TNVR020011612025

Judgement Reserved on : 04.07.2026
Judgement Pronounced on : 10.07.2026

**IN THE COURT OF THE JUDICIAL MAGISTRATE,**
**FAST TRACK COURT, SRIVILLIPUTTUR.**

**Present: Thiru. R. Sundara Kamesh Marthandan, M.L.,**
Judicial Magistrate, Fast Track Court, Srivilliputtur.

Friday, on the 10th day of July 2026

**S.T.C. No. 226 of 2025**

Sri Gokulam Chit & Finance Company Pvt. Ltd.,
Represented by its Power Agent G.Mohana ...Complainant

-vs-

Krishnaveni ... Accused

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| 1. | S.T.C.No. 226 of 2025 | |
| 2. | Offence | Under Section 138 of Negotiable Instrument Act |
| Description of the Accused | | |
| 3. | Name | Krishnaveni |
| 4. | Accused's Husband's name | Chandrasekar |
| 5. | Occupation | Business |
| 6. | Address | Door No.266, Padanthal Road, Sankreshwari Complex, Sattur-626 203, Virudhunagar District. |
| 7. | Age | 35/2026 |
| Date of | | |
| 8. | Occurrence | 04.03.2025 |

<table>
<tr><td>9.</td><td>Complaint</td><td>02.04.2025</td></tr>
<tr><td>10.</td><td>Apprehension</td><td>Nil</td></tr>
<tr><td>11.</td><td>Released on Bail</td><td>Not Applicable</td></tr>
<tr><td>12.</td><td>Commitment</td><td>Not Applicable</td></tr>
<tr><td>13.</td><td>Commencement of Trial</td><td>01.12.2025</td></tr>
<tr><td>14.</td><td>Closure of Trial</td><td>19.06.2026</td></tr>
<tr><td>15.</td><td>Sentence or Order</td><td>Acquittal</td></tr>
<tr><td>16.</td><td>Service of Copy of Judgement or Finding on Accused</td><td>No</td></tr>
<tr><td>17.</td><td>Period of Remand of the Accused</td><td>Nil</td></tr>
<tr><td>18.</td><td>Date of Filing of the Final Report/ Complaint</td><td>02.04.2025 (Complaint)</td></tr>
<tr><td>19.</td><td>Date of Questioning under Sections 240, 246 & 251 Cr.P.C.</td><td>18.06.2025</td></tr>
<tr><td>20.</td><td>Miscellaneous Petitions and their Results</td><td>M.P.No.11 of 2026 in Power Petition was allowed on 16.02.2026</td></tr>
<tr><td>21.</td><td>Date of Examination in Chief and Cross:</td><td><table><tr><td>P.W's</td><td>Chief</td><td>Cross</td></tr><tr><td>PW1</td><td>01.12.2025</td><td>Nil</td></tr><tr><td>D.W’s</td><td>Chief</td><td>Cross</td></tr><tr><td>Nil</td><td>Nil</td><td>Nil</td></tr></table></td></tr>
<tr><td>22.</td><td>Date of Examination of Accused under Section 351 BNSS</td><td>12.06.2026</td></tr>
<tr><td>23.</td><td>Details of Abscondence of Accused and his Appearance/ Production</td><td>Nil</td></tr>
<tr><td>24.</td><td>Grant of Stay by Superior Court and the results thereof.</td><td>Nil</td></tr>
<tr><td>25.</td><td colspan="2">Explanation of Delay</td></tr>
<tr><td></td><td colspan="2">The above Complaint was filed on 02.04.2025 on the file of this Court. The Affidavit filed, along with the Complaint was treated as Sworn and Cognizance of</td></tr>
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| | the offence was taken on 05.04.2025 and numbered as S.T.C. No. 226 of 2025 and summons was issued to the Accused. The Accused entered Appearance. Upon appearance of Accused and Upon furnishing copies to the Accused, Preliminary Questioning was done on 18.06.2025. PW1 was examined in Chief on 01.12.2025 and not Cross Examined. The Accused was Questioned under Section 351 Bharatiya Nagarik Suraksha Sanhita, 2023. The Accused had not let in any Oral and Documentary Evidence. Thereafter upon perusal of material Records, the Judgement is pronounced today. |

This Case came up before this Court on 04.07.2026, in the presence of Advocates M/s. V.Senthilmurugan, S.Murugan & M.Ajithkumar, for the Complainant, Advocates M/s. S.Ganesh Kumar & M.Arun Nehru, for the Accused. Upon perusing the case records and stood over for consideration, till date, this Court delivers the following:

**JUDGEMENT**

1. The Complainant had filed the above Complaint under Section 223 of Bharatiya Nagarik Suraksha Sanhita, 2023 Read with Section 142 of Negotiable Instruments Act, for offence punishable under Section 138 of Negotiable Instruments Act, seeking to take the Case on file and issue summons to the Accused and Punish the Accused and to award a sum of Rs.1,96,016/- (Rupees One Lakh and Ninety Six Thousand and Sixteen Only) being the sum total of the Cheque Amount of Rs. 1,86,016/- (Rupees One Lakh and Eighty Six Thousand and Sixteen Only) and Cost of the Complaint being Rs.10,000/-

(Rupees Ten Thousand Only) as Compensation, to the Complainant, under Section 395 of Bharatiya Nagarik Suraksha Sanhita, 2023.

