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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05-11-2026

CORAM

THE HON'BLE MR.JUSTICE SHAMIM AHMED

Crl.RC.2526 of 2026 &
Crl.M.P.No.21624 of 2026

P.Vadivel
S/o Periyasamy Pillai,
NO.163, T.H.Road,
Ground Floor,
Kaladipet,
Thiruvottiyur,
Chennai.

..Petitioner(s)

Vs

M.Arulmozhidevan
S/o Mari,
NO.4/1, Ilaya Mudali Street,
Kamarajar Salai,
Tondiarpet,
Chennai.

..Respondent(s)

Criminal Revision Case filed under section 438 of BNSS r/w.442 of BNSS praying to set aside the order passed by the XVII Addl. City Civil Court, Chennai in Crl.A.No.278 of 2025, dated 09.03.2026 against C.C.No.1332 of 2020, dated 06.11.2024.

For Petitioner(s): Mr. S.Esakkimuthu

For Respondent(s): M/s.M.S.Vigneswaran

ORDER

Heard Mr.S. Esakkimuthu, learned counsel appearing for the Petitioner and Mr.M.S.Vigneswaran, learned counsel for the1st

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Respondent and Mr.M.Dinesh, learned Government Advocate (Criminal Side) appearing for the State.

2. This Criminal Revision Petition has been filed by the petitioner to set aside the judgment passed by the XVII Addl. City Civil Court, Chennai in Crl.A.No.278 of 2025, dated 09.03.2026 confirming the order passed by the Metropolitan Magistrate-III at George Town, Chennai in C.C.No.1332 of 2020 on dated 06.11.2024.

3. The facts of the case in a nutshell, led to filing of this Criminal Revision Petition and necessary for disposal of the same, are as follows:-

a) The Petitioner was convicted and sentenced for the offence under Section 138 of the Negotiable Instruments Act, by the Metropolitan Magistrate-III, George Town, Chennai, made in C.C.No.1332 of 2020 by the judgment dated 06.11.2024, to undergo simple imprisonment for a period of two years and to pay the compensation of Rs.5,00,000/- to the Respondent, in default of payment of the said amount, to undergo Simple Imprisonment for three months. Aggrieved by the order of the Trial Court,

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the Petitioner filed a Criminal Appeal in Crl.A.No.278 of 2025 before the learned XVII Addl. City Civil Court Chennai.

b) The learned First Appellate Court has confirming the judgment passed by the trial court by dismissing the said Appeal vide order dated 09.03.2026. Aggrieved by the same, the present Criminal Revision Petition has been filed.

4. Pending, Criminal Revision, the parties to the Revision have amicably settled the matter among themselves and have entered into a Joint Compromise Memo of Full and Final Settlement on 04.11.2026. The Respondent viz., P. Vadivel and the petitioner viz., M.Arulmozhidevan have entered into a Joint Memo of Compromise of Full and Final Settlement, dated 04.11.2026 and the same is taken on record and the terms of the Joint Memo of Compromise, dated 04.11.2026 is extracted hereunder:

'JOINT MEMO OF COMPROMISE FILED BY BOTH PETITIONER AND RESPONDENT:-

The Petitioner and Respondent above named jointly submit as follows:

1. It is submitted that the petitioner filed above criminal revision petition to challenging the order of the appeal in Crl.A.No.278 of 2025 before XVII Additional City Civil Court, Chennai was dismissed on 09.03.2026 confirming the conviction. The Respondent / Complainant had filed C.C.No. 1332 of 2020 before the Metropolitan Magistrate-III, George Town, Chennai

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for offence u/s 138 of N.I Act against the Petitioner for cheque amount of Rs.5,00,000/-. The said case was convicted and sentenced to 2 years S.I and compensation of Rs.5,00,000/-. The appeal in Crl.A.No.278 of 2025 before XVII Additional City Civil Court, Chennai was dismissed on 09.03.2026 confirming the conviction.

2. It is submitted that against the said judgment, the Petitioner has filed the present Criminal Revision before this Hon'ble Court.

3. It is submitted that the petitioner is arrested and remanded on 02.10.2026 due to non compliance of the order of Suspension of Sentence and failed to deposit the conditional amount within the stipulated period.

