IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Cr. MP No. 4838 of 2026
IN
Cr. Revision No. 32 of 2026
Date of Decision: 29.10.2026

Tikam Chand

....Applicant/petitioner

Versus

C.D. Co-operative Credit Society Ltd.

....Respondent/Complainant

Coram
Hon'ble Mr Justice Chirag Bhanu Singh, Judge.
Whether approved for reporting. [1]
For the applicant/ petitioner : **Mr. Lokesh Thakur, Advocate, vice Mr. G. R. Palsra, Advocate.**

For the respondent/ complainant : **Mr. Ram Kumar, Advocate.**

Chirag Bhanu Singh,Judge(Oral)

The applicant/petitioner has preferred the present application under Section 147 of the Negotiable Instruments Act (NI Act) read with Section 528 of the Bharatiya Nagarik Suraksha Sanhita (BNSS), seeking to compound the matter after having compromised the *lis* with the respondent/society, though this Court had upheld his conviction and sentence vide an order dated 06.08.2026.

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

2. The applicant/petitioner had apparently taken a loan of Rs.5,50,000/- from the respondent/society. Having failed to repay had issued the cheque in question, resulting in his convication and sentence by the learned Courts below.

3. The applicant/petitioner has now compromised the matter by way of a Compromise Deed (Annexure C-2) by paying an amount of Rs.10,75,000/- as full and the final settlement of the claim. The applicant/petitioner has also placed on record the No Objection Certificate (NOC) issued by the respondent/society, whereby it has been stated that the applicant/petitioner has repaid the entire loan amount along with interest and all other dues and no amount was outstanding against him.

4. The learned counsel for the respondent/society also submits that the dispute stands amicably settled and the applicant/petitioner has indeed paid an amount of Rs.10,75,000/- as full and the final settlement of the claim.

5. By now, it is fairly well settled that the Court can quash the conviction based on the compromise arrived at *inter se* the parties, even after the conviction has been upheld by this Court or if any proceedings are pending against the applicant/petitioner in any of the Courts.

6. 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.

7. 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.

8. 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."

9. 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 and even when no proceedings are pending before this Court.

10. 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.

11. 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.

12. In view of the aforesaid, the judgment dated 06.08.2026 passed by this Court is recalled and, as a sequel, the judgments of conviction and sentence imposed by the learned Courts below are quashed & set aside and the accused is acquitted of the charges. The bail bounds stands discharged accordingly.

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

(Chirag Bhanu Singh)
Judge

29th October, 2026
(Shamsh Tabrez)