2. The Complainant had stated that the Complainant is a Registered Company and Properly functioning for more than thirty years. In the Complainant Company, the Accused had joined a monthly Chit of Rs.2,00,000/- (Rupees Two Lakhs Only), The Chit period is from 02.11.2018 to 02.06.2020. The Chit bears Ticket No/Group No. G2F/2067/TRY/07. The Accused had took the Chit on 05.03.2019. The amount received by the Accused is Rs.1,48,800/- (Rupees One Lakhs and Fourty Eight Thousand and Eight Hundred Only). Having taken the Chit amount, till date, the Accused had not paid the Chit installments properly and had been Cheating the Complainant Company. Till 02.12.2024, the balance due, payable by the Accused to the Complainant's Company came out to Rs. 1,86,016/- (Rupees One Lakh and Eighty Six Thousand and Sixteen Only).

3. When the Complainant Company, demanded the said due, the Accused issued the Cheque dated 28.01.2025 bearing No. 381848, drawn on Tamilnad Mercantile Bank, Sattur Branch for Rs. 1,86,016/- (Rupees One Lakhs Eighty Six Thousand and Sixteen Only) On 29.01.2025, the Complainant had presented the said Cheque in Axis Bank, Srivilliputhur Branch. The same got returned dishonoured on 30.01.2025 with endorsement “Funds Insufficient”. The Accused had borrowed money from the Complainant's Company and not repaid it and had issued Cheque, as if he has balance in

his account. On 17.02.2025, the Complainant issued Legal Notice calling upon the Accused to pay the Cheque amount. The Accused had received the notice on 19.02.2025. Till date, the Accused had not paid the Cheque amount, hence the Accused had committed Offence punishable under Section 138 of Negotiable Instruments Act.

4. Upon taking the Affidavit, filed along with the Complaint, as Sworn Statement, Cognizance of Offence under Section 138 of Negotiable Instrument Act 1881 was taken and the case was taken on file and summons was issued to the Accused. Upon the appearance of Accused, copy of Complaint was furnished. Preliminary Questioning was done. As the Accused denied the accusation, the Complainant's Power Agent Mr. K.Vigneshwaran was examined as PW1 and exhibited Ex.P1 to Ex.P6. The Accused had not let in any Oral or Documentary Evidence.

5. The Point for consideration is whether the Complainant had proved the accusation, made against the Accused, beyond all reasonable doubts?

6. Ex.P1 is the True Copy of the General Power of Attorney dated 28.10.2022 issued by Complainant, through it's Managing Director Mr. G.Baiju in favour of PW1. The Complainant, relied on the Judgement of the Hon'ble Kerala High Court in M/s. Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- P.R. Balakrishnan reported in 2025 (1) DCR 320, and argued that the Complainant Company, had given authorization to it's employee. He also relied on the Judgement of the Hon'ble Madras High Court in M/s. Sree Gokulam Chits & Finance Co. (P) Ltd. -vs- M.Jayakumar reported in 2022(3) DCR

759, wherein it was held that the Authorisation Letter Marked as Ex. P1, is substantially sufficient to sustain the Private Complaint, by a registered Company. By relying on those judgements, the Complainant argued that the Complaint filed through Complainant's employee is proper. In M/s.Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- P.R. Balakrishnan, the resolution passed by the Complainant was exhibited as Ex.P8 and Power of Attorney was marked as Ex.P9. The Hon'ble Kerala High Court had held that the Power of Attorney, filed in that Case was not executed before a Notary Public and Authenticated, as required under Section 85 of the Indian Evidence Act. In the case on hand, no such resolution was exhibited by the Complainant, before this Court. Though Ex. P1 Power of Attorney is Notarized, there is no Authentication. In that Citation, the Hon'ble Kerala High Court had held as follows: "16……………….. *Ex. P9 Power of Attorney is liable to be accepted, being officer of the Company authorized by board resolution dated 14.09.2000, PW1 was empowered to file the Complaint and to give evidence*". As such, the said M/s. Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- P.R. Balakrishnan citation, is factually distinct, from the facts of this Case. Further in that citation, it was held that Power of Attorney cannot be accepted for want of proper execution and authentication.

7. Regarding filing of Complaint, through Power of Attorney, in the Full Bench Judgement, the Hon'ble Supreme Court in, A.C. Narayan -vs- State of Maharashtra, reported in 2014 (11) SCC 790, had held as follows:- "33. *While holding that there is no*

*serious conflict between the decisions in MMTC (supra) and Janki Vashdeo Bhojwani (supra), we clarify the position and answer the questions in the following manner:*

*33.1.Filing of complaint petition under Section 138 of N.I Act through power of attorney is perfectly legal and competent.*

*33.2. The Power of Attorney holder can depose and verify on oath before the Court in order to prove the contents of the complaint. However, the power of attorney holder must have witnessed the transaction as an agent of the payee/holder in due course or possess due knowledge regarding the said transactions.*

*33.3. It is required by the complainant to make specific assertion as to the knowledge of the power of attorney holder in the said transaction explicitly in the complaint and the power of attorney holder who has no knowledge regarding the transactions cannot be examined as a witness in the case.*

*33.4. In the light of section 145 of N.I Act, it is open to the Magistrate to rely upon the verification in the form of affidavit filed by the complainant in support of the complaint under Section 138 of the N.I Act and the Magistrate is neither mandatorily obliged to call upon the complainant to remain present before the Court, nor to examine the complainant of his witness upon oath for taking the decision whether or not to issue process on the complaint under Section 138 of the N.I. Act.*

*33.5. The functions under the general power of attorney cannot be delegated to another person without specific clause permitting the same in the power of attorney.*

*Nevertheless, the general power of attorney itself can be cancelled and be given to another person*"