4. It is submitted that as per the settlement, the Petitioner has paid a sum of Rs.5,00,000/- (Rupees Five Lakhs Only) to the Respondent / Complainant towards full and final settlement of the cheque amount in C.C.No.l332 of 2020 by DD No. 003984 dated 27.09.2026 in the name of Sri Sai Sakthi Steels company of the respondent.

5. The Respondent / Complainant acknowledges the receipt of the said amount and states that he has no further claim against the Petitioner in respect of the alleged case Cheques bearing Number 972602 dated 21.09.2020 for Rs.3,00,000/- (Rupees Three Lakhs only) and Cheque bearing Number 647216 dated 21.09.2020 for Rs.2.00.000/- (Rupees Two Lakhs Only) both drawn on UCO Bank.

6. The Respondent / Complainant has no objection for allowing the Criminal Revision and for compounding the offence u/s 147 of N.I Act and for acquitting the Petitioner / Accused from the charges u/s 138 of N.I Act. He further states that he does not want to pursue the complaint.

7. Both parties state that this compromise is voluntary, without any coercion, undue influence and out of their free will.

It is therefore prayed that this Hon'ble Court may be pleased to record this Joint Memo of Compromise, compound the offence u/s 147 of Negotiable Instruments Act, set aside the conviction and sentence passed in C.C.No.l332 of 2020 on the file of Metropolitan Magistrate Ill, George Town, Chennai as confirmed in Crl.A.No.278 of 2025 dated 09.03.2026 on the file of XVII Additional City Civil Court, Chennai and acquit the Petitioner / Accused and thus render justice.'

5. Learned counsel for the Revision Petitioner submits that pending Revision, both the parties have entered into a Joint Memo of Compromise of Full and Final Settlement, dated **04.11.2026**, duly singed by the parties and their respective counsels who are present before this Court and to that effect, the

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Criminal Revision case shall be disposed of in accordance with the terms and conditions as contained therein.

6. Mr.M.S.Vigneswaran, learned counsel for the Respondent submits that the entire amount has been deposited by the Revision Petitioner and no amount is due against the Revision Petitioner. He further submits that the Respondent is not interested in continuing the case against the Revision Petitioner**.**

7. Learned counsel for the Revision Petitioner further submits that the present Revision has been filed on 25.09.2026 before this Court and on the basis of change in circumstances, as the parties have entered into Joint Memo of Compromise, it was prayed to this Court to compound the offence. It was further argued by the learned counsel for the Revision Petitioner that this Court has inherent powers to compound the offence, so that, ends of justice could be secured as the object of Negotiable Instruments Act is primarily compensatory and not punitive and moreover Section 147 of NI Act would have an overriding effect on Section 359 Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS) Irrespective of which stage, the parties are compromising with the kind leave of this Hon'ble Court.

8. In support of his arguments, learned counsel for the Revision Petitioner has submitted that in the case of ***Damodar S. Prabhu vs.Sayed Babalal H reported at 2010 (2) SCC (Cri) 1328***, the Hon'ble Apex Court had formulated the

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guidelines for compounding the offenceunder section 138 N.I. Act wherein in para 21, it was pleased to observed as under :

> *"With regard to the progression of litigation in cheque bouncing cases, the learned Attorney General has urged this Court to frame guidelines for a graded scheme of imposing costs on parties who unduly delay compounding of the offence. It was submitted that the requirement of deposit of the costs will act as a deterrent for delayed composition, since at present, free and easy compounding of offences at any stage, however belated, gives an incentive to the drawer of the cheque to delay settling the cases for years. An application for compounding made after several years not only results in the system being burdened but the complainant is also deprived of effective justice. In view of this submission, we direct that the following guidelines be followed:- THE GUIDELINES (i) In the circumstances, it is proposed as follows:*
>
> *(a) That directions can be given that the Writ of Summons be suitably modified making it clear to the accused that he could make an application for compounding of the offences at the first or second hearing of the case and that if such an application is made, compounding may be allowed by the court without imposing any costs on the accused.*
>
> *(b) If the accused does not make an application for compounding as aforesaid, then if an application for compounding is made before the Magistrate at a subsequent stage,compounding can be allowed subject to the condition that the accused will be required to pay 10% of the cheque amount to be deposited as a condition for compounding with the Legal Services Authority, or such authority as the Court deems fit.*
>
> *(c) Similarly, if the application for compounding*

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is made before the Sessions Court or a High Court in revision or appeal, such compounding may be allowed on the condition that the accused pays 15% of the cheque amount by way of costs.

