IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

Cr.MP No.4694 of 2026
in
Cr. R. No.101 of 2025
Decided on 02nd November, 2026

Govind Ram **…Applicant/Petitioner**

Versus

Punjab National Bank **..Non-applicant/Respondent**

Coram

Hon'ble Mr. Justice Chirag Bhanu Singh, Judge.
[1]Whether approved for reporting?

For the applicant/petitioner : **Mr. T.K. Verma, Advocate.**

For the non-applicant/respondent : **Ms. Kiran Sharma, Advocate vice Mr. Raman Prashar, Advocate.**

Chirag Bhanu Singh, Judge (Oral)

The applicant/petitioner has preferred an application under Section 147 of the Negotiable Instruments Act (in short "NI Act") seeking permission to compound the offence punishable under Section 138 of the NI Act and quashing and set aside the judgment passed by the learned Chief Judicial Magistrate, Mandi, HP, whereby the petitioner stood convicted and sentenced to undergo simple imprisonment for a period of one year and to pay

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

compensation of Rs.2,50,000/-. In default thereof, he was further sentenced to further undergo simple imprisonment for six months.

2. The aforesaid conviction came to be affirmed by the learned First Appellate Court i.e. Sessions Judge, Mandi, District Mandi vide an order dated 05.01.2026. The revision filed by the applicant/petitioner assailing his conviction and sentence by the learned Courts below also came to be dismissed on 24.06.2026 by this Court.

3. The present proceedings have been initiated after his conviction came to be upheld by this Court in Criminal Revision No. 101 of 2026 on 24.06.2026.

4. However, post his conviction and sentence, seemingly the parties have amicably settled the entire dispute, and in pursuance thereto, he has agreed to pay the amount of Rs. 2,50,000/- as full and the final settlement of the claim, in terms of one time settlement offered by the respondent-Bank.

5. The learned counsel for the respondent-Bank submits that the lis has indeed been compromised and the total amount of Rs. 2,50,000/- stands paid by the applicant/petitioner.

6. Seemingly, the parties have now buried the hatchet

once and for all, though after the conviction and sentence have been duly affirmed by this Court.

7. The learned counsel for the applicant/petitioner submits that since the parties have agreed to settle the matter in full and final settlement of the claim, the petition deserves to be allowed and the applicant/petitioner is entitled to be acquitted and released.

8. The Hon'ble Supreme Court, in the case titled ***K.M. Ibrahim v. K.P. Mohammed and Another*****, (2010) 1 SCC 798,** has categorically held that offences under Section 138 of the NI Act can be allowed to be compounded even at the appellate stage.

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

10. It would be apposite to reproduce paragraph 9 of ***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."

11. The Hon'ble Supreme Court, thus, has categorically held that Section 147 of the NI Act does not in any way bar the parties from compounding an offence under the provisions of Section 138 of the NI Act, even at the appellate stage of the proceedings.

12. Even this Court in ***Chune Ram v. Brikam Chand (Cr. MMO No. 188 of 2025, decided on 13.11.2025)*** has categorically held that the powers conferred under Section 528 of the BNSS can always be exercised by the High Court for compounding offences under Section 147 of the N.I Act and quashing the conviction finally affirmed by the High Court under Section 138 of the N.I Act, when no proceedings are pending before any Court.

13. Thus, keeping in view the aforesaid judgments and the facts and circumstances discussed hereinabove, the parties having indeed buried their differences, the matter having been compromised and the entire amount having been paid to the

respondent/complainant in full and the final settlement of the claim, the parties are allowed to compound the offence.

14. In view of the aforesaid, the judgment dated 24.06.2026 passed by this Court is recalled and, as a sequel, the judgments of conviction and sentence imposed by the learned Courts below are quashed and set aside and the accused is acquitted of the charges. The bail bounds stands discharged accordingly.

15. The petitioner had deposited an amount of Rs.75,000/- before the learned trial Court during the pendency of the proceedings which are ordered to be released in favour of the applicant/petitioner.

16. The petition is disposed of accordingly, so also the pending application(s), if any.

(Chirag Bhanu Singh)
Judge

02.11.2026
(Ritu)