

IN THE HIGH COURT OF PUNJAB AND HARYANA AT  
CHANDIGARH

2025:PHHC:175992



**Date of Decision: 19.12.2025.**

**105 to 109**

**CRR-3193, 3194, 3197, 3200 & 3201-2025 (O&M)**

Phosphate India Private Limited and another

...Petitioners.

Versus

Paramjit Kaur and others

...Respondents.

\*\*\*

**CORAM: HON'BLE MRS. JUSTICE SUKHVINDER KAUR**

.....

Present: Mr. Vipul Joshi, Advocate  
for the petitioners.

Mr. Abhishek Sanghi, Advocate  
for respondents No.1 and 2.

Ms. Pooja Nayar Sharma, DAG, Punjab.

\*\*\*

**SUKHVINDER KAUR, J. (Oral)**

1. This order shall dispose of the above mentioned five revision petitions arising out of judgments dated 19.11.2025 passed by learned Additional Sessions Judge, Rupnagar, vide which the judgments of conviction and order of sentence dated 28.02.2020 passed by learned Judicial Magistrate Ist Class, Rupnagar in NACT/427/2015 in CRR-3193-2025; NACT/453/2015 in CRR-3194-2025; NACT/188/2016 in CRR-3197-2025; NACT/191/2016 in CRR-3200-2025 & NACT/428/2015 in CRR-

3201-2025 have been upheld, whereby the respondent No.1 was held guilty for offence under Section 138 of Negotiable Instruments Act and was convicted.

2. In CRR-3193-2025, an application i.e. CRM-50485-2025 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of full and final settlement agreement dated 08.12.2025 (Annexure P1).

3. In CRR-3194-2025, an application i.e. CRM-50491-2025 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of full and final settlement agreement dated 08.12.2025 (Annexure P1).

4. In CRR-3197-2025, an application i.e. CRM-50503-2025 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of full and final settlement agreement dated 08.12.2025 (Annexure P1).

5. In CRR-3200-2025, an application i.e. CRM-50514-2025 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of full and final settlement agreement dated 08.12.2025 (Annexure P1).

6. In CRR-3201-2025, an application i.e. CRM-50522-2025 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of full and final settlement agreement dated 08.12.2025 (Annexure P1).

7. Learned counsel for the petitioner(s) submitted that the compromise has been effected between the parties and as per the compromise all the dues had been paid by the petitioner(s) as such, they

prays for compounding of the offence and acceptance of the revision petitions.

8. Learned counsel representing the complainant/ respondents No.1 and 2 have admitted the factum of compromise and submits that they have specific instructions from the complainant/ respondents No.1 and 2 that they have no objection in case the revision petitions are allowed and the petitioners are acquitted of the notice of accusation.

9. I have heard learned counsel for the parties and have perused the relevant material placed on record.

10. As submitted by learned counsel for the petitioners, during the course of proceedings, settlement was effected between the parties. In CRRs-3193, 3194, 3197, 3200 & 3201-2025, full and final settlement agreement dated 08.12.2025 (Annexure P1) has been placed on record. Learned counsel for the petitioners has submitted that disputed cheque amount has already been paid by the petitioners to the respondents and now nothing is due towards them, which is conceded by learned counsel for the respondents.

10. The object and purpose of proceeding initiated under the Act is to provide a compensatory mechanism for expeditious recovery of money and not just punishing the offender, which is a secondary concern.

11. The Hon'ble Supreme Court in **Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560**, has held as under:-

*“7. This Court has noted that the object of the statute was to facilitate smooth functioning of business transactions. The provision is necessary as in many transactions’ cheques were issued merely as a device to defraud the*

*creditors. Dishonour of cheque causes incalculable loss, injury and inconvenience to the Vide the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 payee and credibility of business transactions suffers a setback. At the same time, it was also noted that nature of offence under Section 138 primarily related to a civil wrong and the 2002 amendment specifically made it compoundable.....*

*xxxx xxxx xxxx*

*18.2. The object of the provision being primarily compensatory, punitive element being mainly with the object of enforcing the compensatory element, compounding at the initial stage has to be encouraged but is not debarred at later stage subject to appropriate compensation as may be found acceptable to the parties or the court.*

*18.3. Though compounding requires consent of both parties, even in absence of such consent, the court, in the interests of justice, on being satisfied that the complainant has been duly compensated, can in its discretion close the proceedings and discharge the accused.”*

12. Offence punishable under Section 138 of the Act is a compoundable offence. As in the present case, parties have settled their dispute with regard to dishonouring of cheque in question, in the given circumstances, the petitioner No.2 deserves to be acquitted of the offence punishable under Section 138 of the Act, by compounding the same.

13. For the foregoing reasons, the above-mentioned petitions are allowed and the impugned judgments of conviction and order of sentence dated 28.02.2020 passed by learned trial Court as well as the judgments dated 19.11.2025 passed by learned Appellate Court are set aside and the petitioner No.2 is acquitted of the notice of accusation. He be released from

the custody if not required in any other case.

15. Pending CRM(s), if any, are also disposed of accordingly.
16. A photocopy of this order be placed on the file of other connected case.

19.12.2025.

(SUKHVINDER KAUR)

JUDGE

Komal

Whether speaking/reasoned? : Yes/ No

Whether reportable? : Yes/ No