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CRL R.C.No.548 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 20.11.2025

DELIVERED ON : 25.02.2026

CORAM

THE HONOURABLE MR JUSTICE M. NIRMAL KUMAR

CRL RC No. 548 of 2022

N.Narayanan
Ex-Director,
Pyramid Saimira Theatre Limited,
No.6, 1st Floor, Viswakamal,
245, R.K.Mutt Road, Mylapore,
Chennai – 600 004.

Petitioner(s)/A3

Vs

Axis Bank Limited
Rep by its Authorised Signatory,
Having Office at
1st Floor, Karumuthu Nilayam,
No.192, Annasalai,
Chennai – 600 002.

Respondent(s)/Complainant

PRAYER: Criminal Revision Case filed under Section 397 r/w 401 of Cr.P.C., praying to set aside the judgment dated 27.08.2021 passed in Crl.A.No.286 of 2019 on the file of the learned XVI Additional District and Sessions Court, Chennai, partly allowed the judgment dated 27.04.2019 passed in C.C.No.2840 of 2010 on the file of the learned Metropolitan Magistrate Court, (Fast Track Court No.2), Egmore at Allikulam, Chennai.



CRL R.C.No.548 of 2022

WEB COPY

For Petitioner : Mr.R.Sagadevan

For Respondent(s): Mr.R.Sreedhar

ORDER

The petitioner/A3 in C.C.No.2840 of 2010 was convicted by the trial Court along with two others, by judgment dated 27.04.2019 for offence under Section 138 of the Negotiable Instruments Act ('N.I. Act') and sentenced the petitioner to undergo six months simple imprisonment and directed all the accused jointly or severally to pay compensation to pay a sum of Rs.80,00,000/- as compensation, in default, to undergo further period of two weeks simple imprisonment. Aggrieved against the same, the petitioner/A3 preferred an appeal before the XVI Additional Sessions Judge, Chennai in Crl.A.No.286 of 2019. The learned Sessions Judge, by judgment dated 27.08.2021, partly allowed the appeal by modifying the simple imprisonment of six months to three months, against which, the present revision filed.

2.The complaint against the petitioner is that the respondent is a Banking Company. The first accused, M/s.Pyramad Saimira Theatre Ltd., represented by the second accused, P.S.Saminathan and petitioner as Directors of the first accused-company. The petitioner and other Director/A2,



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who are looking after the day-to-day business of the company, approached the respondent-Bank and requested to grant Cash Credit Facility to the tune of Rs.25 Crores and by way of sanctioned letters dated 04.11.2008, 13.11.2008 and 22.09.2009, the amount was sanctioned. Out of Rs.25 Crores, the petitioner's company availed the facility to the tune of Rs.12.5 Crores. Thereafter, there was no repayment and there was an overdue of Rs.13,50,15,975.54. The respondent-Bank requested to clear the over dues and the accused company issued cheque bearing No.352940 dated 29.09.2009 drawn on Corporation Bank, Mylapore Branch for a sum of Rs.40,00,000/-. When the cheque was presented for realisation on 06.10.2009, the same was returned for the reason 'Funds Insufficient'. On 15.10.2009, statutory notice issued. The petitioner and other accused neither paid the cheque amount nor sent any reply. Thereafter complaint filed.

3. During trial, on the side of the complainant, PW1 and PW2 examined and Exs.P1 to P5 marked, viz., Ex.P1-Authorisation dated 22.06.2012, Ex.P2-Cheque dated 29.09.2009, Ex.P3-Bank return memo dated 06.10.2009, Ex.P4/Statutory notice dated 15.10.2009 and Ex.P5-Reply notice dated 28.10.2009. On the side of the defence, one V.Santhanam examined as DW1 and Exs.D1 and D2 marked. On conclusion of trial, the trial Court convicted



CRL R.C.No.548 of 2022

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the petitioner and others and the Lower Appellate Court modified the sentence as stated above.

4.The contention of the learned counsel for petitioner is that A1-company was sanctioned with Cash Credit Facility for a loan amount of Rs.25 Crores and the A1-company availed loan facility only to a sum of Rs.12.5 Crores. The cheque/Ex.P2 in this case not issued by the A1-company in discharge of loan liability as claimed by the respondent-bank. Further, as on 29.09.2009, there was no liability to the petitioner and other accused to pay the cheque amount. A1-company was under a financial crisis and there was income tax issues at the relevant point of time. The Income Tax Department attached bank account of A1-company, hence, the Directors of the company were unable to answer for notice. Further, A1-company under liquidation even prior to the date of the cheque. Ex.P2 is dated 29.09.2009 and the same dishonoured on 06.10.2009, which are prior to the appointment of Official Liquidator for A1-company. For the dishonour of the cheque, it is the Official Liquidator, who ought to have been made as a party in this case.

