

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

**Cr. Revision No.547 of 2026
Decided on 09.09.2026**

Indu Devi

...Petitioner

Versus

Pushap Raj

...Respondent

Coram

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

¹Whether approved for reporting?

For the petitioner: Mr. Lokesh Thakur, Advocate, vice Mr. G.R. Palsra, Advocate.

For the respondent: Mr. Manjeet Singh, Advocate.

Chirag Bhanu Singh, Judge (Oral)

By way of the present revision, the petitioner has assailed her conviction and sentence passed by the learned Chief Judicial Magistrate, Mandi, District Mandi, H.P., vide order dated 05.12.2025, whereby the petitioner stands convicted for a period of one year and was awarded compensation to the tune of Rs.9,00,000/- (nine lakh only) for having committed an offence punishable under Section 138 of the Negotiable Instruments Act (NI Act), which has been duly affirmed in appeal by the learned Sessions Judge, Mandi, vide judgment dated 30.04.2026.

2. In brief, the genesis leading to the complaint was that the accused and her husband are well known to the complainant and as such, accused borrowed a sum of Rs.6,50,000/- from the complainant in the month of April, May and June, 2018 and had assured to return the same to the complainant shortly. Having failed to do so, on the complainant demands, the accused had issued a cheque bearing No.696964, dated 22.04.2019 amounting to Rs.6,50,000/- drawn on PNB Pandoh, District Mandi, H.P. The respondent-complainant had presented the same with his bankers, which unfortunately came to be dishonoured.

3. The complainant having approached the Court below resulted into the aforeaid conviction and sentence. In appeal too, the conviction was upheld. The learned Courts below after due deliberations sentenced the accused/petitioner and imposed the substantive sentence referred above and hence the present revision petition.

4. I have heard learned counsel for the parties and have gone through the record carefully.

5. Prima-facie, it seems that the complainant and the accused were having family relations and in the process the

accused had borrowed a sum of Rs.6,50,000/- from the complainant and some how the accused could not repay the same, the loan went bad.

6. Keeping in view the past relationship between the parties they have now apparently resolved the differences and the petitioner-accused has paid the entire cheque amount of Rs.6,50,000/- to the complainant. In this behalf, the parties have also placed on record a deed of compromise dated 26.08.2026. It is inter alia averred in the compromise that both the parties have willfully compromised the matter and the respondent-complainant has received the full and final payment on 26.08.2026 itself. There is no subsisting liability remaining and hence, the respondent-complainant does not intend to proceed any further in the matter.

7. Seemingly, the parties have now buried the hatchet. The learned counsel for the respondent-complainant also submits that the entire cheque amount has been received by the respondent-complainant.

8. The learned counsel for the petitioner submits that since the parties had agreed to settle the matter in full and

final settlement of the claim, the petition deserves to be allowed and the petitioner entitled to be released.

9. Hon'ble Supreme Court, in case ***titled as "K.M. Ibrahim versus K.P. Mohammed and another, 2010 (1) SCC 798."*** has categorically gone on to hold that the offences under Section 138 of the N.I. Act, can be allowed to be compounded even at the appellate stage.

10. The said view has been consistently followed from the year 2004, starting with ***Anil Kumar Haritwal versus Alka Gupta, reported in 2004 (4) SCC 366***, in a series of judgments till K.M. Ibrahim's case referred hereinabove (supra).

11. It would be apposite to reproduce para-9 of the K.M, Ibrahim 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."

12. The Hon'ble Supreme Court thus, has categorically gone on to hold that Section 147 of the N.I. Act, does not in any way bar the parties from compounding an offence under the provisions of Section 138 of the N.I. Act, even at the appellate stage of the proceedings.

13. Thus, keeping in view the aforesaid judgment and facts and circumstances discussed herein-above (supra), the parties having indeed buried their differences, the matter having been compromised and the entire cheque amount having been paid to the respondent on 26.08.2026, in full and final settlement of the claim, the parties are allowed to compound the offence and as a sequel, the judgments of the learned Courts below, are quashed and set-aside. The accused is acquitted the charges. The release warrant be prepared accordingly.

14. Accordingly, the petition is disposed off in the aforesaid terms.

(Chirag Bhanu Singh)
Judge

9th September, 2026
(subhash)

RITU
RANI

Digitally signed
by RITU RANI
Date:
2026.09.10
15:22:56 +0545