(d) Finally, if the application for compounding is made before the Supreme Court, the figure would increase to 20% of the cheque amount."

9. Learned counsel for the Revision petitioner also submitted that in the case of ***M/s Meters and Instruments Private Limited and another vs. Kanchan Mehta reported at 2017 (7) Supreme 558***, the Hon'ble the Apex Court in para 18, was pleased to observe as under :

"*i) Offence under Section 138 of the Act is primarily a civil wrong. Burden of proof is on accused in view presumption under Section 139 but the standard of such proof is "preponderance of probabilities". The same has to be normally tried summarily as per provisions of summary trial under the Cr.P.C. but with such variation as may be appropriate to proceedings under Chapter XVII of the Act. Thus read, principle of Section 258 Cr.P.C. will apply and the Court can close the proceedings and discharge the accused on satisfaction that the cheque amount with assessed costs and interest is paid and if there is no reason to proceed with the punitive aspect.*

(ii)The object of the provision being primarily compensatory, punitive element being mainly with the object of enforcing the compensatory element, compounding at the initial stage has to be encouraged but is not debarred at later stage subject to appropriate compensation as may be found acceptable to the parties or the Court.

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(iii)Though compounding requires consent of both parties, even in absence of such consent, the Court, in the interests of justice, on being satisfied that the complainant has been duly compensated, can in its discretion close the proceedings and discharge the accused.

(iv)Procedure for trial of cases under ChapterXVII of the Act has normally to be summary. The discretion of the Magistrate under second proviso to Section 143, to hold that it was undesirable to try the case summarily as sentence of more than one year may have to be passed, is to be exercised after considering the further fact that apart from the sentence ofimprisonment, the Court has jurisdiction under Section357(3) Cr.P.C. to award suitable compensation with default sentence under Section 64 IPC and with further powers of recovery under Section 431 Cr.P.C. With thisapproach, prison sentence of more than one year maynot be required in all cases.

(v) Since evidence of the complaint can be given on affidavit, subject to the Court summoning the person giving affidavit and examining him and the bank's slip being prima facie evidence of the dishonor of cheque, it is unnecessary for the Magistrate to record any further preliminary evidence. Such affidavit evidence can be read as evidence at all stages of trial or other proceedings. The manner of examination of the person giving affidavit can be as per Section 264 Cr.P.C. The scheme is to follow summary procedure except where exercise of power under second proviso to Section 143becomes necessary, where sentence of one year may have to be awarded and compensation under Section357(3) is considered inadequate, having regard to the amount of the cheque, the financial capacity and the conduct of the accused or any other circumstances'.

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10. Learned counsel for the Revision Petitioner further relied upon the judgment of ***Gujarat High Court in the case of Kripal Singh Pratap Singh Ori vs. Salvinder Kaur Hardip Singh*** reported in ***2004 Crl. L. J.3786*** wherein, the Gujarat High Court was pleased to observe as under:-

> "*31. In the circumstances, it is hereby declared that the compromise arrived between the parties to this litigation out of court is accepted as genuine and the order of conviction and sentence passed by the learned JMFC, Vadodara and confirmed in appeal by thel earned Sessions Judge, Fast Track Court, Vadodara, therefore, on the given set of facts are hereby quashed and set aside as this court intends, otherwise to secure the ends of justice as provided under section 482Cr.P.C. Obviously the order disposing Revision Application would not have any enforceable effect."*

11. Learned counsel for the Revision Petitioner has also relied upon the judgment of Hon'ble the Apex Court in the case of ***VinayDevanna Nayak vs. Ryot Seva Sahkari Bank Limited*** reported in ***AIR2008 SC 716,*** wherein the Hon'ble Apex Court was pleased to observe as under :

"*18. Taking into consideration even the said provision(Section 147) and the primary object underlying Section 138, in our judgment, there is no reason to refuse compromise between the parties. We, therefore, dispose of the appeal on the basis of the settlement arrived*

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at between the appellant and the respondent.

