

**HIGH COURT OF JAMMU & KASHMIR AND LADAKH
AT SRINAGAR**

**CRM(M) 288/2025
CrlM (672/2025)**

GHULAM HASSAN DAR

...Petitioner(s)

Through: Mr. Lone Altaf, Advocate

Vs.

NAZIR AHMAD SHAH

...Respondent(s)

Through: Mr. Javaid Ahmad, Advocate.

CORAM:

HON'BLE MR. JUSTICE SANJAY PARIHAR, JUDGE

ORDER
26.09.2026

- 1.** Having heard the counsel for the parties, it is fairly conceded by ld. counsel for the respondent that, in terms of the earlier settlement, the petitioner was required to discharge the past liability by issuing five fresh cheques. The said cheques were accordingly issued by the petitioner in favour of the respondent pursuant to the settlement. On that basis, the earlier complaint came to be dismissed as having been compromised.
- 2.** Learned counsel for the petitioner submits that, once the petitioner had complied with the terms of the compromise by issuing five fresh cheques, nothing further survived in the said proceedings and the Court rightly proceeded to dismiss the complaint. It is, however, contended that there was no occasion for the Trial Court to grant liberty to the respondent to seek execution of the said compromise.
- 3.** Learned counsel for the respondent fairly concedes that five cheques were, in fact, received by the respondent pursuant to the

compromise. It is, however, stated that the said cheques were subsequently dishonored. The dishonor of the cheques, therefore, gave rise to a fresh cause of action, entitling the respondent to institute appropriate proceedings, including a fresh complaint, in accordance with law.

4. It is further submitted that the cheques in question were issued in the year 2024 and were subsequently dishonored, whereupon the respondent sought execution against the petitioner. Learned counsel submits that, although the respondent has a remedy to prosecute the petitioner in respect of the dishonor of the said five cheques for an offence punishable under Section 138 of the Negotiable Instruments Act, 1881, the issue of limitation may arise in pursuing such a remedy.

5. Having heard learned counsel for the parties and considered the matter, this Court is of the view that the impugned order, insofar as it permits the execution proceedings to continue against the petitioner, cannot be sustained in law. Once the complaint had been compromised on the understanding that the petitioner would discharge the past liability by issuing fresh cheques, and the respondent admittedly received those cheques, the terms of the compromise, to that extent, stood complied with. Significantly, there was no direction in the order disposing of the complaint requiring the petitioner to make payment of the cheque amount within any stipulated period. In the absence of any such direction, no enforceable right accrued to the respondent to seek execution of the said order.

6. Once the five cheques stood delivered by the petitioner to the respondent in terms of the settlement, the compromise stood complied with in the manner contemplated by the parties. Consequently, the complaint was liable to be dismissed as withdrawn or otherwise disposed of in terms of the compromise. There was, therefore, no occasion for the Trial Court either to direct or to grant liberty to the respondent to seek execution of the said order.

7. It is pertinent to note that an offence punishable under Section 138 of the Negotiable Instruments Act has been made compoundable by virtue of Section 147 of the Act. Once such an offence is compounded, the proceedings come to an end, subject, of course, to the terms and obligations undertaken by the parties and recorded as part of the settlement.

8. In the present case, once the five cheques were issued in favour of the complainant pursuant to the settlement and were subsequently dishonored, the respondent was at liberty to invoke the remedies available under the Negotiable Instruments Act in respect of such dishonor. Even if there was delay in instituting such a complaint, it was open to the respondent to invoke the proviso to Section 142(1) of the Act by satisfying the learned Magistrate that sufficient cause existed for not filing the complaint within the prescribed period. In the aforesaid background, learned counsel for the respondent submits that the present petition may be disposed of while reserving liberty to the respondent to pursue such remedy as may be available to him in accordance with law.

9. Learned counsel for the petitioner, on the other hand, vehemently contends that the order of the Trial Court, insofar as it requires the petitioner to face the execution proceedings, is unsustainable in law. The order dated 14.05.2025 cannot be sustained. Once the complaint had been withdrawn as compromised, culminating in the order dated 11.03.2024, no execution proceedings could survive on the basis thereof. Consequently, the proceedings subsequently initiated by way of execution are liable to be quashed. To this extent, there is no serious resistance on behalf of the respondent. Once the Court had permitted the complainant to withdraw the complaint pursuant to the compromise, there was no occasion for the Trial Court thereafter to grant liberty to the complainant to seek execution of the compromise.

10. The complaint having been withdrawn pursuant to the compromise, and the offence being compoundable, no executable obligation survived under the order dated 11.03.2024 in the manner sought to be enforced by the respondent. In these circumstances, the application filed by the respondent seeking execution of the compromise dated 04.10.2023 and a direction for payment of the agreed compromise amount of Rs.5.00 lakhs could not have been entertained, as the relief sought therein travelled beyond the scope of the order dated 11.03.2024.

11. This is particularly so because the Court had not issued any direction requiring the petitioner to pay an amount of Rs.5.00 lakhs pursuant to the compromise. At the cost of repetition, the terms of the compromise required the petitioner to discharge the liability by issuing five fresh cheques, which were admittedly

issued and delivered to the respondent. If those cheques were subsequently dishonoured, such dishonour furnished a fresh cause of action to the respondent to initiate appropriate proceedings in accordance with law.

12. The dishonour of the aforesaid five cheques, therefore, gave rise to a fresh and independent cause of action. The fact that the cheques had been issued pursuant to the earlier compromise would be a relevant circumstance in any proceedings arising out of their subsequent dishonour, to be considered by the competent Court in accordance with law.

13. Be that as it may, having regard to the peculiar facts and circumstances of the case, the execution proceedings initiated against the petitioner pursuant to the order dated 11.03.2024 suffer from illegality and cannot be sustained. Accordingly, the execution proceedings, including the impugned order dated 14.05.2025, are hereby quashed. The respondent shall, however, be at liberty to initiate such appropriate proceedings as may be available to him in accordance with law.

14. Insofar as the question of limitation in initiating proceedings against the petitioner in respect of the dishonour of the aforesaid five cheques is concerned, the respondent shall be at liberty to raise and pursue the same before the competent Court in which such proceedings may be instituted. It shall also be open to the respondent to seek the benefit of the proviso to Section 142(1) of the Negotiable Instruments Act, 1881, by demonstrating sufficient cause for the delay, if any, in instituting the complaint. Any such

plea shall be considered by the competent Court on its own merits
and in accordance with law.

15. Disposed of in the aforesaid terms.

(Sanjay Parihar)
Judge

SRINAGAR:
26.09.2026
Shaista-PS