8. Further in TRL Krosaki Refractories Ltd. -vs- SMS Asia Pvt. Ltd and another reported in 2022(7) SCC Page 612, Full Bench of the Hon'ble Supreme Court had held as follows:- "*17. In that view, the position that would emerge is that when a company is the payee of the cheque based on which a complaint is filed under Section 138 of N.I. Act, the complainant necessarily should be the Company which would be represented by an employee who is authorized. Primafacie, in such a situation the indication in the complaint and the sworn statement (either orally or by affidavit) to the effect that the complainant (Company) is represented by an authorized person who has knowledge, would be sufficient. The employment of the terms "specific assertion as to the knowledge of the power of attorney holder" and such assertion about knowledge should be "said explicitly" as stated in A.C. Narayanan (supra) cannot be understood to mean that the assertion should be in any particular manner, much less only in the manner understood by the accused in the case. All that is necessary is to demonstrate before the learned Magistrate that the complaint filed is in the name of the "payee" and if the person who is prosecuting the complaint is different from the payee, the authorisation therefor and that the contents of the complaint are within his knowledge. When, the complainant/payee is a company, an authorized employee can represent the company. Such averment and prima facie material is sufficient for the learned Magistrate to take*

*cognizance and issue process. If at all, there is any serious dispute with regard to the person prosecuting the complaint not being authorized or if it is to be demonstrated that the person who filed the complaint has no knowledge of the transaction and, as such that person could not have instituted and prosecuted the complaint, it would be open for the accused to dispute the position and establish the same during the course of the trial* ……….."

9. The legal requirement, for PW1, to prosecute and depose on behalf of the Complainant is that, he should demonstrate that he has knowledge of the transaction and, as such he could institute and prosecute the complaint. In Ex. P1, it is mentioned that PW1, was then working as Assistant Manager Business, in the Complainant Company's Rajapalayam Branch. In his Proof Affidavit, he had deposed as if, he is working as Assistant Manager, without mentioning the Branch.

10. The other requisite condition is whether PW1 has Personal Knowledge, regarding the Transaction, between the Complainant and the Accused. The same, could be ascertained from the Pleadings and Evidence adduced, before this Court. In the Complaint, the Complainant had not Pleaded as if, PW1 has any personal knowledge, regarding the Transaction, in between the Complainant and the Accused. As such, the necessary condition envisaged in Paragraph 33.3. of the Judgement in A.C. Narayan -vs- State of Maharashtra, reported in 2014 (11) SCC 790 i.e. to make specific assertion as to the knowledge of the power of attorney holder in the said transaction explicitly in the

complaint, is not made in Complaint, in the Present case. However as held by the Hon'ble Supreme Court in TRL Krosaki Refractories Ltd. -vs- SMS Asia Pvt. Ltd and another reported in 2022(7) SCC Page 612, Since the Complainant/payee is a company, an authorized employee can represent the company, provided, he is aware of the case facts.

11. Even then, the Requisite Condition envisaged in Paragraph 33. 2 & second part of Paragraph 33.3 of the Judgement in A.C. Narayan -vs- State of Maharashtra, reported in 2014 (11) SCC 790 i.e. the power of attorney holder should have witnessed the transaction as an agent of the Payee/holder, in due course or possess due knowledge regarding the transaction. Without knowledge regarding the transaction, the Power of Attorney, cannot be examined as a witness, in a case. In the Complaint, the PW1 had signed it, by stating as the Power Agent of the Complainant Company. In the Complaint, there is no pleadings as if, PW1 is the employee of the Complainant Company. In the Proof Affidavit, PW1 had stated that he is the Assistant Manager, without mentioning the Branch and had also deposed that he is aware of the Case Facts, based on records. The very statement, reveals the fact that PW1, do not have any direct knowledge regarding the Transactions in between the Complainant and the Accused.

12. Further in M/s. M.M.T.C. Ltd. –vs- M/s. Medchil Chemicals & Pharma P.Ltd. & another, reported in 2002 (1) SCC 234, the Hon'ble Supreme Court had held as follows:- "11. *This Court has, as far back as, in the case of Vishwa Mitter -vs-*

*O.P.Paddar, reported in (1983) 4 SCC 701, held that it is clear that anyone can set the criminal law in motion, by filing a complaint of facts, constituting an offence, before a Magistrate, entitled to take cognizance. It has been held that no court can decline to take cognizance on the sole ground that the complainant was not competent to file the complaint. It has been held that if any special statute prescribes offences and makes any special provision for taking cognizance of such offences under the statute, then the complainant requesting the Magistrate to take cognizance of the offence must satisfy the eligibility criterion prescribed by the statute. In the present case, the only eligibility criteria prescribed by Section 142 is that the complaint must be by the payee or the holder in due course. This criteria is satisfied as the complaint is in the name and on behalf of the appellant Company.*

*12. In the case of Associated Cement Co. Ltd. -vs- Keshvanand reported in (1998) 1 SCC 687, it has been held by this Court that the complainant has to be a corporeal person who is capable of making a physical appearance in the court. It has been held that if a complaint is made in the name of a incorporeal person (like a company or corporation) it is necessary that a natural person represents such juristic person in the court. It is held that the court looks upon the natural person to be the complainant for all practical purposes. It is held that when the complainant is a body corporate it is the de jure complainant, and it must necessarily associate a human being as de facto complaint to represent the former in court proceedings. It has further been held that no Magistrate* *shall insist that the particular person, whose statement was taken on oath at the first instance, alone can continue to represent the company till the end of the proceedings. It has been held that there may be occasions when different persons can represent the company. It has been held that it is open to the de jure complainant company to seek permission of the court for sending any other person to represent the company in the court. Thus, even presuming, that initially there was no authority, still the Company can, at any stage, rectify that defect. At a subsequent stage the Company can send a person who is competent to represent the company. The complaints could thus not have been quashed on this ground".*