5.The learned counsel further submitted that the petitioner is only a second signatory. A2/Swaminathan is the Managing Director, who was running the business of A1-Company and the petitioner has no role in the day-

4/16



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to-day affairs of AI-Company. Now AI-Company is under liquidation and A2 is no more. The petitioner and other accused denied the issuance of cheque for discharge of any liability. The cheque/Ex.P2 issued only for the purpose of paying processing fee for availing the balance loan from the sanctioned cash credit facility. He further referred to the order passed by this Court on 09.01.2025, which is as follows:

“1.Mr.R.Sagadevan, the learned counsel for the Revision Petitioner submits that in compliance of the order dated, 27.04.2022, an amount of Rs.6 lakhs had already been deposited before the Trial Court by way of a demand draft bearing No.754225, dated 15.06.2022 and a copy of the said demand draft is produced before this Court today and it is taken on record.

2. The learned counsel for the Revision Petitioner submits that out of Rs.40 lakhs, a sum of Rs.14 lakhs had already been paid to the Respondent in various instalments and a sum of Rs.6 lakhs had already been deposited before the Trial Court and thus, a sum of Rs.20 lakhs has been paid to the Respondent. He further submits that the Revision Petitioner is willing to pay the remaining sum of Rs.20 lakhs in two instalments and that the first instalment of Rs.10 lakhs will be paid to the Respondent on 30.01.2025 by way of a demand draft in the name of the Respondent, namely, Axis Bank Limited and insofar as the remaining second instalment of Rs.10 lakhs is concerned, the Revision Petitioner will pay the same on 27.02.2025.



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3. *Mr.R.Sreedhar, the learned counsel for the Respondent assisted by Ms.N.Fiza Nawab and Mr.L.Ahamed Hameem, submits that the Respondent has no objection if the Revision Petitioner pays the balance amount in two instalments as assured by the learned counsel for the Revision Petitioner.*

4. *Both the learned counsel for the parties submits that the matter may be compounded as per Section 147 of the Negotiable Instruments Act.*

5. *The learned counsel for the Respondent submits that the Respondent has no objection if the court passes a final order and dispose of the matter if the entire amount is paid to the Respondent as per the assurance given by the learned counsel for the Revision Petitioner.*

6. *Accordingly, as prayed for by the learned counsel for the parties, put up the case on 30.01.2025 for orders before this Court."*

6.The learned counsel further referred to the ground Nos.(c), (d) and (e) and submitted that A1/ Pyramad Saimira Theatre Limited was under liquidation from 18.06.2009 and this Court appointed Official Liquidator for AI-Company. Thereafter, the Directors of the Company were ceased of their Directorship. He further submitted that the High Court by order dated 03.09.2010 in various company Petitions in C.P.Nos.281/2009, 104/2009, 286/2009, 286/2010 and 145/2010 directed the Official Liquidator attached to the High Court to take charge of the assets of AI-Company. On 09.09.2010



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the Official Liquidator taken the possession of assets of the Company. The business operations of the Company have been brought to a standstill and the petitioner and others ceased to be Directors of AI-Company. The loan facility is for the purpose of business needs. He further submitted that the petitioner examined DW1 who deposed that the cheque amount of Rs.40 lakhs is for future performance and the complainant Bank to deposit the cheque after disbursing the balance Cash Credit Facility of Rs.12.5 Crores. He further referred to the reply notice/Ex.P5 dated 28.10.2009 issued by AI-Company confirming the understanding with Axis Bank that they would present the Cheque of Rs.40 lakhs after release of cash credit of Rs.12.5 Crores. Since the Company gone under liquidation, the business came to standstill and further release of Rs.12.5 Crores was not granted and for other dues of the Company, it is for the Bank to take appropriate steps with the Official Liquidator to realize their dues.

7.The learned counsel for the respondent-bank submitted that AI-company and other accused admitted that there was a loan due of Rs.13,50,15,975.54 as on the date of issuance of Ex.P2. The petitioner also admitted the issuance of Ex.P2 to the respondent bank. Since the issuance of cheque was admitted by the petitioner, the statutory presumption drawn in



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favour of the respondent. Though the petitioner stated that cheque/Ex.P2 issued for the purpose of paying processing fee, they failed to prove the same. Though DW1 examined and deposed that the cheque was issued by the A1-company for the purpose of processing fee, his evidence not reliable, DW1 interested witness, former employee of A1-company. DW1 in his cross examination deposed that the petitioner not discussed with him prior to issuance of Ex.P2. Thus, the petitioner not proved Ex.P2 issued only for the purpose of paying processing fee and thus petitioner miserably failed to prove their defence and failed to rebut presumption. In this case, the petitioner admitting the outstanding and their liability to pay to the respondent bank all proved and the trial Court rightly convicted the petitioner and other accused.

