

CRR-735-2026

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CRR-735-2026

M/s Varun Trading Company and anotherPetitioner(s).

Versus

M/s Ajay Enterprises and othersRespondent(s).

Judgment reserved on	Judgment pronounced on	Operative Part Pronounced or full	Uploaded on
13.05.2026	18.05.2026	Fully pronounced	18.05.2026

CORAM: HON'BLE MR. JUSTICE ANOOP CHITKARA,

Present: Ms. Raageshwari Sharma, Advocate
for the petitioner(s).

Mr. Chaitanya Sharma, Advocate
for respondents No.1 & 2.

Mr. Akshay Kumar, AAG, Punjab.

ANOOP CHITKARA, J.

Criminal Complaint	No.NACT/219/2020 under Section 138 of Negotiable Instruments Act, Tehsil Patti CNR No.PBTTA1-001931-2020 Date of decision: 03.10.2025
Criminal Appeal	No.CRA-239-2025, Additional Sessions Judge, District Tarn Taran PBTT010083092025 Date of decision: 07.03.2026

Convict's name	Penal provision	Sentence
Varun Gupta	Section 138 of the Negotiable Instruments Act, 1881	RI for 01 year and fine amount equivalent to cheque amount i.e. Rs.1,52,350/-

1. The petitioner, who stands convicted for the commission of offence punishable under Section 138 of the Negotiable Instruments Act, 1881, (NIA), after dismissal of his

appeal by the Appellate Court, has come up before this Court under Section 442 of the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023 for setting aside of impugned judgments and orders passed by the trial Court and the appellate Court, mentioned above, based on compromise between the parties through mediation.

2. The petitioner faced criminal prosecution at the hands of the private respondent because of dishonor of the cheque(s) in question. Thus, the State is not a necessary party in this revision petition.

3. During the course of arguments, counsel for the petitioner submitted that the matter has been amicably settled between the parties and the entire outstanding amount has been paid to the respondent-complainant, and now, nothing remains due or payable.

4. Counsel for the complainant(s) submitted that he has instructions to submit that complainant(s) have no objection if the amount of costs/compensation, as directed in Damodar S. Prabhu (*Supra*), is waived off.

5. The jurisprudence underlying the *Negotiable Instruments Act, 1881*, is that commercial transactions must be honored. The legislative intent is not to subject people to incarceration merely because their cheques have been dishonored. The object of such proceedings is primarily to secure recovery of the cheque amount by invoking the deterrent effect of a penal provision. In view of the judgment of the Hon'ble Supreme Court in *Damodar S. Prabhu v. Sayed Babalal H.*, (2010) 5 SCC 663, it is well settled that where the entire amount has been paid, the complainant ordinarily cannot object to compounding of the offense, though 15% of the cheque amount is to be deposited by the accused with the concerned State Legal Services Authority. The relevant extract from the said judgment reads as follows:

[17]. "...Even though the imposition of costs by the competent court is a matter of discretion, the scale of costs has been suggested in the interest of uniformity. The competent Court can of course reduce the costs with regard to the specific facts and circumstances of a case, while recording reasons in writing for such variance."

6. Given above, because of the compromise, this is a fit case where the inherent jurisdiction of the High Court under Section 442 of the BNSS, supported by Section 147 of the NIA, is invoked to disrupt the prosecution and quash the proceedings mentioned above. The complaint, notice of accusation, and the proceedings captioned above are quashed and set aside. The petitioner is acquitted of the charges, and he is also exempted from payment of 15% of the cheque amount, as per the judgment of the Apex Court in

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Damodar S. Prabhu (Supra). However, he shall deposit a lump sum amount of Rs. 5,000/- with the Punjab State Legal Services Authority within a month from today. The bail bonds are accordingly discharged.

7. The Revision Petition is allowed, in the terms mentioned above. All pending applications, if any, stand closed.

(ANOOP CHITKARA)
JUDGE

18.05.2026
Anju rani

Whether speaking/reasoned	:	Yes
Whether reportable	:	No