13. Since, the Complainant is an Incorporeal Person, having Perpetual Succession, it's Directors, employees and all persons incharge of it's day to day affairs and Management, could not be expected to be associated with the Company forever. As such, the requisite condition mentioned in Paragraph 33.2 and in Second Part of Paragraph 33.3 in A.C. Narayan -vs- State of Maharashtra, reported in 2014 (11) SCC 790, as elaborated by the Hon'ble Supreme Court, in TRL Krosaki Refractories Ltd. -vs- SMS Asia Pvt. Ltd and another reported in 2022(7) SCC Page 612, When, the Complainant/Payee is a company, it's authorized employee can represent it. If the Accused disputes that the person prosecuting the complaint as, not authorized or as that, he has no knowledge of the transaction, it would be open for the accused to dispute the position and establish the same during the course of the trial.

14. In the case on hand, the Ex. P1 Power of Attorney has been duly executed by the Managing Director Mr. G.Baiju and Notarized. In Ex. P1, it has been recited as if, PW1 was authorized as the Complainant's Lawful Power of Attorney for and on behalf of the Company, by a Resolution passed by the Board of Directors meeting held on 01.10.2022. However, the said Resolution or it's Attested Copy was not exhibited before this Court. Since, in Ex. P1, the authorization, stated to have been given to PW1, was by the Board Resolution dated 01.10.2022, the same would be the Primary Evidence. In Order to Prove Ex. P1, the Complainant has to first prove the said Board Resolution dated 01.10.2022, as required under Section 104 of the Indian Evidence Act, which reads as follows: "*The burden of proving any fact necessary to be proved in order to enable any person to give evidence of any other fact is on the Person who wishes to give such evidence*". Hence without producing the Board Resolution dated 01.10.2022, the Complainant cannot prove Ex. P1 Power of Attorney dated 28.10.2022, executed, by the Complainant's Managing Director, Mr. G.Baiju.

15. Ex.P2 is the Accused's Ledger extract dated 19.12.2024. The Complainant relied on Ex.P2 Ledger Extract, which has Four Sections in it, namely (1) Ledger Extract, (2) Chit Payment Details, (3) Arrears, (4) Interest Rate. The Learned Counsel for the Complainant had argued that Ex. P2 Ledger is maintained as per the Prescribed Form XIV of Tamil Nadu Chit Funds Rules, 1984, as required under Section 23 of the Chit Fund Act, 1982 and Rule 25 of the Tamilnadu Chit Funds Rules 1984. Section 23(c)

of the Chit Funds Act, 1982 stipulates that the Foreman shall maintain a ledger containing (i) the amounts paid by the subscribers in each chit and the dates of such payments; (ii) the amounts paid to the prized subscribers and the dates of such payments; and (iii) in the case of any deposit in an approved bank mentioned in the chit agreement, the date and the amount of such deposit. Rule 25(2) of the Tamilnadu Chit Funds Rules 1984, stipulates that the Foreman shall maintain Ledger in Form XIV.

16. Form XIV under Rule 25(2) of the Tamilnadu Chit Funds Rules 1984, has two Sections i.e. Section-I 'Receipt and Payments in respect of Subscriber', Section-II Deposit and Withdrawal Account, of the Foreman. In Column Number 9 of Form XIV, the General Number in Day Book has to be entered, in Column Number 10 & 11 of Form XIV, the signature of subscriber and foreman, has to be obtained. However in Ex. P2, there is no such Columns as stipulated in Form XIV is found. In Ex. P2, the signature of the Subscriber and Foreman, were not found. Ex. P2 do not contains two Sections, as per Form XIV, rather, it contains, Four Sections as discussed above. In Ex. P2, atop, the Chit Payment details dated 05.03.2019 has been mentioned. Below that, the Arrears details is mentioned. Below that, the Collection Details is mentioned, Below that Interest Details had been mentioned. Hence, Ex.P2 document is not the Ledger, as required to be maintained, in consonance with Section 23 of the Chit Fund Act 1982 and Rule 25 of the Tamil Nadu Chit Funds Rules 1984.

17. The transactions said to have taken, place between the Parties are arranged in Ex. P2, not as per Chronology of Events. The same reveals that Ex. P2 is not the Book of Accounts, regularly kept in the Course of business of the Complainant's Company, to be considered as relevant under Section 34 of Indian Evidence Act. Ex. P2 document, is a printout taken, from the Computer. The same is accompanied with a Certificate dated 30.04.2019. The same is not Proper Certificate as required under Section 63(4) of The Bharatiya Sakshya Adhiniyam 2023(Section 65B of the Indian Evidence Act). In Ex. P2, under the Caption 'Arrears', it is mentioned as Rs.86,400/- (Rupees Eighty Six Thousand and Four Hundred Only). In the Complaint, the Complainant had pleaded that the Prize money, was given to the Accused on 05.03.2019.

