

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Cr. Revision No. 317 of 2016

Date of Decision: 08.10.2026

Jai Chand

...Petitioner

Versus

Mahindra & Mahindra Finance Services Ltd. & Anr.

...Respondents

Coram

Hon'ble Mr Justice Chirag Bhanu Singh, Judge.

Whether approved for reporting?¹

For the Petitioner : M/s. Ashok Kumar & Shubham
Ghai, Advocates, vice
Mr. Hemant Vaid, Advocate.

For the Respondents : Mr. Deepak Gupta, Senior
Advocate, with M/s. Meera
Devi & Rahul Sharma,
Advocates, for respondent
No.1.
Mr. Lokender Kutlehria,
Additional Advocate General,
for respondent No.2-State.

Chirag Bhanu Singh, Judge (Oral)

The petitioner has preferred the present revision assailing the judgment passed by the Sessions Judge (Forests), Shimla, H.P., in Criminal Appeal RBT No. 22-S/10 of 2015/13, dated 25.06.2016, whereby the judgment of conviction dated

¹ Whether reporters of Local Papers may be allowed to see the judgment? Yes.

20.08.2013 and order of sentence dated 16.09.2013 passed by the learned Judicial Magistrate First Class, Court No.3, Shimla, District Shimla, H.P., in Case No. RBT-869-3 of 2010/08, stands affirmed under Section 138 of the Negotiable Instruments Act (NI Act), whereby the petitioner stands convicted and sentenced to undergo simple imprisonment for six months and to pay compensation of Rs.1,35,000/- to the complainant.

2. It transpires from the record that the petitioner/accused had availed of a loan for the purchase of a Bajaj Trax Gama Classi D for a sum of Rs.3,70,000/-. In the meanwhile, the petitioner/accused had defaulted in repayment and was liable to pay the balance amount of Rs.1,06,625/-, for which he had issued the cheque in question. The said cheque came to be dishonoured, resulting in the aforesaid conviction.

3. It now, however, emerges from the record that the parties have settled the dispute and in pursuance of the settlement, the petitioner/accused had paid an amount of Rs.80,000/- towards the full and final settlement of the claim amount against his loan.

4. The learned counsel for the petitioner has placed on record a photocopy of the documents evidencing the said settlement.

5. Learned counsel for the respondents also submits that an amount of Rs.80,000/- stands paid by the petitioner/accused.

6. Seemingly, the parties have now buried the hatchet.

7. Since the parties have not only settled the matter but the respondent has also received the full and final settlement of the claim, the revision deserves to be allowed and the appellant is entitled to be acquitted. In this behalf, reliance can be placed on the judgment passed by the Hon'ble Supreme Court in the case titled as *K.M. Ibrahim versus K.P. Mohammed and another*, (2010) 1 SCC 798.

8. It would be apposite to reproduce para-9 of the *K.M. Ibrahim's case*, which reads as under:-

“9. The golden thread in all these decisions is that once a person is allowed to compound a case as provided for under Section 147 of the Negotiable Instruments Act, the conviction under Section 138 of the said Act should also be set aside. In the case of Vinay Devanna Nayak (supra), the issue was raised and after taking note of the provisions of Section 320 Cr.P.C., this Court held that since the matter had been compromised between the parties and payments had been made in full and final settlement of the dues of the Bank, the appeal deserved

to be allowed and the appellant was entitled to acquittal. Consequently, the order of conviction and sentence recorded by all the courts were set aside and the appellant was acquitted of the charge leveled against him.”

9. It is thus crystal clear that, keeping in view the mandate of the aforesaid judgment and the provisions of Section 147 of the Negotiable Instruments Act, there is no bar for the parties in compounding the offence under the provisions of Section 138 of the N.I. Act, even at the stage of the present proceedings.

10. Thus, keeping in view the aforesaid judgment and the facts and circumstances discussed hereinabove, the parties having indeed buried their differences, and the accused having made the full and final settlement of the claim, the parties are allowed to compound the offence and, as a sequel, the judgments passed by the learned Courts below are quashed and set aside. The accused is acquitted of the charges. Bail bond stands discharged.

11. Learned counsel for the petitioner/accused submits that an amount of Rs.40,000/- stands deposited with the Registry of this Court and since the petitioner/accused has already paid the amount agreed upon *inter se* the parties towards

full and final settlement of the claim, the said amount be refunded to the petitioner/accused. Ordered accordingly.

12. Accordingly, the petition is disposed off in the aforesaid terms, pending application(s) so also, if any.

(Chirag Bhanu Singh)
Judge

08th October, 2026
(Shamsh Tabrez)