

IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

CRR-3188-2025 (O&M)
Date of Decision: 20.01.2026.
Uploaded on : 27.01.2026

M/s Phosphate India Private Limited and another ...Petitioners.

Versus

Paramjit Kaur and others ...Respondents.

CRR-3192-2025 (O&M)

M/s Phosphate India Private Limited and another ...Petitioners.

Versus

Paramjit Kaur and others ...Respondents.

CRR-3195-2025 (O&M)

M/s Phosphate India Private Limited and another ...Petitioners.

Versus

Paramjit Kaur and others ...Respondents.

CORAM: HON'BLE MR. JUSTICE ANOOP CHITKARA,

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

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

Ms. Pooja Nayar Sharma, DAG, Punjab.

ANOOP CHITKARA, J. (Oral)

1. This order shall dispose of the above-mentioned three 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/456/2015 in CRR-3188- 2025; NACT/455/2015 in CRR-3192-2025; and NACT/454/2015 in CRR-3195-2025 have been upheld, whereby the respondent No.1-accused was held guilty for offence under Section 138 of Negotiable Instruments Act and was convicted.

2. In CRR-3188-2025, an application i.e. CRM-50472-2025 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-3192-2025, an application i.e. CRM-50481-2025 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-3195-2025, an application i.e. CRM-50494-2025 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. Learned counsel for the petitioner(s) submitted that a compromise has been effected between the parties and as per the compromise all the dues had been paid by the petitioner(s) as such, he prays for compounding of the offence and acceptance of the revision petitions.

6. Learned counsel representing the complainant/ respondents No.1 and 2 has admitted the factum of compromise and submits that he has 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.

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

8. As submitted by learned counsel for the petitioners, during the course



of proceedings, settlement was effected between the parties. In CRRs-3188, 3192 and 3195-2025, 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 Negotiable Instruments 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.....

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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 he is still in custody and is 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.

(ANOOP CHITKARA)
JUDGE

20.01.2026

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