18. The Pleadings in the Complaint regarding the drawal of Chit is extracted, "மேற்படி மாத சீட்டில் எதிரி கடந்த 05.03.2019 ம் தேதியன்று சீட்டு எடுத்துள்ளார். எதிரி எடுத்த சீட்டின் தொகை ரூ.1,48,800/– (ரூபாய் ஒன்று லட்சத்து நாற்பத்தி எட்டாயிரத்து எண்ணூறு மட்டும்) ஆகும்". In Ex. P2, Cash Payment details, the date of Cheque has been mentioned as 26.02.2019 and the release date has been mentioned as 05.03.2019. According to the above extracted pleadings, the draw was conducted by the Complainant on 05.03.2019. However as per Ex.P2 Ledger Extract, the Cheque, in which, the Prize amount is said to have been disbursed, to the Accused is dated 26.02.2019 i.e. Seven days, prior to the draw. The same creates doubts, as to whether,

there was any proper draw of Chit, as required under Section 16 of the Chit Funds Act, 1982.

19. Ex.P3 is the Cheque dated 28.01.2025 bearing No. 381848 drawn on Accused’s Bank, Savings Account bearing No. 132100050314368, Tamilnadu Mercantile Bank Ltd, Sattur Branch, for Rs. 1,86,016/- (Rupees One Lakh Eighty Six Thousand and Sixteen Only), in favour of the Complainant. PW1 had further deposed that in Ex.P2 Ledger Extract, the date of last collection is mentioned as 02.08.2022.

20. The Learned Counsel for the Complainant relied on the Judgement of the Hon'ble Delhi High Court in Ramesh Goyal -vs- State and others reported in 2017 (2) DCR 660, wherein, it is held that, if Blank Cheque Theory is contended by the Accused, then he has the burden, to justify it, by cogent reasons. The Complainant's Case is that the Complainant gave the Prize amount to the Accused on 05.03.2019 and the last payment said to have been made by the Accused to the Complainant is dated 02.08.2022. Ex.P3 Cheque is dated 28.01.2025.

21. Section 31 of Chit Funds Act, mandates that while giving Prize money, the Foreman shall receive security. While giving Rs.1,48,800/- (Rupees One Lakh and Fourty Eight Thousand and Eight Hundred Only), the Liability of the Accused towards the Complainant, could not have been crystalized as Rs. 1,86,016/- (Rupees One Lakhs Eighty Six Thousand and Sixteen Only) . The said amount, could not have been, the money payable by the Accused to the Complainant as on 05.03.2029. Hence the

probability, is that Ex.P3 Cheque had been received by the Complainant, as Blank Cheque, from the Accused, without mentioning the date and amount. Hence in view of the discussions this Court holds that the Accused had Ex.P3 Cheque was drawn by him as blank Cheque.

22. The Hon'ble Madras High Court in it's Judgement dated 05.06.2025 made in Crl. A. No. 449 of 2011 in M/s. Sree Gokulam Chits and Finance Company Private Ltd. -vs- V.Guru, wherein the Hon'ble High Court had upheld the Acquittal, passed on the Ground that the Complainant's case that the Cheque was given Eight Years, after the due date is not believable. The Hon'ble Madras High Court in it's Judgement dated 03.03.2015 made in Crl. A. No. 990 of 2006 in M/s. Sree Gokulam Chits and Finance Company Private Ltd. -vs- A.P.Kumar, wherein the Hon'ble High Court had upheld the Acquittal, passed on the Ground that the Chit Transaction was completed on 24.09.1999 and that there was no transaction thereafter and that the Complainant's case that the Cheque was given on 31.01.2024 is not proved.

23. The Complainant relied on the Judgement of the Hon'ble Himachal Pradesh High Court in Dinesh Chopra -vs- Ranjan Chopra reported in 2019 (3) DCR 221 and argued that mere denial of existence of legally enforceable debt by Accused does not fulfill legal requirement of rebuttal. He also relied on M/s.Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- S.M.Senthilkumar reported in 2018 (3) DCR 299. In that citation, the Cheque amount is 90,600/- the Chit amount bid and drawn by the Accused was

Rs.32,500/- (Rupees Thirty Two Thousand Onl), after deduction of Rs.17,500/- (Rupees Seventeen Thousand and Five Hundred Only). The Hon'ble High Court by relying on Section 139 of Negotiable Instruments Act in favour of the Complainant and by finding that that, no contrary evidence was let in, disputing the fact that the Accused had drawn the Cheque, had set aside the Acquittal.

24. The Learned Counsel for the Complainant also relied on the Judgement of the Hon'ble Kerala High Court in T.K.Mathai -vs- M/s. Sree Gokulam Chit & Finance Co. (P) Ltd. reported in 2021 (1) DCR 385 and argued that the burden to rebut the presumption, is on the Accused. He also relied on the Judgement of the Hon'ble Kerala High Court in P.K. Uthuppu -vs- N.J. Varghese reported in 2023 (3) DCR 625 and argued that issuing blank signed Cheque is admitted, the same, by itself is not sufficient to prove that the Cheque was issued towards security. He also relied on the Judgement of the Hon'ble Punjab and Haryana High Court in Kuldeep Singh -vs- State of Punjab and Another reported in 2022 (1) DCR 692 and argued that Cheque is a security Cheque and the same is an integral part of commercial purposes, for discharging the liability of the drawer.

25. The Complainant, relied on the Judgement of the Hon'ble Supreme Court of India in Sampelly Satyanarayana Rao -vs- Indian Renewable Energy Development Agency Limited reported in 2016 Supreme (SC) 730 and argued that if, on the date of the Cheque, liability or debt exists or the amount has become legally recoverable, then

Section 138 of Negotiable Instruments Act will apply. The facts in that Case, though Cheque was issued towards Security, however it was stated by the Complainant, as towards installment of Loan repayment. The Hon’ble Supreme Court had held, that as the Cheque Amount, is the Legally Payable Debt, as on the date of Presentation, Section 138 of Negotiable Instruments Act is attracted.

