

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**R/CRIMINAL MISC.APPLICATION (FOR CONSENT QUASHING) NO.
2078 of 2026**

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BHARATBHAI BANUBHAI DANTI**Versus****STATE OF GUJARAT & ANR.**

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Appearance:**APURVA K JANI(7057) for the Applicant(s) No. 1****NOTICE NOT RECD BACK for the Respondent(s) No. 2****MR ADITYA JADEJA, APP for the Respondent(s) No. 1**

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CORAM:HONOURABLE MS. JUSTICE S.V. PINTO**Date : 04/05/2026****ORAL ORDER**

1. Learned advocate Mr. Shakti Mathew states that he has instruction to appear for the respondent no.2 – HDFC Bank Ltd. and he may be permitted to file his appearance for the respondent no.2 – HDFC Bank Ltd. .

2. Rule. Learned APP Mr. Aditya Jadeja and learned advocate Mr.Shakti Mathew waive service of notice of rule for the respective respondents.

3. By way of this application, the applicant has prayed for quashing and setting aside the order dated 13.08.2025

passed by learned 9th Additional Chief Judicial Magistrate, Rajkot in Criminal Case No. 6395 of 2023 on the ground amicable settlement between the parties.

4. Heard learned advocate Mr.Apurva K. Jani for the applicant, learned APP Mr. Aditya Jadeja for the respondent no.1 – State and learned advocate Mr.Shakti Matherw for the respondent no.2 – – HDFC Bank Ltd.

5. Learned advocate Mr. Apurva K. Jani for the applicant submits that the dispute between the parties has been amicably settled between the parties and the respondent no.2 – – HDFC Bank Ltd. has received the settlement amount i.e. 61,000/- as the applicant was facing financial crunch and rest of the amount has been waived and does not wish to prosecute the matter further. Therefore, the respondent no.2 – HDFC Bank Ltd. has no objection if the impugned judgment and order of conviction as well as all other consequential proceedings arising pursuant thereto are quashed against the applicant – accused.

6. Learned advocate Mr. Shakti Mathew for the respondent no.2 – HDFC Bank Ltd. submits that Kiranbhai Rajeshkumar Sukhadiya, an authorized person of the respondent no.2 – HDFC Bank Ltd. is present before this Court and has produced a copy of affidavit of the respondent no.2 – HDFC Bank Ltd. , which is taken on record.

7. Learned APP Mr. Aditya Jadeja for the respondent no.1 – State submits that the impugned judgment and order of sentence is just and proper; however, considering the fact that the dispute between the parties is amicably settled, necessary order may be passed.

8. Kiranbhai Rajeshkumar Sukhadiya, an authorized person of the respondent no.2 – HDFC Bank Ltd. is present before this Court, and on inquiry, submits that the dispute between has been settled amicably and as the applicant has been facing financial, the settlement amount of Rs.61,000/- has been received by the respondent no.2 – HDFC Bank Ltd. and rest of the amount has been waived by the respondent no.2 – HDFC Bank Ltd. and now the bank does not wish to prosecute

the matter further. He submits that as he is duly authorized persons to this affidavit, he admits to the contents of the affidavit and submits that the compromise has been entered into his own free will.

9. The affidavit filed by the respondent no.2 – HDFC Bank Ltd. reads as under:

“I, Kiranbhai Rajeshkumar Sukhadiya, Male, aged 39 years, having address at HDFC Bank Ltd, 4th Floor, "C" wing, Sheetal West Park Imperia, Beside Ahemdabad One Mall, Near Vastrapur Lake, Vastrapur, Ahmedabad 380052, the original complainant, do hereby affirm and state on oath as under:

1. I am working on the post of Legal Manager, HDFC Bank having employee code No. K9066 and have been duly authorised on this behalf by necessary resolution of the HDFC Bank dt. 21.08.2025 and my name figures at Sr. No. 31 in the list. A copy of resolution and relevant extract of list is annexed hereto at Annexure - R1.
2. I say and submit that at relevant time, the complainant was filed by authorised officer of the bank who had filed Criminal Case No. 6395 of 2023 before the Ld. 6th Addl. Chief Judicial Magistrate, Rajkot in for the offence punishable under Sec. 25 of the Payment and Settlement Systems Act, 2007, wherein, by order dt. 13.08.2025 passed by the Ld. 9% Addl. Chief Judicial Magistrate, Rajkot, the applicant has been convicted for the offence punishable under Sec. 25 of the Payment and Settlement Systems Act, 2007.

