



2026 INSC 555

REPORTABLE

IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION

CRIMINAL APPEAL NO.2472 of 2026
(@SLP (CrI.) No.1915 of 2025)

K RANGANAYAKULU APPELLANT(S)
VERSUS
STATE OF TELANGANA & ORS. RESPONDENT(S)

O R D E R

1. Leave granted.

2. Appellant stands convicted by the High Court for committing offence under Section 138 of the Negotiable Instruments Act, 1881 (NI Act) and has been sentenced to undergo rigorous imprisonment for one year and fine of Rs.1,50,00,000/- (Rupees One crore fifty lakhs only), in default of payment of fine, to undergo default sentence of additional imprisonment of one year. The High Court has also directed to cause the appearance of the appellant and send

him to prison to serve the remaining period of sentence.

3. It is argued by Mr. Santosh Kumar, learned senior counsel appearing for the appellant that the appellant not being the drawer of the cheque, cannot be convicted for the reason that an authorized signatory is merely authorized to sign on behalf of the company and does not become the drawer. Therefore, since penal statutes have to be interpreted strictly particularly in determining vicarious liability, the appellant cannot be held guilty for committing offence under Section 138 of the NI Act. Learned senior counsel would refer to the law laid down by this Court in (2024) 7 SCR 1211:2024 INSC 551.

4. Per contra, Mr. Ravi Shankar Jandhyala, learned senior counsel appearing for Respondent No.2 would submit that the appellant having signed the cheque as Treasurer of TIMES NGO, with whom Respondent No.2 had entered into an MOU, outsourcing the work of collection of electricity bills of domestic consumers, the appellant is liable to incur the statutory mandate of any penal consequence under the NI Act.

5. The relationship between the parties emanate from MOU dated 30.07.2009 captioned as "Memorandum of Understanding" for collection of electricity bills payments of APCPDCL through M/s. TIMES. It is the appellant who has signed on this MOU as Treasurer of TIMES. Clause 7, 20 and 28 of the MOU need reference which is reproduced hereunder:

7. As regards the remittance of collections, TIMES shall remit the collections of all the Franchises to the S.A.O. of the respective circle of APCPDCL / Head Quarters of APCPDCL along with MIS reports. The TIMES should remit the cash on the next working day through Cheque / RTGS online transaction to receipt A/C of the respective Circle S.A.O / Head Quarters of APCPDCL along with MIS reports.

20. TIMES stands as guarantor for any financial loss like fraud / misappropriation and theft etc, in transfer of electricity bills collected from consumers to the APCPDCL, the CMD / APCPDCL or the authority empowered in writing by the CMD / APCPDCL, is competent to recover the fraud / misappropriation and theft etc., amount from the transaction fees to be paid by the APCPDCL to the TIMES.

28. It is agreed that in case the performance of TIMES(RAJIV) Franchises is unsatisfactory i.e. continuous pending transactions without updation, wrong postings, delays in remittance, delay in reconciliation of transactions, non-segregation of classified transactions (c.c. charges, A.C.D.,

R.C. fees, Misc. charges), suppression of transactions, multiple receipts issued for single service and any serious irregularities, Not accepting bill payments etc., TIMES shall take necessary action on particular Franchisee upon intimation from APCPDCL in consultation with APCPDCL. Notwithstanding the above, APCPDCL reserves the right to terminate the agreement / MOU by giving 15 days notice.

6. It is thus apparent that it is the appellant alone who was responsible for all the rights and liabilities arising for or against TIMES by virtue of the MOU. Although appellant is only the Treasurer of TIMES but not the owner or Chairman of the society but the fact remains that the MOU entered between the parties nowhere cast any liability on the Chairman of the NGO. If the NGO i.e. TIMES has made the appellant as its front face by authorizing him to sign all the negotiable instruments and to make payment of the account to APCPDCL (Presently Telangana CPDCL) through cheque/RTGS online transaction, it is only the appellant who shall be responsible for all the consequences thereof. In practicality, by virtue of the terms of the MOU, it is the appellant who becomes the drawer of the cheque on behalf of the TIMES as the document do not recognize any other entity who shall be responsible for any action in its transactions with APCPDCL (Telangana CPDCL).

7. In view of the above, we are not inclined to accept the arguments raised at the bar on behalf of the appellant and do not find any ground to interfere with the impugned judgment.

8. However, considering that the appellant was only the Treasurer of the society, we deem it appropriate to modify the sentence by directing that the appellant shall pay a fine amount of Rs.1.5 crore to Respondent No.2 (now Telangana CPDCL or Southern Power Distribution Company of Telangana Limited (TSSPDCL)) in default to undergo Rigorous Imprisonment of one year. The fine shall be paid within a period of two months from today. If the amount is not paid within two months from today, the appellant shall immediately surrender or taken into custody to undergo the default sentence of rigorous imprisonment of one year.

9. The appeal is allowed in part to the above extent.

10. Pending application(s), if any, shall stand disposed of.

.....J.
(PRASHANT KUMAR MISHRA)

.....J.
(N.V. ANJARIA)

New Delhi;
May 12, 2026.