



**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

**CRR-2358-2025 (O&M)
Date of decision: 22.09.2025**

AJAY KUMAR

....Petitioner

Versus

STATE OF PUNJAB AND ANR.

....Respondents

CORAM:- HON'BLE MS. JUSTICE RUPINDERJIT CHAHAL

Present:- Mr. Rohiteshwar Singh, Advocate
for the petitioner.

....

RUPINDERJIT CHAHAL, J. (ORAL)

1. Petitioner-Ajay Kumar has filed the instant revision petition assailing judgment of conviction and order on quantum of sentence dated 02.05.2023 passed by learned Sub Divisional Judicial Magistrate, Mukerian, District Hoshiarpur, whereby he has been convicted and sentenced under Section 138 of the Negotiable Instruments Act, 1881 (for short 'the Act') for a period of two years rigorous imprisonment and to pay compensation under Section 357 of Cr.P.C. to the tune of the cheque amount i.e. Rs.61,500/- with interest @ 9% per annum from the date of cheque till date as also the judgment dated 01.09.2025 passed by learned Additional Sessions Judge, Hoshiarpur, whereby appeal of the petitioner against the aforesaid judgment of conviction and order of sentence dated 02.05.2023 has been dismissed.

2. Brief facts of the present case are that the petitioner availed NFS loan of Rs.50,000/- from the complainant bank. The loan was to be



repaid in installments along with interest, as stipulated in the loan agreement. However, the petitioner failed to make regular payments in accordance with the agreed terms and conditions. As a result, the loan account became irregular. In an attempt to clear part of the outstanding dues, including interest, the petitioner issued cheque No.630751 dated 16.02.2017 for an amount of Rs.61,500/- in favour of the bank. However, when the respondent-bank presented the cheque for encashment it was returned unpaid due to “Funds Insufficient” and subsequently, the respondents issued a legal notice to the petitioner demanding payment, but no payment was made by the petitioner.

3. Learned counsel for the petitioner has further averred that when the petitioner failed to make the payment, the respondent filed a complaint under Section 138 of the Negotiable Instruments Act before the learned Trial Court and after hearing the parties, learned Judicial Magistrate Ist Class, Mukerian, District Hoshiarpur vide order dated 02.05.2023 convicted the petitioner to undergo two years rigorous imprisonment and directed payment of compensation equivalent to the cheque amount of Rs.61,500/- with 9% annual interest from the cheque date till realization.

4. That aggrieved by the order dated 02.05.2025 of learned Judicial Magistrate Ist Class, Mukerian, District Hoshiarpur, the petitioner filed appeal CRA-155-2023 before learned Additional Sessions Judge, Hoshiarpur. However, vide order dated 01.09.2025, the appeal was dismissed and the order dated 02.05.2023 (*supra*) was upheld.



5. Feeling aggrieved, petitioner has filed the instant revision petition with a prayer that both the aforesaid judgments passed by the Courts below be set aside and the petitioner may be acquitted of the charges levelled against him.

6. Now the petitioner has filed an application under Section 147 of the Negotiable Instruments Act read with Section 528 BNSS, 2023 seeking permission from this Court to compound the offence and be acquitted of the charges under Section 138 of Negotiable Instruments Act.

7. Mr. Rahul Kumar Sawraj, Advocate has put in appearance on behalf of complainant/respondent and has filed his power of attorney. The same is taken on record. He submits that the matter has been compromised, the amount stands paid and he has no objection, if the present application is allowed.

8. Learned counsel for the petitioner relies upon the judgment in the case of ***Tilak Kataria vs. State of Haryana and another, 2021 (3) RCR (Criminal) 404***, wherein, after considering various judgments of the Apex Court, it has been held that when the complainant does not have any objection, the proceedings should come to an end.

9. The Hon'ble Supreme Court in ***A.T. Sivaperumal vs. Mohammed Hyath (D) by LRs***, decided on 27.03.2017, has held that once the settlement between the parties has been arrived at, the conviction can also be set aside and the litigation too. Similar view has been taken by a Coordinate Bench of this Court in the case of ***Jagmohan Vs. Sandeep Aggarwal and another, 2021(4) RCR (Criminal) 86***.



10. Learned counsel for the petitioner and learned counsel for the respondent, are ad-idem and submit that as the matter stands compromised and the petitioner may be allowed and permission may be granted to the parties to compound the offence under Section 138 of the Act in view of the law laid down by the Hon'ble Supreme Court in ***Damodar S. Prabhu vs. Sayed Babalal H, 2010 (2) RCR (Criminal) 851***; the impugned judgments and order passed by the learned trial Court and the learned Appellate Court may be set aside and the petitioner be acquitted of the charge.

11. I have heard learned counsel for the parties and perused the record.

12. In the present case, the cheque(s) amount is Rs.61,500/-. In view of the law laid down in ***Damodar S. Prabhu's case (supra)***, compounding of the present offence can be allowed provided the petitioner-accused pays 15% of the cheque amount by way of costs. On calculation, 15% of the cheque amount comes to be Rs.9,225/-. As noticed above, the parties have settled the dispute by way of compromise. Thus, this Court grants permission to compound the offence punishable under section 138 NI Act.

13. In view of the above, the impugned judgment of conviction and order on quantum of sentence dated 02.05.2023 passed by learned Sub Divisional Judicial Magistrate, Mukerian, District Hoshiarpur and the judgment dated 01.09.2025 passed by learned Additional Sessions Judge, Hoshiarpur, are set aside; the complaint under Section 138 of the Act stands dismissed and the petitioner stands acquitted of the charge, subject



to his depositing the costs of Rs.9,225/- with the Punjab State Legal Services Authority, in view of the law laid down by the Hon'ble Supreme Court in ***Damodar S. Prabhu's*** case (supra), within 15 days from the receipt of the certified copy of this order. The present petition is allowed in the aforementioned terms.

14. Registry is directed to ensure the compliance of this order as to depositing of costs by the petitioner.

15. Pending application(s), if any, stand disposed of in view of the abovesaid judgment.

22.09.2025
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(RUPINDERJIT CHAHAL)
JUDGE

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| i) | Whether speaking/reasoned? | Yes/No |
| ii) | Whether reportable? | Yes/No |