> *19. For the foregoing reasons the appeal deserves to be allowed and is accordingly allowed by holding that since the matter has been compromised between the parties and the amount of Rs.45,000/- has been paid bythe appellant towards full and final settlement to the respondent-bank towards its dues, the appellant is entitled to acquittal. The order of conviction and sentence recorded by all courts is set aside and he is acquitted of the charge levelled against him."*

12. Learned counsel for the Revision Petitioner has argued that the law regarding compounding of offences under the N.I. Act is very clear and is no more *res integra* and the offences under the N.I. Act can be compounded even at any stage of the proceedings. He submits that in terms of the aforesaid law laid down by the Hon'ble Supreme Court, the parties may be permitted to compound the offence and the conviction of the petitioner be set aside.

13. Per contra, Mr.M.Dinesh, the learned Government Advocate (Criminal Side) appearing for the State, has vehemently opposed the submissions made by the learned counsel for the Revision Petitioner and submits that the Revision Petitioner has already been convicted by the learned trial court and the conviction order had already been upheld by the Appellate Court in the appeal.

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14. The learned Government Advocate (Criminal Side) appearing for the State further submitted that the appeal has been rejected on merit and the Revision Petitioner was convicted, then where the parties or any one of them can be permitted to place compromise and to get the order of acquittal from the Court is the question. He further submitted that the present case is nothing, but a gross misuse of the process of law and thus sentence cannot be compounded on the basis of compromise as filed by the parties.

15. Learned Counsel for the Revision Petitioner submits that this Court has already decided a similar issue vide judgment and order dated ***19.09.2025 in Crl.R.C.(MD)No.875 of 2025 [K.Balachenniappan VsJeyakrishnan].*** The counsel argues that the present revision petitioner's case is fully covered by the aforesaid judgment and prays that the present Revision Petition may be disposed of in the same terms. A copy of the judgment has been placed before the Court for perusal.

16. I have heard the learned counsel for the Revision Petitioner, learned counsel for the Respondent and learned Government Advocate (Criminal Side) appearing for the State and perused the materials placed on record.

17. Considering the facts as narrated above, the following question arose for consideration.

'Whether the order passed by the Appellate Court confirming the conviction of the trial court under

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section 138 of Negotiable Instruments Act can be nullified by the High Court on the basis of compromise entered between the parties'.

18. Before answering the aforesaid question as framed, I shall examine the relevant provision of the B.N.S.S, as well as the Negotiable Instrument Act. I may extract Section 359 of B.N.S.S., and Section 147 of Negotiable Instruments Act.

Section 359 B.N.S.S. - Compounding of Offences -

1) The offences punishable under the sections of the Bharatiya Nyaya Sanhita, 2023 specified in the firsttwo columns of the Table next following may be compounded by the persons mentioned in the third column of that Table: -

2)The offences punishable under the sections of the Bharatiya Nyaya Sanhita, 2023 specified in the first two columns of the Table next following may, with the permission of the Court before which any prosecution for such offence is pending, be compounded by the persons mentioned in the third column of that Table:--

3) When an offence is compoundable under this section, the abetment of such offence or an attempt to commit such offence (when such attempt is itself an offence) or where the accused is liable under subsection(5) of section 3 or section 190 of the BharatiyaNyaya Sanhita, 2023 (45 of 2023), may be compounded in like manner.

(4)(a) When the person who would otherwise be competent to compound an offence under this section is a child or of unsound mind, any person competent to

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contract on his behalf may, with the permission of the Court, compound such offence;

(b) When the person who would otherwise be competent to compound an offence under this section is dead, the legal representative, as defined in the Code of Civil Procedure, 1908 (5 of 1908) of such person may, with the consent of the Court, compound such offence.

(5) When the accused has been committed for trial or when he has been convicted and an appeal is pending,no composition for the offence shall be allowed without the leave of the Court to which he is committed, or, as the case may be, before which the appeal is to be heard.

(6) A High Court or Court of Session acting in the exercise of its powers of revision under section 442 may allow any person to compound any offence which such person is competent to compound under this section

(7) No offence shall be compounded if the accused is, by reason of a previous conviction, liable either to enhanced punishment or to a punishment of a different kind for such offence.

(8) The composition of an offence under this section shall have the effect of an acquittal of the accused with whom the offence has been compounded.

