open Court on this Thursday, the 4th day of June 2026.

IV Additional Sessions Judge,
I Additional Court (TADA),
City Civil Court, Chennai, (FAC)

Copy to:

The learned XXXVII Metropolitan Magistrate,
FTC No.IV, George Town, Chennai.
(with Trial Court records)

**Draft/Fair/Copy Judgment
in
Crl. Appeal No.1398 of 2025
Dated: 04.06.2026
I Additional
Sessions Court (TADA),
Chennai.**