26. The Complainant relied on the Judgement of the Hon'ble Kerala High Court in Beena D -vs- Sanjeev Keyan & Others reported in 2022 (1) DCR 713 and argued that once execution of Cheque is admitted, then non-mentioning date and it’s Place of it’s Execution have no relevance. He also relied on the order dated 08.04.2021 made in Crl.A. No.519 of 2011 on the Hon'ble Kerala High Court in M/s. Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- Padmakumar S. reported in AIR Online 2021 KER 369 and argued that the Accused had admitted the Chit transaction and that Section 21 (1) (c) of Chit Funds Act, the foreman is entitled to claim interest and penalties on default amount.

27. In the Judgement dated 23.07.2024 made in Crl.A.No.592 of 2013 in M/s. Sree Gokulam Chits -vs- Jayanth Kumar, the Hon'ble High Court of Madras had held that since the Accused had not issued notice to the Complainant or not lodged any Police Complaint stating that the Cheques were issued by him, while joining the Chit Fund were misused, his contention in Defence is not Acceptable. In the Judgement dated 13.02.2024 made in Crl.A.371 of 2020, in M/s. Sree Gokulam Chit & Finance Co. -vs- P.Murugesan, the Hon’ble Madras High Court had held that the presumption under

Section 139 of Negotiable Instruments Act, is not rebutted and that the Ledger extract was computer generated one.

28. The Learned Counsel for the Complainant relied on the Judgement of the Hon'ble Supreme Court of India in M/s. Kalamani Tex & Another -vs- P.Balasubramanian reported in 2021 (1) DCR 625 wherein the Hon’ble Supreme Court had held that since signature in Cheque was admitted and presumption raised upon Accused, was not sufficiently rebutted by Accused. In that case, the Hon’ble Supreme Court had held that in view of the admitted business relationship between the Parties, the defence raised by the Accused, had not inspired the Confidence or had not met the Standard of Preponderance of Probability. In Bindhu A.V. -vs- M/s.Sree Gokulam Chit & Finance Co. (P) Ltd. reported in 2021 (2) DCR 84, the Hon’ble Kerala High Court had held that the Arbitration Proceedings as well as proceedings under Negotiable Instruments Act, could be conducted and continued simultaneously. In the Case on hand the Complainant had not stated, as if, it had initiated any Arbitration Proceedings. As such, the said citation do not apply to the facts, of this Case.

29. In M/s. Francis Klein & Co. Private Ltd. -vs- The State of West Bengal and Others reported in 2022 (2) DCR 374, the Complainant’s evidence was admitted, without any objection. Hence it is not necessary to prove its contents. The Learned Counsel had also argued that the admission of document in evidence without objection is fatal to the defence case and there is no reason to relegate the validity of the

document, could not be proved. As discussed above, for a Computer Print Out takenon 19.12.2024, the Certificate dated 30.04.2019 is enclosed. The same is not Proper. With Such Improper Certificate, it cannot be said that the Mandatory requirements under Chit Funds Act 1982 and Section 65(B) of the Indian Evidence Act, had been Complied with. Statutory requirements have to be fulfilled, legally, the Certificate enclosed with Ex. P2 Statement, should have been on the date of Ex. P2 Statement Print Out or Subsequently and not earlier. Moreover this Court has duty to examine, whether such Statutory Requirements are Complied with.

30. The Hon'ble Madras High Court in it's Judgement dated 03.06.2024, in M/s. Sree Gokulam Chit & Finance Co. (P) Ltd. -vs- M.Rajkumar, in Crl. Appeal Nos. 473, 481, 482, 485 of 2024 and 305 of 2021 and Crl.O.P. Nos. 9792, 10557, 10628 of 2024, 25233 of 2023, Crl.M.P.No. 2904 of 2024 in Crl.A. SR.No. 7517 of 2024, wherein the Hon'ble Madrash High Court had held that, in order to seek recourse under Section 138 of Negotiable Instruments Act, the Complainant has to Place the requisite details like the Statement of Account, the details of the payments made, the default amount and establish that there is a debt which requires to be honoured and had not granted leave to appeal, to the Appellant to Prefer appeal, against the Judgement of Acquittal.

31. With regard to Hon'ble High Court Judgement dated 03.06.2024 in Crl. Appeal Nos. 473, 481, 482, 485 of 2024 and 305 of 2021 and Crl.O.P. Nos. 9792, 10557, 10628 of 2024, 25233 of 2023, Crl.M.P.No. 2904 of 2024 in Crl.A. SR.No. 7517 of

2024, the Complainant had argued that the said Judgment was challenged, by the Complainant herein, before the Hon'ble Supreme Court in SLP Crl. No.17006 of 2024 and SLP No. 18267 of 2024, the Hon'ble Supreme Court by it's Order dated 10.02.2025, had by recording the liberty granted by the Hon'ble Madras High Court, had permitted the Complainant herein, to initiate proceedings within Thirty days.