8.The learned counsel for respondent further submitted that the cheque is of the year 2009. The Trial Court convicted the petitioner and other accused on 27.04.2019 sentencing A2 & A3 to undergo six months simple imprisonment and to pay Rs.80 lakhs which is double the cheque amount of Rs.40 lakhs, as compensation. Aggrieved against the same, the petitioner filed an appeal before the Sessions Court in C.A.No.286 of 2019. The learned Sessions Judge, by judgment dated 27.08.2021, partly allowed the appeal and modified the sentence to three months simple imprisonment and with regard



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to the compensation amount, the same was confirmed, against which the present revision filed. He further submitted that the respondent is a Bank and AI Company/Pyramid Saimira Theatre Limited was sanctioned cash credit facility to an extent of Rs.25 Crores. AI-Company availed loan to an extent of Rs.12.5 Crores but failed to pay interest and there was an outstanding due to the tune of Rs.13,50,15,975.54 and the remaining credit facility was not disbursed. Thereafter AI-Company issued the cheque/Ex.P2 in discharge of the part liability, since they repaid the loan amount already availed. The cheque was signed by A2/Swaminathan and the petitioner/A3. He further submitted that though all the three accused convicted, petitioner/A3 alone preferred an appeal and in the meanwhile, A2 died. AI Company is represented by A2. Now the cheque amount of Rs.40 lakhs paid but the other outstandings running to Crores not paid. Hence, he has got strong objection for considering the petitioner's plea of compounding the offence and forcing the respondent Bank to file a petition under Section 147 of NI Act.

9.The learned counsel for petitioner submitted that in view of the understanding reached on 09.01.2025, the learned counsel persuaded the petitioner to mobilize funds and to pay the cheque amount and now the cheque amount of Rs.40 lakhs paid, which is not disputed and the petitioner



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has no objection for the respondent to withdraw the amount. He further submitted that in the Trial Court though compensation was ordered double the cheque amount, neither the respondent substantiated reason for imposing compensation nor the Trial Court discussed anything justifying imposition of compensation, that too, double the cheque amount. He further submitted that if at all there is any compensation, it has to be paid by the A1-Company and the Managing Director and not the petitioner who is only a second signatory.

10.Considering the submissions made and on perusal of the material, it is seen that the Lower Appellate Court in its judgment at paragraph 20 had recorded the payment of Rs.14,00,000/- before the Lok Adalat, which reads as follows:

(i) Demand Draft No.555283 dated 10.06.2011 for Rs.1,00,000/- drawn on Corporation Bank, Chennai George Town Branch paid on 10.06.2011, (ii) Demand Draft dated 05.08.2011 for Rs.6,00,000/- paid on 05.08.2011, (iii) Demand Draft No.546440 dated 09.09.2011 for Rs.2,00,000/- drawn on Corporation Bank, Chennai George Town Branch paid on 09.09.2011, (iv) Demand Draft dated 06.01.2012 for Rs.3,00,000/- drawn on Lakshmi Vilas Bank, Nungambakkam Branch paid on



CRL R.C.No.548 of 2022

WEB COPY

06.01.2012 and (v) Demand Draft No.34382 dated 30.03.2012 for
Rs.2,00,000/- drawn on Lakshmi Vilas Bank, Nungambakkam
Branch paid on 30.03.2012.

11. Thereafter, on 15.06.2022, the petitioner deposited a sum of
Rs.6,00,000/- before the trial Court and the same is extracted hereunder:

चेन्नई मेट्रोपुर-II, जिला चेन्नई - 600004 Chennai Mylapore-II, Dist. Chennai - 600004 (16015) MDEA	160153027574 754225	यह लिखत जारी करने की तारीख से तीन महीने तक वैध है। Valid for three months only from the date of instrument	15062022	9
मांगने पर On Demand Pay	METROPOLITAN MAGISTRATE (FAST TRACK-2) EGMORE AT ALLIKULAM, CHENNAI	को या उनके आदेश पर Or Order प्राप्त मूल्य के लिए	7	8
रुपये Rupees	SIX LAKH ONLY	अदा करें For Value Received	₹ ***6,00,000.00	4
केनरा बैंक Canara Bank	Purchaser Name: RUKMANI	कृते केनरा बैंक For Canara Bank		3
	*****NOT OVER Rs.6,00,000.00			2
				1
CHENNAI ACCOUNTS SECTION (1760)	प्रबंधक/Manager ह.अ.स./S.P. No. 50890	ह.अ.स./S.P. No. 72134		
DRAWEE BRANCH, D.P. CODE				
11 754 225 0000 150000 1160 15 16				