3. I say and submit that thereafter, the applicant has approached the HDFC Bank for settlement of the dues me to amicable settle the dispute rather than prolonging the proceedings on merits.
4. At the outset, I say and submit that the proposal was put up before the competent authority and while the original dues of the applicant was Rs. 1,06,642 which had thereafter aggregated to an amount of Rs. 1,97,852 after adding interest and other amount, however, considering the financial crunch of the applicant, the same is settled at Rs. 61,000 which has been paid by the applicant herein and rest of amount has been waived, and the bank has received the agreed amount same and it has also issued No Due Certificate, and accordingly, disputes and grievances of both the sides have been amicably settled. Accordingly, the bank does not wish to prosecute the present applicant any further and therefore I have no objection if this Hon'ble Court may be pleased to quash the order dt. dt. 13.08.2025 passed by the Ld. 9th Addl. Chief Judicial Magistrate, Rajkot in, as the bank has received its dues.
5. I say and submit that in view of this amicable settlement, if this Hon'ble Court be pleased to quash the order against the present applicant, I declare that the Bank has no objection. I am filing this affidavit with my free will and wish without there being any undue threats or pressure and that I am duly authorized to file this affidavit.

What is stated herein above is true to best of knowledge, information and belief and I believe the same to be true.”

10. So far as Section 482 of the Cr.P.C. is concerned, the Apex Court in the case of Parbatbhai Aahir Alias Parbatbhai Bhimsinhbhai Karmur Vs. State of Gujarat reported in AIR 2017 SC 4843, has observed in Para-15 as under:

“15. The broad principles which emerge from the precedents on the subject, may be summarised in the following propositions:

- (i) Section 482 preserves the inherent powers of the High Court to prevent an abuse of the process of any court or to secure the ends of justice. The provision does not confer new powers. It only recognizes and preserves powers which inherent the High Court;
- (ii) The invocation of the jurisdiction of the High Court to quash a First Information Report or a criminal proceeding on the ground that a settlement has been arrived at between the offender and the victim is not the same as the invocation of jurisdiction for the purpose of compounding an offence. While compounding an offence, the power of the court is governed by the provisions of Section 320 of the Code of Criminal Procedure, 1973. The power to quash under Section 482 is attracted even if the offence is non-compoundable.
- (iii) In forming an opinion whether a criminal proceeding or complaint should be quashed in exercise of its jurisdiction under Section 482, the High Court must evaluate whether the ends of justice would justify the exercise of the inherent power,
- (iv) While the inherent power of the High Court has a wide ambit and plenitude it has to be exercised; (i) to secure the ends of justice or (ii) to prevent an abuse of the process of any court;
- (v) The decision as to whether a complaint or First Information Report should be quashed on the ground that the offender and victim have settled the dispute, revolves ultimately on the facts and circumstances of

each case and no exhaustive elaboration of principles can be formulated;

- (vi) In the exercise of the power under Section 482 and while dealing with a plea that the dispute has been settled, the High Court must have due regard to the nature and gravity of the offence. Heinous and serious offences involving mental depravity or offences such as murder, rape and dacoity cannot appropriately be quashed though the victim or the family of the victim have settled the dispute. Such offences are, truly speaking, not private in nature but have a serious impact upon society. The decision to continue with the trial in such cases is founded on the overriding element of public interest in punishing persons for serious offences;
- (vii) As distinguished from serious offences, there may be criminal cases which have an overwhelming or predominant element of a civil dispute. They stand on a distinct footing insofar as the exercise of the inherent power to quash is concerned;
- (viii) Criminal cases involving offences which arise from commercial, financial, mercantile, partnership or similar transactions with an essentially civil flavour may in appropriate situations fall for quashing where parties have settled the dispute;
- (ix) In such a case, the High Court may quash the criminal proceeding if in view of the compromise between the disputants, the possibility of a conviction is remote and the continuation of a criminal proceeding would cause oppression and prejudice; and
- (x) There is yet an exception to the principle set out in propositions (viii) and (ix) above. Economic offences involving the financial and economic well-being of the State have implications which lie beyond the domain of a mere dispute between private disputants. The High Court would be justified in declining to quash where the offender is involved in an activity akin to a financial or economic fraud or misdemeanour. The consequences of the act complained of upon the financial or economic system will weigh in the balance."

11. Section 147 of the Negotiable Instruments Act makes offences under the Act compoundable notwithstanding anything contained in the Code of Criminal Procedure. The Hon'ble Supreme Court in **Damodar S. Prabhu v. Sayed Babalal H., (2010) 5 SCC 663**, recognized that the primary object of proceedings under Section 138 N.I. Act is compensatory in nature and encouraged compounding even at later stages subject to payment of appropriate costs.