(9) No offence shall be compounded except as provided by this section.

Section 147 of the Negotiable Instrument Act:-

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Offences to be compoundable.— Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under thisAct shall be compoundable.

19. It is well settled that inherent power of the Court can be exercised only when no other remedy is available to the litigants and nor a specific remedy as provided by the statute. It is also well settled that if an effective, alternative remedy is available, the High Court will not exercise its inherent power, especially when the Revision Petitioner may not have availed of that remedy. The power can be exercised by the High Court to secure the ends of justice, prevent abuse of the process of any court and to make such orders as may be necessary to give effect to any order under this Sanhita or Act, depending upon the facts of the given case. This Court can always take note of any miscarriage of justice and prevent the same by exercising its power. These powers are neither limited, nor curtailed by any other provision of the Sanhita or Act. However, such inherent powers are to be exercised sparingly and with caution.

20. In the instant case, it is true that the appeal was dismissed and the conviction and sentence was upheld by the appellate court, but it cannot be lost sight of the fact that this Court has power to intervene in exercise of its power only with a view to do the

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substantial justice or to avoid a miscarriage and the spirit of compromise arrived at between the parties. This is perfectly justified and legal too.

21. I have considered the judgments cited by the learned counsel for the Revision Petitioner as well as by the learned Counsel for the State and other decisions of the Hon'ble Apex Court and I do not think it necessary to enlist those decisions which are taken into consideration for the purpose of the present proceedings.

22. In the instant case, the Revision Petitioner is invoking the inherent power of this court after dismissal of the appeal confirming his conviction and sentence. In these circumstances, I have to examine as to whether for entertaining the aforesaid case, any special circumstances are made out or not, so it can be legitimately argued and inferred and held that in all cases where the Revision Petitioner is able to satisfy this Court that there are special circumstances which can be clearly spelt out subsequent proceeding invoking inherent power of this court can be modified and cannot be thrown away on that technical argument as to its sustainability once the contesting parties entered into subsequent compromise.

23. In view of the decisions rendered in the judgment dated ***19.09.2025 in Crl.R.C.(MD)No.875 of 2025 [K.Balachenniappan***

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VsJeyakrishnan] and taking into account the fact that the parties have settled the dispute amicably by way of compromise, this Court is of the view that the compounding of the offence as required to be permitted.

24. Accordingly, the present Criminal Revision Case is **disposed of** in terms of Joint Memo of Compromise, dated 04.11.2026 arrived at between the parties to this litigation out of Court. The impugned judgment passed in C.A.No.278 of 2025 dated 09.03.2026 by the learned XVII Addl. City Civil Court, Chennai, confirming the conviction and sentence made in C.C.No.1332 of 2020, dated 06.11.2024 on the file of Metropolitan Magistrate-III at George Town, Chennai and sentence under Section 138 of the Negotiable Instruments Act in C.C.No.1332 of 2020 dated 06.11.2024 **stands anulled** as this Court intends, otherwise to secure the ends of justice. The Revision Petitioner shall be treated as **acquitted** on account of compounding of the offence with the complainant/person affected.

25**. In the result,**

- The Criminal Revision Case is **disposed of** in terms of Joint Memo of Compromise dated 04.11.2026.

- The impugned conviction and sentence passed in

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Crl.A.No.278 of 2025, dated 09.03.2026 by the learned XVII Addl.City Civil Court, Chennai, confirming the conviction and sentence made in in C.C.No.1332 of 2020, dated 06.11.2024 on the file of the Metropolitan Magistrate-III at George Town, Chennai are hereby **modified**.

- The conviction and sentence imposed on the Revision Petitioner by both the courts below **stands anulled**.

- The Revision Petitioner shall be treated as **acquitted** on account of compounding of the offence with the complainant/respondent.

- **The revision petitioner – P.Vadivel, S/o.Periyasamy Pillai is ordered to be released from jail forthwith** without imposing any conditions.

Consequently, connected miscellaneous petition, if any, is closed.

05-11-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

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To

1. The XVII Addl.City Civil Court, Chennai,
2. The Metropolitan Magistrate-III at George Town, Chennai
3. The Superintendent,
   Central Prison
   Puzhal-1
Chennai

Note Issue copy today

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Order QR

SHAMIM AHMED, J.

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