12. Thereafter, on 28.01.2025, the petitioner paid a sum of
Rs.5,00,000/- by way of Demand Draft and the same is extracted hereunder:



CRL R.C.No.548 of 2022

WEB COPY

14. Lastly, on 03.04.2025, the petitioner paid a sum of Rs.10,00,000/- by way of Demand Draft and the same is extracted hereunder

केनरा बैंक Canara Bank
रुपये Rupees
मांगने पर On Demand Pay
TEN LAKH ONLY
रुपये Rupees
Purchaser Name: * LAVANYA AND COMPANY
केनरा बैंक Canara Bank
2087DMF ACCOUNTS SECTION(1769)
DRAWEE BRANCH, D.P. CODE

रॉयापेट्टा, चेन्नई - ६०००१४
Royapettah, Chennai - 600014 (938)
009383022698 807237

Valid for three months only from the date of instrument
CB 03042025

को या उनके आदेश पर Or Order प्राप्त मुख्य के लिए
₹ ***10,00,000.00
अदा करें For Value Received

कृते केनरा बैंक For Canara Bank
प्रधिकृत हस्ताक्षरकर्ता
AUTH. SIGNATORY
नाम
NAME
पदनाम
DESIGNATION
इ.अ.सं.
S.P. No.

प्रधिकृत हस्ताक्षरकर्ता
AUTH. SIGNATORY
नाम
NAME
पदनाम
DESIGNATION
इ.अ.सं.
S.P. No.

एक लाख और उससे अधिक बीचों में ड्राफ्ट के लिए दो प्रधिकृत हस्ताक्षरकर्ता की हस्ताक्षर चाहिए।
Demand Drafts of ₹ 1 Lakh and above require signature of two authorised signatories.
Please sign above

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११८०७२३७११ ००००१५०००० ०२०९३८११ १६

*Copies Received
17/04/25
- counsel for Respondent.*

15. In this case, A1-company is under liquidation with the Official Liquidator and A2 is no more and the petitioner/A3 a Director and second signatory to the cheque. In this case, a sum of Rs.14,00,000/- paid during mediation proceedings and Rs.6,00,000/- deposited before the trial Court and three demand drafts for Rs.20,00,000/- handed over to the respondent-bank, who acknowledged the same. Thus, the petitioner/accused paid the entire cheque amount of Rs.40,00,000/-, which is not in dispute.



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16. Despite the A1-company is in distress, the entire cheque amount has been paid. Recording the same, this Court, invoking inherent jurisdiction under Section 482 of Cr.P.C., inclined to set aside the conviction of the petitioner.

17. In view of the same, the conviction and sentence imposed on the petitioner vide judgment dated 27.08.2021 made in CrI.A.No.286 of 2019 by the XVI Additional Sessions Judge, Chennai, modifying the sentence passed in C.C.No.2840 of 2010 dated 27.04.2019 by the Metropolitan Magistrate Court, (Fast Track Court No.2), Egmore at Allikulam, Chennai, is set aside and the revision petitioner is acquitted from the charges for offence under Section 138 of the Negotiable Instruments Act.

18. It is made clear that if there is any amount deposited by the petitioner/accused is still lying in the credit of C.C.No.2840 of 2010, the respondent/complainant can withdraw the amount by filing appropriate petition/Memo before the trial Court along with this order copy and the trial Court to return the amount along with interest if any, if it is lying in the credit of C.C.No.2840 of 2010, to the respondent/complainant dispensing notice to the petitioner/accused.



CRL R.C.No.548 of 2022

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19. In the result, the Criminal Revision Case is allowed.

25.02.2026

Index : Yes / No
Neutral citation : Yes / No
Internet : Yes/No
Speaking / Non-speaking order
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To

- 1.The XVI Additional Sessions Judge,
Chennai.
- 2.The Metropolitan Magistrate,
(Fast Track Court No.2),
Egmore at Allikulam, Chennai.



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CRL R.C.No.548 of 2022

M.NIRMAL KUMAR, J.

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**Pre-delivery Order in
CRL R.C.No. 548 of 2022**

25.02.2026