12. Recently, in **Gian Chand Garg v. Harpal Singh and Another, 2025 SCC OnLine SC 2317**, the Hon'ble Supreme Court has observed in Para Nos. 6 to 10 as under :

“6. This court in **M/s. Meters and Instruments Private Limited & Anr. v. Kanchan Mehta, 2018 (1) SCC 560** held that the nature of offence under section 138 of the N.I. Act is a mainly a civil wrong and has been made specifically compoundable by section 147 of the N.I. Act which was inserted by the 2002 amendment to the said Act. The relevant observations have been extracted for reference:

“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. Dishonor 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.”

7. It is also apposite to reiterate the observations in **P. Mohanraj & Ors. v. M/s. Shah Brothers Ispat Pvt. Ltd. (2021) 6 SCC 258** wherein this court referred the offence under section 138 N.I.Act as a “Civil Sheep” in “Criminal Wolf’s Clothing” which meant issues agitated by the parties under the said provision are of private nature which are brought within the sweep of criminality jurisdiction in order to strengthen the credibility of the negotiable instruments.
8. Further in **M/s. Gimpex Private Limited v. Manoj Goel (2021) SCC OnLine SC 925** this court took into consideration the effect of settlement arrived between the parties and observed that:

“38. When a complainant party enters into a compromise agreement with the accused, it may be for a multitude of reasons - Higher Compensation, faster recovery of money, uncertainty of trial and strength of complaint, among others. A complainant enters into a settlement with open eyes and undertakes the risk of the accused failing to honour the cheques issued pursuant to the settlement, based on certain benefits that the settlement agreement postulates. Once parties voluntarily entered into such an agreement and agree to abide by the consequence of non-compliance of the settlement agreement, they cannot be allowed to reverse the effects of the agreement by pursuing both the original complaint and the subsequent complaint arising from such non-compliance. The Settlement agreement subsumes the original complaint.....”
9. In **B.V. Sessaiah v. State of Telangana & Anr. (2023) SCC OnLine SC 96** this court was of the view that when parties enter into an agreement and compound the offence, they do so to save themselves from the process of litigation and when such a step is taken by the parties, the law very well allows them to do so. Hence, the courts cannot override such compounding and impose its will.
10. Therefore, it is very clear that although dishonour of cheque entails criminal consequence, the legislature by virtue of section 147 of the N.I.Act has made it compoundable

notwithstanding the provisions of the Code of Criminal Procedure, 1973 and the same can be compounded at any stage of the proceedings especially when the parties have themselves arrived at a voluntary compromise.”

13. Further, in **Sanjabij Tari v. Kishore S. Borcar and Another (Criminal Appeal No. 1755 of 2010, decided on 25.09.2025)**, the Hon’ble Supreme Court modified the earlier guidelines relating to compounding costs and observed that where payment is made before the Sessions Court or High Court in revision/appeal, compounding may be permitted on payment of 7.5% of the cheque amount by way of costs.

14. In view of the settlement arrived at between the parties and considering that continuation of proceedings would serve no useful purpose, this Court is satisfied that the matter deserves to be brought to an end by exercising inherent jurisdiction.

15. So far as the objection that post-conviction compromise may dilute the rigour of criminal process is concerned, the same does not survive in view of the law laid down in **Gian Chand Garg (supra)**, wherein the Hon’ble Supreme Court specifically held that compounding under

Section 138 N.I. Act can be permitted even after conviction and that such exercise does not violate the statutory scheme but rather advances the object of ensuring payment and reducing unnecessary litigation. Thus, permitting the present compromise does not offend the principles laid down in **Damodar S. Prabhu (Supra)**; rather, the same is subject to payment of costs in terms of the modified guidelines.

16. Accordingly, the present petition is allowed.

17. The complaint proceedings / judgment of conviction and sentence order dated 13.08.2025 passed by learned 9th Additional Chief Judicial Magistrate, Rajkot in Criminal Case No. 6395 of 2023 under Section 138 of the Negotiable Instruments Act as well as all other consequential proceedings arising pursuant thereto, if any, are hereby quashed and set aside on the basis of compromise between the parties.

18. However, as the settlement has been arrived at at the stage of proceedings before this Court, the applicant shall deposit costs equivalent to 7.5% of the cheque amount with the Gujarat High Court Legal Services Committee within a period of

four weeks from today and shall place proof of such deposit on record.

19. Subject to deposit of the aforesaid costs, the offence shall stand compounded and the applicant shall stand acquitted of the charge under Section 138 of the Negotiable Instruments Act.

20. Connected pending application, if any, shall stands disposed of.

F.S. KAZI

(S. V. PINTO,J)

Original copy of this order has been signed by the Hon'ble Judge.
Digitally signed by: KAZI FARUKHUSEN(HC01075), PRINCIPAL PRIVATE SECRETARY, at High Court of Gujarat on 06/05/2026 15:51:03