32. Paragraph 34 of the Hon'ble Madras High Court Judgement dated 03.06.2024 is extracted:- *"34. For the reasons aforesaid, the impugned orders passed by the respective courts in the petitions does not deserve interference and the same stands affirmed. However, liberty is granted to the appellant to provide all the details, such as statement of account, the payment and receipt details with regard to the chit amounts, the defaulted amounts and also materials to establish that the Cheques, which were dishonoured were given for the purpose of discharging the said debt, which is legally enforceable, then there would be no impediment, for the Courts below to look into the issue u/s 138 of the Act."*

33. The order of the Hon'ble Supreme Court dated 10.02.2025 made in SLP Crl No.18267 of 2024 is extracted, *"3. In view of the liberty granted to the petitioner(s) to initiate fresh proceedings, as evident from paragraph No.34 of the impugned judgement, we do not find any reason to grant special Leave to Appeals.*

*4. As such, the present special leave petitions are disposed of.*

*5. Learned counsel for the petitioner(s) states that if such proceedings have not already been initiated, they shall be initiate within thirty days".* From the Hon'ble Supreme Court order, it could be seen that the Leave to Appeal, as sought for, by the Complainant/Appellant was not granted. The direction, given by the Hon'ble Madras High in Paragraph 34, as extracted above, is affirmed, by the Hon'ble Supreme Court.

34. The Complainant herein is the Appellant, before the Hon'ble Madras High Court and Hon'ble Supreme Court. As such the said direction issued to the Appellant therein, who is the Complainant herein, binds him i.e. the Complainant is bound to produce the relevant documents, while prosecuting case under Section 138 of the Negotiable Instruments Act, 1881. However the Complainant had not come forward to produce documents, to show that the Cheque amount is the legally payable debt by the Accused to the Complainant.

35. Since the Complainant had filed the above Complaint, stating that the Cheque amount is Legally Payable Debt, being default in payment of Chit Subscription Amount as well as Interest, it had became necessary to ascertain whether the mandatory requirements, under the Chit Funds Act 1982 are complied with. Section 4 of the Chit Funds Act, 1982 Mandates, Previous Sanction of the Chit. Further such Sanction obtained, will lapse, if it is not registered within Twelve months. The Form of Chit Agreement, is envisaged in Section 6 of the Chit Funds Act 1982. Section 6 of the Chit Funds Act 1982, postulates that the Chit Agreement shall contain the Full Name and

Residential Address of every subscriber, the number of the tickets, including the fraction of a ticket held by each subscriber, the number of installments, the amount payable for each ticket at every installment and the interest or penalty, if any, payable on any default in the payment of such installments, the probable date of commencement and the duration of the Chit, the manner of ascertaining the Prized subscriber, at each installments, the maximum amount of discount, which the prized subscriber has to forego, at any installment, the mode and proportion, in which the discount is distributable, by way of dividend, Foreman's commission or remuneration or expenses for running the chit, as the case may be, the date, time and place, at which the chit is to be drawn, the installment, at which the foreman is to get the chit amount, the name of the approved bank, in which chit moneys, shall be deposited by the foreman, under the provisions of this Act, where the foreman is an individual, the manner in which a chit shall be continued, when such individual dies or becomes of unsound mind or is otherwise incapacitated the consequences to which a non-prized or prized subscriber or the foreman shall be liable in case of violation of any of the provisions of the chit agreement, the conditions under which, a subscriber, shall be treated as a defaulting subscriber, the nature and particulars of the security, to be offered by the foreman, the dates on which and time, during which, the foreman shall, subject to the provisions contained in section 44, allow inspection of chit records, to non prized and unpaid prized subscribers, the names of the nominees of each subscriber, that is to say, the name of the persons to whom the benefits accruing to the subscriber under the chit may be paid in the case of the death of the subscriber or when he is otherwise incapable of making an agreement. Explanation to Section 6 of the Chit Funds Act 1982, stipulates that it shall be sufficient, if the signature of each subscriber, is obtained in Separate copies of the Agreement.

36. The Complainant had not Produced the said Chit Agreement, before this Court, inspite of specific direction by this Court. Hence this Court infers that producing such document, will be adversarial to the Complainant's case. Section 7 of the Chit Funds Act 1982, stipulates that Chit Agreement has to be filed before the Registrar, for Registration. Section 10 of the Chit Funds Act 1982, stipulates that the copy of the Chit Agreement Certificate has to be furnished to every subscriber, not later then the date of first draw. The foreman is also required to file the Compliance Report, before the Registrar, within fifteen days, after the close of the month, in which draw for the first installment, of the Chit is hold. Section 16 of the Chit Funds Act 1982, stipulates that the Chit shall be held on the date and the time and place mentioned in the Chit Agreement. The draw shall be conducted in accordance with the provisions of the Chit Agreement, in the presence of atleast two subscribers. Section 17 of the Chit Funds Act 1982, stipulates that the Minutes of the Draw, shall be prepared and entered in a book, immediately after the closure of the Draw and signed by the Foreman and the Prized subscriber and atleast two other Subscribers, who are present.

37. Section 31 of the Chit Funds Act, 1982, stipulates that every Prized subscriber shall, if he has not offered to deduct the amount of all future subscriptions from the Prize amount, due to him, furnish and the Foreman shall take, sufficient security, for the due payment for all future subscription and if the foreman is a Prized subscriber, he shall give security for the due payment of all the future subscription to the satisfaction of the Registrar. Section 31 of the Act, makes it mandatory for both the subscriber as well as foreman, to furnish security and to take sufficient security, respectfully.

38. Chit is a contract, between the subscribers and the foreman. Since, monies of larger number of subscribers are being dealt with, by the Foreman, in order to ensure fairness in dealing with Public Money, the Chit Funds Act, 1982 has been enacted and Tamilnad Chit Funds Rules 1984 was framed. As discussed above Sanction for Conducting Chit business and Registering the Chit Agreement are Mandatory. In cases where the Mandatory Requirements under the Chit Funds Act, 1982, are not Complied with and the Party at default, is permitted to enforce it's Right, the same would defeat the Provisions of the Chit Funds Act, 1982. At this juncture, it would be appropriate to extract Section 23 of the Indian Contract Act, 1872:- " *What considerations and objects are lawful, and what not. The consideration or object of an agreement is lawful, unless —*

*it is forbidden by law; or*

*is of such a nature that, if permitted, it would defeat the provisions of any law; or* *is fraudulent ; or*

*involves or implies, injury to the person or property of another; or*

*the Court regards it as immoral, or opposed to public policy.*

*In each of these cases, the consideration or object of an agreement is said to be unlawful. Every agreement of which the object or consideration is unlawful is void*".

