

BEFORE THE XIX ADDITIONAL CITY CIVIL COURT, CHENNAI**Present: Thiru.R.Rajkumar, M.A., M.L, XIX Additional Judge****Dated this 19th day of September 2025, Friday****Criminal Appeal No.186/2024****CNR.NO.TNCH01-009831-2024**

From which court this appeal is preferred	Metropolitan Magistrate, FTC-V Saidapet, Chennai.
Case Number of that Court	STC.No:3626/2022
Name and Description of the Appellants/Accused	Jaijothi Annadurai, 47 years, S/o Annadurai, No:1/23-A, North Street, Pattadaikatti, Naduvakurichi, Sankarankoil Taluk, Tirunelveli District – 627 862.
Name and address of the Respondent/Complainant	M/s. Oracle A1 Systems Pvt. Ltd., Rep. by its Director Dr. Kancherla Pruthvinath, S/o Dr. Kancherla Ravindranath, Villa D3, Amara Anantha, No-3/620, MGR Salai (ECR), Palavakkam, Chennai - 600 041.
<i>Order passed by the Trial Court.</i>	<i>In the result, the accused is found guilty for the offence u/s 138 of N.I.Act and the accused is convicted and sentence to undergo eight months simple imprisonment u/s 255(2) of Cr.P.C. and directed to pay of Rs.44,00,000/- as compensation u/s 357(3) Cr.P.C. in default of payment accused shall undergo three months simple imprisonment.</i>
Findings in the Appellate Court Whether modified, confirmed or Reversed and if modified, the Modification	<i>In the result, this Criminal Appeal stands dismissed and consequently the judgment of conviction and sentence passed by the learned Metropolitan Magistrate, Fast</i>

	<i>Track Court at Magistrate Level-V, Saidapet, Chennai in STC.No:3626/2022 dt:31-01-2024 is hereby confirmed. The trial court is further directed to secure the appellant for due execution of sentence awarded in the case.</i>
Date of presentation of appeal	04-03-2024
Appeal taken on file	11-03-2024
Date of Final Hearing	01-08-2025
Date of Judgment	19-09-2025

This criminal appeal having stood over for consideration on the file of this court till this date finally came up before me on 01-08-2025 in the presence of M/s.Haritha, K.Ashok Kumar and R.Shanmugapriyan, learned counsels for appellant and M/s.M.Palanivel, I.Periaswamy, T. Suriya, M. Nithish Kumar and M.Ebenezer, learned counsel for respondent and upon perusing documents, evidence, judgment and hearing the arguments of both sides this court today doth deliver the following:

J U D G M E N T

This Criminal Appeal has been preferred impugning the judgment of conviction in STC.No:3626/2022 dt:31-01-2024 on the file of learned Metropolitan Magistrate, FTC-V, Saidapet, Chennai.

1.1 The brief averments of complaint filed u/s 138 of Negotiable Instrument Act :-

1.1 The accused entered into an Investment Agreement with the complainant dt:16-03-2021 at Chennai and the accused is described as Facilitator or Investor or the Party of the Second Part. The accused a sole proprietor, agreed to venture into the business of the complainant and invested

Rs.50,00,00,000/- by way of share capital in the form of equity participation in the venture and policy of complainant company. The accused agreed to protect the complainant company in the event of any misfortune in availing the investment in compensating the complainant by issuing a counter security by way of an instrument being the cheque issued from the accused proprietorship company M/s Sathya Selam Traders (Account No.915020001870717) bearing cheque No.067541 for Rs.44,00,000/- drawn on Axis bank Ltd., Palayamkottai Town Branch, Thiripura Arcade, Tirunelveli-627 002.

1.2 The accused was paid Swift Wire Charges of Rs.44,00,000/- by the complainant. The accused sent a letter dt:16-07-2021 stating that accused decided to terminate the agreement contending that in the absence of the performance of the contract within the stipulated time that is on or before 20-05-2021 owing to sudden lock down by the Government of Tamil Nadu and cancellation of flights to UAE (Dubai) and acknowledging receipt of Rs.44,00,000/- towards Swift Wire Charges, the accused agreed to refund the said Rs.44,00,000/- to the complainant.

1.3 The accused unequivocally agreed to settle the agreement and agreed to compensate the complainant by honouring the counter cheques as per clause 4(c) of the said Agreement being issued by the Accused proprietorship company M/s. Sathya Selvam Traders (Account NO.915020001870717) vide cheque No.067541 for Rs.44,00,000/- drawn on Axis Bank Ltd., Palayamkottai Town

Branch, Thiripura Arcade, Tirunelveli-627 002. The accused undertook a promise that the above Cheque will be hounoured on 21-08-2021. As per letter dt:16-07-2021 that was executed at Chennai the accused have unilaterally incorporated many clauses pertaining to the original agreement. Since the accused requested the complainant not to present the above cheque on 21-08-2021 and to present the same on 15-09-2021, the complainant sent one communication dt:09-09-2021 to accused confirming the same. The complainant presented the said cheque through its bankers, M/s.Axis Bank, Thiruvannmiyur branch on 23-09-2021 and the same was returned for the reason "Funds Insufficient" on the same day. The complainant has sent a Legal Notice dated 08-10-2021, and accused received the notice on 18-10-2021 but not complied the same. The cheque was issued to discharge the liability payable to the complainant. Hence, the complaint.

