

HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

CRIMINAL PETITION Nos.6561, 6562 AND 6563 OF 2022

Between:

1. Late Padmashree Dr. B.S. Choubey Memorial Trust,
Having its registered office at 213,
West High Court Road, Dharampeth,
Nagpur, Maharashtra – 440022,
Being represented by Dr. Sameer Choubey
Alias Dr. Sameer Balaswaroop Choubey,
and three others

... Petitioners

And

1. The State of Telangana,
Through Public Prosecutor,
High Court for the State of Telangana
At Hyderabad and another

... Respondents

DATE OF JUDGMENT PRONOUNCED : 24.02.2026

Submitted for approval.

HON'BLE SMT. JUSTICE TIRUMALA DEVI EADA

- | | | |
|---|--|--------|
| 1 | Whether Reporters of Local newspapers may be allowed to see the Judgments? | Yes/No |
| 2 | Whether the copies of judgment may be marked to Law Reporters/Journals | Yes/No |
| 3 | Whether their Ladyship/Lordship wish to see the fair copy of the Judgment? | Yes/No |

HON'BLE SMT. JUSTICE TIRUMALA DEVI EADA**+ CRIMINAL PETITION Nos.6561, 6562 AND 6563 OF 2022**

% Dated 24.02.2026

Between:

Late Padmashree Dr. B.S. Choubey Memorial Trust,
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and three others.

... Petitioners

And

\$ The State of Telangana,
through S.H.O., W.P.S. East Zone,
Hyderabad District, represented by Public Prosecutor,
High Court at Hyderabad and another

... Respondents

! Counsel for the Petitioners : Sri Deepak Misra

^ Counsel for Respondent No.2 : Sri Pasham Mohit

<Gist:

>HEAD NOTE:

? Cases referred

1. Criminal Appeal Nos.963-966 of 2010, dated 03.05.2010
2. (2018) 1 SCC 560

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

THE HON'BLE SMT. JUSTICE TIRUMALA DEVI EADA

CRIMINAL PETITION Nos.6561, 6562 AND 6563 OF 2022

DATE: 24-02-2026

Between:

Late Padmashree Dr. B.S. Choubey Memorial Trust
and three others

... Petitioners

And

The State of Telangana,
Through Public Prosecutor,
High Court for the State of Telangana
at Hyderabad and another

... Respondents

ORDER:

Crl.P.No.6561 of 2022 is filed by the petitioners-accused Nos.1 to 4 seeking to quash the proceedings against them in C.C.No.1272 of 2021 (old C.C.No.77 of 2020) on the file of learned XVI Additional Metropolitan Magistrate, Cyberabad at Rajendranagar, registered for the offence under Section 138 of the Negotiable Instruments Act, 1881 (for short, 'N.I. Act'), by setting aside the order, dated 11.05.2022, passed in Crl.M.P.No.26 of 2022 in C.C.No.1272 of 2021.

2. Crl.P.No.6562 of 2022 is filed by the petitioners-accused Nos.1 to 4 seeking to quash the proceedings against them in C.C.No.1276 of 2021 (old C.C.No.78 of 2020) on the file of learned XIV Metropolitan Magistrate, Ranga Reddy District at Rajendranagar, registered for the offence under Section 138 of the N.I. Act, by setting aside the order, dated 11.05.2022, passed in Crl.M.P.No.25 of 2022 in C.C.No.1276 of 2021.

3. Crl.P.No.6563 of 2022 is filed by the petitioners-accused Nos.1 to 4 seeking to quash the proceedings against them in C.C.No.1277 of 2021 (old C.C.No.76 of 2020) on the file of learned XVI Additional Metropolitan Magistrate, Cyberabad at Rajendranagar, registered for the offence under Section 138 of the N.I. Act, by setting aside the order, dated 11.05.2022, passed in Crl.M.P.No.27 of 2022 in C.C.No.1277 of 2021.

4. Heard Sri Deepak Misra, learned counsel for the petitioners and Sri Pasham Mohit, learned counsel for respondent No.2.

5. The case of the complainant-Company is that in the course of its business, it has received a purchase order from petitioner No.1-Memorial Trust (accused No.1) signed by petitioner No.4-accused No.4 seeking supply of 26 Hemodialysis Machines and

Pure Water RO etc., for a value of Rs.1,65,98,400/-. Based on the said purchase order, the complainant has supplied the stocks. The parties have agreed that the sale consideration shall be paid within six months of the date of installation. As the petitioners-accused Nos.1 to 4 failed to pay the amount as agreed, the parties have negotiated the terms of payment and entered into a written agreement, dated 05.04.2019, and the payment was agreed to be paid on the terms and conditions that (i) tax portion of Rs.21,38,399/- will be released by the end of April, 2019, (ii) Equipment cost of Rs.1.68 crores will be released in 24 equal monthly instalments of Rs.7,00,834/- each and (iii) that post-dated cheques for 24 EMIs' will be handed over to the complainant and it would be entitled to encash the said cheques as per the dates mentioned on the cheques. It is the case of the complainant that out of the said 25 post-dated cheques, the complainant presented six cheques and only three out of the said six cheques got honoured and the other three cheques got dishonoured either due to 'insufficient funds' or due to 'stop payment instructions by the drawer of the Bank'. Thereafter, petitioner No.1-accused No.1 and the complainant entered into another agreement, dated 16.01.2020, signed by petitioner No.3-

