

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

Cr.R No. 364 of 2026
Decided on 10th September, 2026

Tej Singh

...Petitioner

Versus

Punjab National Bank

.....Respondent

Coram

Hon'ble Mr. Justice Chirag Bhanu Singh, Judge.

¹Whether approved for reporting?

For the petitioner : Ms. Muskan & Ms. Tanu, Advocates

For the respondent : Mr. Arvind Sharma, Sr. Advocate along with Ms. Kiran Sharma, Advocate.

Chirag Bhanu Singh, Judge (Oral)

By way of the present revision petition, the petitioner-accused has assailed his conviction and sentence passed by learned Judicial Magistrate First Class, Chachiot at Gohar, District Mandi dated 26.06.2025/30.08.2025. The same came to be affirmed by learned Additional Sessions Judge-II, Mandi, District Mandi on 20.02.2026.

2. The accused had been sentenced to undergo simple imprisonment for 2 months and had also been burdened with

compensation amounting to Rs.60,000/-. In default thereof, the accused has been directed to undergo simple imprisonment for a further period of one month.

3. It transpires from the record that the petitioner-accused had contracted a loan from the respondent-Bank, and having failed to repay it, the respondent-Bank resorted to the provisions of Section 138 of the Negotiable Instruments Act. The cheque issued by the petitioner-accused was dishonoured, resulting in the aforesaid conviction and sentence.

4. However, it transpires that during the course of the present proceedings, as a one time settlement, the petitioner-accused has compromised the matter by paying an amount of Rs.60,000/-, to the respondent-Bank. Per the learned counsel for the respondent-Bank, the entire amount of Rs.60,000/- stands paid by the petitioner-accused.

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

6. Since the parties have not only settled the matter but the respondent-Bank has also received the full and final settlement of the claim, the revision deserves to be allowed and the petitioner-accused is entitled to be acquitted. In this behalf, reliance can be placed on a judgment of the Hon'ble Supreme Court, ***titled as K.M.***

Ibrahim vs. K.P. Mohammed and Another, 2010 (1) SCC 798.

7. It would be apposite to reproduce para-9 of the K.M. Ibrahim's judgment, (supra) 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 Banks, 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 charges leveled against him.”

8. 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 offense under Section 138 of the Negotiable Instruments Act even at the stage of the present proceedings.

9. Thus, keeping in view the aforesaid judgment and the

fact that the parties have indeed resolved to bury their differences, and the accused having made the full and final settlement of the claim, based on a one-time settlement offered by the respondent-Bank, the parties are allowed to compound the offense, and as a sequel, the judgment of the learned Court below is set aside, and the accused is acquitted of the charges. The judgment of conviction and sentence passed by the learned Judicial Magistrate First Class, Chachiot at Gohar, District Mandi, HP, dated 26.06.2025, 30.08.2025 and that of the learned Additional Sessions Judge-II, Mandi, District Mandi, HP dated 20.02.2026 are quashed and set aside. The petitioner shall stand acquitted. Ordered accordingly.

10. The petition is disposed of in the aforesaid terms, so also the pending application, if any.

(Chirag Bhanu Singh)
Judge

10.09.2026
(Ritu)