39. In B. Sunitha -vs- State of Telangana & another reported in 2018(1) SCC Page 638, the Hon'ble Supreme Court had held as follows:- "*19. In view of the above, the claim of the respondent advocate being against public policy and being an act of professional misconduct, proceedings in the complaint filed by him have to be held to be abuse of the process of law and have to be quashed*". The Hon'ble Supreme Court had held that an Advocate Charging Fee at Percentage Basis on the Outcome of the Case, is not only Professional Misconduct, but also against Public Policy and such Contract is void contract, under Section 23 of the Indian Contract Act, 1872. Similarly in the case on hand, the non-registration of Chit Agreement, as required under Section 6 of the Chit Funds Act, 1982 is also a Void Agreement. The Non-Registration is also Punishable under Section 76 of the Chit Funds Act, 1984. In view of the fact that the Complainant claimed to have conducted Chit Business, whether the Mandatory Requirements under the Chits Funds Act, 1982, is considered, by this Court, to see whether the amount mentioned in Ex.P3 Cheque, is a legally payable debt or other liability of the drawer towards the Payee i.e. the Accused towards the Complainant.

40. According to the Complainant, the Cheque amount namely Rs. 1,86,016/- (Rupees One Lakh and Eighty Six Thousand and Sixteen Only) is the balance subscription, payable by the Accused to the Complainant. Since the money paid by the Complainant to the Accused was only Rs.1,48,800/- (Rupees One Lakh and Fourty Eight Thousand and Eight Hundred Only) and that the Accused had repaid Rs. 1,01,100/- (Rupees One Lakh and One Thousand and One Hundred Only), the balance payable by the Accused to the Complainant could not be Rs. 1,86,016/- (Rupees One Lakh and Eighty Six Thousand and Sixteen Only). It is Ordinary Mathematic Calculation, to hold that the Cheque Amount is not the difference between the Money paid by the Complainant to the Accused and the Money Repaid by the Accused to the Complainant. The Complainant had claimed money, over and above the Difference Amount. In Ex. P2, the Complainant had mentioned about Interest.

41. As per Section 6(1) (c) of the Chit Funds Act, the rate of Interest has to be agreed between the Foreman and the Subscriber. In the case on hand, the Complainant had not come up with any Agreement to state that the Accused had agreed to pay the rate of Interest. Without any agreement, the Complainant cannot claim any interest from the Accused. In Dashrathbhai Trikambhai Patel –vs- Hitesh Mahendrabhai Patel & another reported in 2023(1) SCC (Cri), the Hon'ble Supreme Court had held that "*34.1. For the Commission of an Offence under Section 138, the Cheque that is dishonoured must represent a legally enforceable debt on the date of maturity or presentation*". When the

Accused had disputed the Complainant's claim for the Cheque Amount and Ex. P2 Ledger Extract is found inadmissible in Evidence, the Complainant has the burden to prove that the Complainant is entitled for the Cheque Amount, as on the date of Presentation of Ex. P3 Cheque, as held by the Hon'ble Supreme Court, in the Citation referred above. When there is no agreement, between the Parties, the Complainant is not entitled to Claim interest. In view of the discussions made above, this Court holds that the transaction between the Complainant and Accused is Void as per Sections 23 of the Indian Contract Act, 1872 and that the Complainant is not entitled for the Cheque Amount, for want of Registered Chit Agreement. Hence this Court holds that the Accused is not guilty.

In the result, the Accused is found not guilty of Offence under Section 138 of Negotiable Instruments Act, 1881, for dishonour of Ex. P3 Cheque and a Judgement of Acquittal is passed under Section 255(1) of Code of Criminal Procedure.

Dictated to the Typist, Directly Typed by her, in Computer corrected and pronounced by me in Open Court this, the 10th day of July 2026.

Judicial Magistrate, Fast Track Court
Srivilliputtur.

**Complainant Side Witnesses**:
1. PW1 - K. Vigneswaran

**Complainant Side Documents:**

| | | |
|---|---|---|
| Ex. P1 | 28.10.2022 | General Power of Attorney issued by Complainant to the PW1 |
| Ex. P2 | 19.12.2024 & 30.04.2019 | Accused's Ledger Extract with 65-B Certificate |
| Ex. P3 | 28.01.2025 | Cheque dated bearing No.381848 drawn on Tamilnad Mercantile Bank Ltd, Sattur Branch for Rs.1,86,016/- (Rupees One Lakh and Eighty Six Thousand and Sixteen Only), in favour of the Complainant |
| Ex. P4 | 30.01.2025 | Return Memo issued by the Complainant bank |
| Ex. P5 | 17.02.2025 | Legal Notice along with Postal Receipt |
| Ex. P6 | 19.02.2025 | Acknowledgement Card |

**Defence Side Witnesses & Documents** :- Nil

SUNDARA KAMESH MARTHANDAN

Digitally signed by SUNDARA KAMESH MARTHANDAN
Date: 2026.07.10 19:03:52 +0530

Judicial Magistrate, Fast Track Court
Srivilliputtur.