2. The examination of witnesses and marking documents:

2.1 Before trial court, the complainant was examined as PW.1 and Ex.P1 to Ex.P9 marked. On the defence side, neither examined witness nor marked documents.

3.The written arguments notes filed by both parties:

3.1 The written arguments notes filed by appellant and respondent recorded on 29-08-2025.

4. The following points arises for consideration in this appeal:

(i) Whether the presumption drawn by trial court u/s 139 NI Act in favour of the

respondent is sustainable or not.

(ii) The appellant has not rebutted the presumption drawn in favour of respondent by acceptable evidence is sustainable or not.

(iii) Whether the judgment of the trial court warranted any interference from this court.

Point No: (i) Whether presumption drawn by trial court u/s 139 NI Act in favour of the respondent is sustainable or not.

5.1 In the case on hand, it is the case of respondent that as per the Investment Agreement dt:16-03-2021 entered into with the appellant, the respondent has paid Rs.44,00,000/- towards Swift Wire Charges whereas the appellant failed to perform his part of contract and terminated the agreement owing to lock down and cancellation of flights to UAE (Dubai). Thereafter, the appellant agreed to refund the amount of Rs.44,00,000/- paid by the respondent and subsequently, issued proprietorship company M/s. Sathya Selvam Traders (Account No.915020001870717) vide cheque No.067541 for Rs.44,00,000/- drawn on Axis Bank Ltd., Palayamkottai Town Branch, Thiripura Arcade, Tirunelveli-627 002 in favour of the respondent. When the cheque was presented through his bankers M/s.Axis Bank, Thiruvannamiyur branch on 23-09-2021, the same was returned for the reason "Funds Insufficient" on the same day which prompted the respondent to file the cheque bouncing case under NI Act after issuance of statutory notice before the trial court which ended in conviction of the appellant.

5.2 In the case on hand, the appellant has admitted his signature in the cheque marked as Ex.P3 and issuance of cheque also. The respondent has filed

the Board Resolution, Investment Agreement, Termination Letter issued by the appellant, intimation letter, letter sent by the appellant in support of his case which were respectively marked as Ex.P1, P2, P4, P5 and P6. The above documents were also not disputed by the appellant. It is the case of the appellant that cheque (Ex.P3) was issued as blank and not for repayment of legally enforceable debt and the same was rightly rejected by learned trial court.

5.3 In cheque bouncing cases, simply because the appellant has admitted the signature in the cheque and the cheque was dishonoured, court is not expected to arrive at conclusion that appellant has committed an offence u/s 138 of NI Act. Concisely put, the respondent/complainant has to discharge the initial burden following the evidentiary principle of beyond any reasonable doubt that there is legally enforceable debt existed between the appellant and respondent and only afterwards presumption could be drawn u/s 139 and 118 of NI Act in favour of complainant. In the case on hand, respondent has clinchingly discharged his initial burden by filing Ex.P1 to P9. The Investment Agreement (Ex.P2) filed by the respondent is the base document for the Ex.P3 cheque as rightly concluded by the learned trial court. This being so, once the appellant admitted his signature in the cheque and respondent has proved his initial burden by acceptable evidence and cheque was drawn by appellant in his bank account and satisfied the requirements u/s 138 and 142 of NI Act, it is to be presumed u/s 20 of NI Act that appellant has given authority to the 'payee' or

‘holder in due course’ to fill up the cheque and therefore, the contention of appellant side that the cheque was misused by the respondent which was given as security for the loan is totally untenable argument and accordingly rightly rejected by the learned trial court and I do not find any infirmity over the same.

5.4 In the case on hand, it is revealed that respondent issued statutory notice to appellant under ExP8 within the limitation period and the same was received and acknowledged by the appellant and issued a reply under Ex.P9. On the point of issuance of statutory notice, the Hon’ble Supreme Court has ruled in the following decision which is extracted as follows:

NI Act – The very fact that accused had failed to reply to the statutory notice u/s 138 of NI Act leads to the inference that there was merit in the version of complainant. Rangappa (Vs) Sri Mohan SLP(CrL.) No: 1020/ 2010

In this case, applying the above ruling the learned trial court accepted the version of complaint and rightly concluded that respondent has *prima facie* proved his case beyond any reasonable doubt that appellant owes enforceable debt in favour of respondent which is fully acceptable to this court. In view of above discussions and findings, this court holds that the learned trial court has rightly drawn presumption in favour of the respondent u/s 139 of NI Act and therefore, the above point was found accordingly against the appellant.

Point No: (ii) Whether the appellant has rebutted the presumption drawn in favour of respondent by acceptable evidence is sustainable.

6.1 In cheque dishonour cases accused is entitled to establish his defence

firstly, by issuing Reply Notice to the statutory Notice. Secondly, by cross examining the witnesses produced by respondent/complainant, thirdly, by producing materials if any on his side and fourthly, by entering the witness box to dislodge the case of complainant which is only obligatory and not mandatory. In the case on hand, admittedly appellant has neither adduced oral or documentary evidence and hence, the entire case of appellant fell to the ground.