accused No.3, pursuant to which five post dated cheques bearing Nos.603936, 603937, 603938, 603939 and 603940 were issued towards payment of balance sale consideration. Out of the said five cheques, only one cheque i.e., cheque No.603936, was honoured and the rest of the four cheques got dishonoured due to 'insufficient funds' or 'stop payment instructions by the drawer to the Bank'. Thereafter, the complainant re-presented the cheques bearing Nos.603937 and 603938 on 16.07.2020 and 29.07.2020, respectively, and again they were dishonoured *vide* intimations, dated 18.07.2020 and 30.07.2020, respectively, and that the said cheques were issued towards legally enforceable debt. Therefore, the proceedings under Section 138 of the N.I. Act were initiated. Now, the present Criminal Petitions are filed seeking quashment of the said proceedings.

6. Learned counsel for the petitioners submitted that the date of service of summons on the petitioners was on 03.10.2020 and the date of first hearing was on 30.12.2020. Even prior to that, the petitioners have paid the amounts, which is evident from their written submissions. He further submitted that respondent No.2-complainant Company admits the payment *vide* its written submissions filed in the cases, however, it is still bent upon to

proceed with the cases, just to harass the petitioners herein. He further submitted that since the petitioners have already discharged the liability by paying the entire amount due under the cheques, the continuation of proceedings against the petitioners would be an abuse of process of law. He, therefore, prayed to quash the proceedings in the present C.Cs. against the petitioners herein. Learned counsel has relied upon the decisions of the Honourable Supreme Court in **Damodar S. Prabhu v. Sayed Babalal H.**¹ and **Meters and Instruments Private Limited and another v. Kanchan Mehta**².

7. Learned counsel for respondent No.2 has submitted that having supplied the medical equipment to the petitioners, respondent No.2-complainant suffered a lot for a period of three years, as the petitioners have not made any payment and that the payment is made only after issuance of summons. Therefore, the petitioners cannot get any advantage of avoiding payment of interest. He further submitted that if the proceedings are continued, the trial Court would award proper amount of compensation and that the complainant is entitled to even double

¹ Criminal Appeal Nos.963-966 of 2010, dated 03.05.2010

² (2018) 1 SCC 560

the amount of cheque amount and interest. He, therefore, prayed to dismiss the Criminal Petitions.

8. Perused the record.

9. Admittedly, there is an amount of Rs.78,55,898/- due to be paid by the petitioners-accused Nos.1 to 4 to respondent No.2-complainant. It is also an admitted fact that the cheque amounts are already paid by the petitioners. In the written submissions filed on behalf of respondent No.2, it is admitted that the principal amount was paid by the petitioners in three transactions i.e., Rs.20,00,000/- by way of cheque No.000820 on 24.12.2020, Rs.58,00,000/- by way of Cheque No.001146 on 28.12.2020 and Rs.55,000/- by way of cheque No.001150 on 30.12.2020. But the contention of respondent No.2 is that no interest/fine/compensation was paid by the petitioners.

10. It is pertinent to observe in this regard that the objective of the N.I. Act is to safeguard the interest of the business community, whereunder several transactions occur by giving and taking cheques and in case of their default in payment, the party who acts upon the said promise of payment should not be put to loss. In the present case, admittedly, the amounts covered under

the cheques are already paid. The only contention of learned counsel for respondent No.2 is with regard to payment of interest/fine/ compensation.

11. In **Meters and Instruments Private Limited's** case (supra 2), it was held that:

“18.3. 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.”

12. In **Damodar S. Prabhu's** case (supra 1), several guidelines were laid down by the Honourable Apex Court to facilitate speedy trials of the cases pertaining to the N.I. Act. They are extracted hereunder:

“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 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.”

13. In the present cases, the amounts covered under the impugned cheques are already paid to respondent No.2-complainant as on the first date of hearing. Thus, in the light of above extracted guideline No.(i)(a) and keeping in view the purport of the above cited judgments, it is opined that continuation of proceedings against the petitioners would be an abuse of process of law.

14. Accordingly, all the Criminal Petitions are allowed and the proceedings against the petitioners in C.C.No.1272 of 2021 (old C.C.No.77 of 2020) and C.C.No.1277 of 2021 (old C.C.No.76 of 2020) on the file of learned XVI Additional Metropolitan Magistrate, Cyberabad at Rajendranagar, and the proceedings in

C.C.No.1276 of 2021 (old C.C.No.78 of 2020) on the file of learned XIV Metropolitan Magistrate, Ranga Reddy District at Rajendranagar, are hereby quashed, by setting aside the orders of even date, dated 11.05.2022, passed in Crl.M.P.No.26 of 2022 in C.C.No.1272 of 2021, Crl.M.P.No.25 of 2022 in C.C.No.1276 of 2021 and Crl.M.P.No.27 of 2022 in C.C.No.1277 of 2021.

Miscellaneous Petitions pending, if any, shall stand closed.

JUSTICE TIRUMALA DEVI EADA

Date: 24.02.2026.

Note: L.R. Copy to be marked.
B/O.MD