IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

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CRM-M-11308-2016 (O&M)
Date of decision: 16.01.2026

M/s Marg Limited and another ...Petitioner(s)

VERSUS

M/s P.K. Building Material Suppliers ...Respondent(s)

CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present :- Mr. Vaibhav Sharma, Advocate for the petitioner(s).

Mr. Gurmandeep Singh Sullar, Advocate and
Ms. Devaki Anand, Advocate for the respondent(s).

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VINOD S. BHARDWAJ, J. (Oral)

1. The present petition has been filed for quashing of complaint bearing No.COMA/1817/2015 filed by the respondent on 13.10.2015 under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881.

2. Learned counsel appearing on behalf of the petitioners submits that petitioner No.1 is a company incorporated in the year 1994 and is engaged in execution of infrastructure projects across the country. Petitioner No.2 was working as the Executive Director of the said company. He has been unnecessarily arrayed as accused in the present proceedings. It is contended that Haryana Urban Development Authority (HUDA) had floated a tender for construction of four-storeyed houses for slum dwellers under the Jawaharlal Nehru National Urban Renewal Mission. The bid submitted by petitioner No.1 was accepted and a letter of intent was issued by HUDA in favour of the company. Petitioner No.1 thereafter engaged the services of

one M/s Pratik Buildwel (P) Ltd. for construction of the said housing units at the rate of ₹493.70 per square foot, inclusive of complete civil works, plumbing, flooring and electrification. It is further contended that M/s Pratik Buildwel (P) Ltd. failed to complete the project within the stipulated timeline. In the interregnum, the respondent approached petitioner No.1-company informing that he had stopped supplying material at the project site on account of non-payment of his dues by M/s Pratik Buildwel (P) Ltd., which were then outstanding to the tune of ₹10,47,000/-. To ensure continuity of the project and to avoid further delay, petitioner No.1-company issued an undated security cheque bearing No. 153303 for the amount of ₹10,47,000/- drawn on HDFC Bank, Khan Market Branch, New Delhi. Upon presentation, the said cheque was dishonoured, whereupon the complaint was instituted, giving rise to the present proceedings.

3. Learned counsel appearing on behalf of the petitioners argues vehemently that there existed no legally enforceable debt or liability against the petitioner–Company since the obligation to make payment was exclusively upon M/s Pratik Buildwel Pvt. Ltd. There being no privity of contract between the complainant and the petitioner–Company, hence, no liability could be fastened upon the Company.

4. He contends that be that as it may, petitioner No.1-Company had subsequently been proceeded against under the provisions of the Insolvency and Bankruptcy Code, 2016, hence, enforcement proceedings could not have been continued against her any further .

5. He submits that notice of motion in the present case issued on 01.04.2016 and the trial Court was directed to adjourn the case beyond the date fixed by this Court. Eventually, when the matter came up for consideration, on 02.07.2019 the statement on behalf of petitioner was recorded and the following order was passed:-

> *"Learned counsel for petitioner submits that in order to settle the dispute petitioner no. 2 is ready to make entire payment of cheque amount in installments and he will bring draft of 25% of the cheque amount within two weeks.*
>
> *List on 19.07.2019, for arguments.*
>
> *Interim order to continue, which shall stand vacated on next date of hearing and trial Court will proceed further in the matter.*
>
> *Copy of this order be conveyed to trial Court."*

6. It is argued that the undertaking furnished by the petitioner was not an admission of liability but was tendered solely to save unnecessary harassment for himself. He contends that the matter later came up for hearing on 19.07.2019 when the petitioner presented a demand draft equivalent to 25% of the cheque amount and a schedule for payment of the remaining amount. The order read thus:-

> *"A demand draft of 25% of the cheque amount has been given to complainant in Court.*
>
> *Learned counsel for the petitioner seeks adjournment to pay remaining amount as per following schedule:-*
>
> > *"25% of the cheque amount will be paid to respondent on or before expiry of every three months."*
>
> *In view of submission of learned counsel for the petitioner, schedule for payment of cheque amount is fixed as follows:-*
>
> *(i) 1st cheque/draft of 25% out of the outstanding cheque amount will be given on or before 15.10.2019.*

(ii) 2nd cheque/draft of 25% out of the outstanding cheque amount will be given on or before 15.01.2020.

(iii) 3rd cheque/draft of 25% out of the outstanding cheque amount will be given on or before 15.04.2020.

List on 04.05.2020."

7. It is submitted by the counsel for the petitioners that the payment as per the agreed schedule has already been paid to the respondent, hence, there is no impending dispute since the entire cheque liability stands discharged. Accordingly, the proceedings in the complaint case bearing No.COMA/1817/2015 under Section 138/142 of the Negotiable Instruments Act, 1881 deserve to be quashed.

8. Learned counsel for the respondent, however, contends that the payment was finally made only in the year 2020, hence, the petitioner is liable to pay compensation by way of interest.

9. I have heard the learned counsel appearing on behalf of the respective parties and have gone through the documents appended with the instant petition with their able assistance.

10. It is not disputed by the counsel for the respondent that the entire cheque amount already stands paid. The dispute thus stands substantially redressed. The only issue is w.r.t. the amount demanded by the respondent towards interest on delayed payment. Counsel for the petitioner contends that he is ready to pay the compensation as per law instead of the compensatory interest. The proceeding under the Negotiable Instruments Act, 1881 being quasi criminal, the compensatory interest issue should not stand as a reason for prolonged incarceration. It is for the said reason that the Supreme Court quantified the compensation at different stages of compounding instead of allowing compensatory interest.

11. In view of the law laid down by the Hon'ble Supreme Court in '***Sanjabij Tari vs Kishore S. Borcar and Anr'*** reported as ***2025 SCC OnLine SC 2069*** and decided on **25.09.2025,** this Court deems it appropriate to balance the equities between the parties. Accordingly, the petitioner is directed to pay an additional amount equal to 5% of the cheque amount to the respondent within a period of two months from the date of receipt of a certified copy of this order. On furnishing of proof of payment of the said amount, the complaint bearing No. COMA/1817/2015, titled "M/s P.K. Building Material Suppliers v. M/s Marg Limited and another", along with all consequential and subsequent proceedings arising therefrom, shall stand quashed.

12. The petition is ***allowed***.

(VINOD S. BHARDWAJ)
JUDGE

16.01.2026
Mangal Singh

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No