6.2 The learned counsel for the appellant contended that the respondent ought to have intimated the appellant before presenting the blank cheque which is a statutory duty and was not performed by respondent. However, I am of the considered view that no such statutory duty as prescribed in law and therefore, the above contention of the appellant is totally unsustainable and accordingly rejected. As rightly pointed by the learned trial court the appellant entered into an Investment Agreement under Ex.P2 and terminated the same under Ex.P4 and therefore, the appellant is liable to pay the legally enforcement amount of Rs.44,00,000/- to the respondent and this being so, the same was issued for collateral purpose and misused by the respondent is untenable argument and accordingly rejected. Thirdly, merely because the appellant has paid the 20% of the cheque amount of Rs.8,80,000/- as per the order of the Hon'ble High Court, Madras in Crl.O.P.No:8407/2024 by no stretch of imagination that the appellant is absolved of the offences. Concisely put, as rightly argued by learned counsel for respondent, the appellant has failed to raise a probable defence against the

initial presumption drawn in favour of the respondent neither by acceptable oral nor documentary evidence.

6.3 In the following decision, Hon'ble Supreme Court has held as follows:

Negotiable Instruments Act, 1881 – Ss. 118, 138 and 139 – Drawing of presumption under, and how said presumption can be rebutted – Standard of proof – While prosecution must establish its case beyond reasonable doubt, accused to prove a defence must only meet standard of preponderance of probabilities – Principles summarized. Basalingappa (Vs) Mudibasappa (2019) 5 SCC 418.

In the above cited case, it was clearly held that the standard of proof for the complainant is beyond reasonable doubt just like criminal trials whereas the accused is having privilege to prove his defence applying the standard of preponderance of probabilities. In the case on hand, on cumulative and threadbare appreciation of evidence on record, it is revealed that the respondent has proved his case beyond any reasonable doubt whereas appellant has completely failed to establish his defence applying the evidentiary principle of preponderance of probability and the same was rightly appreciated by the learned trial court which is fully acceptable.

6.4 In the case on hand, in the following decision our Hon'ble High Court of Madras has held as follows:

NI Act, 1881 – Ss. 118, 138 and 139 - There are certain cases in which statutory presumptions arise regarding the guilt of the accused, but the burden even in those cases is upon the prosecution to prove the existence of facts which have to be present before the presumption can be drawn - Once those facts are

shown by the prosecution to exist, the court can raise the statutory presumption and it would, in such an event, be for the accused to rebut the presumption - The onus even in such cases upon the accused is not as heavy as is normally upon the prosecution to prove the guilt of the accused - If some material is brought on the record consistent with the innocence of the accused which may reasonable be true, even though it is not positively proved to be true, the accused would be entitled to acquittal. Sampath(Vs) Rikab Chand Jain Crl.R.C.No:555/2018 dt:07-11-2022 MHC.

The above authoritative pronouncement also makes it very clear even presumption is drawn, the onus even in such cases upon the appellant/accused is not as heavy as is normally upon the prosecution to prove the guilt of the accused and if some material is brought on the record consistent with the innocence of the accused it is sufficient for his acquittal. In the case on hand, appellant has brought no substantial material or at the worst oral evidence before the court in support of his defence.

6.5 In the following decision the Hon'ble Supreme Court has held as follows:

The adjudication in civil matters is based on preponderance of probabilities whereas adjudication in criminal cases is based on the principle that the accused is presumed to be innocent and the guilt of the accused should be proved to the hilt and the proof should be beyond all reasonable doubt. Rajaram thro. LRs (Vs) Maruthachalam thro. LRs 2023 SCC Online SC 48

In the above decision, Hon'ble Supreme Court has dealt with the evidentiary principles to be followed in adjudicating the civil and criminal cases. However, it is to be borne in mind that in the cases arising under NI Act, special mode of

evidentiary principle viz, 'rebuttable presumption' is applied. To elaborate further, the outcome of the case would change during the course of trial based on the evidence let in or documents filed by rival parties. This being so, I am of the considered view that learned trial court has correctly applied the evidentiary principles and convicted the appellant which is perfectly valid and in accordance with law. Therefore, the above point is accordingly found against appellant.

Point No:(iii) Whether the judgment of trial court warranted any interference from this court.

7.1 In view of the findings rendered for the foregoing points No:(i) and (ii), it is concluded that impugned judgment of learned trial court warranted no interference from this court and the above point is answered accordingly against appellant.

In the result, this Criminal Appeal stands dismissed and consequently the judgment of conviction and sentence passed by the learned Metropolitan Magistrate, Fast Track Court at Magistrate Level-V, Saidapet, Chennai in STC.No:3626/2022 dt:31-01-2024 is hereby confirmed. The trial court is further directed to secure the appellant for due execution of sentence awarded in the case.

Dictated be me to the stenographer, directly and computerized by her, corrected and pronounced by me in open court this 19th day of September 2025.

**XIX Additional Judge,
City Civil Court, Chennai.**