



2025:DHC:11773



\$~90 & 91

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**  
% *Date of Decision: December 18<sup>th</sup>, 2025*

90

+ **CRL.A. 511/2025**  
S.C. BAJAJ

.....Appellant  
Through: Mr. Murari Tiwari, Mr. Rahul Kumar, Ms. Nimisha Gupta, Ms. Indira Murthy, Mr. Brijesh Pandey & Mr. Rajat Girdhar, Advs. with Appellant in person

versus

STATE & ANR. ....Respondents  
Through: Mr. Sunil Kumar Gautam, APP for the State  
Mr. Ashish Sareen, Mr. Adil Asgar & Mr. Rajesh Banaii, Advs. for R2 with R2 in person

91

+ **CRL.A. 512/2025**  
S.C. BAJAJ

.....Appellant  
Through: Mr. Murari Tiwari, Mr. Rahul Kumar, Ms. Nimisha Gupta, Ms. Indira Murthy, Mr. Brijesh Pandey & Mr. Rajat Girdhar, Advs. with Appellant in person

versus

STATE & ANR. ....Respondents  
Through: Mr. Ritesh Kumar Bahri, APP for the State



2025:DHC:11773



Mr. Ashish Sareen, Mr.  
Adil Asgar & Mr. Rajesh  
Banaii, Advs. for R2 with  
R2 in person

**CORAM:**  
**HON'BLE MR. JUSTICE AMIT MAHAJAN**

**AMIT MAHAJAN, J. (Oral)**

1. This Court *vide* judgment dated 01.04.2025 had convicted Respondent No. 2 for the offence under Section 138 of the Negotiable Instruments Act, 1881.
2. The present appeals are now listed before this Court for consideration on the point of sentence.
3. The parties are present in person in Court today along with their learned counsel. They submit that the parties have resolved all the disputes and the appellant/complainant has also accepted the settlement amount of a sum of ₹10,00,000/- by cheque nos. 515135 dated 16.12.2025 and 515137 dated 18.12.2025 both drawn on Central Bank of Indian and for a sum of ₹5,00,000/- each.
4. The appellant/complainant submits that the parties have voluntary entered into a settlement and submits that he has received the entire settlement amount and has no objection if the offence is compounded.
5. It is pertinent to note that the offence under Section 138 of the NI Act is compoundable in nature.
6. Even though an attempt for compounding of the offence under NI Act should be made at the initial stage rather than the



later stage, however, there is no bar against seeking compounding of the offence even after conviction [Ref. ***Raj Reddy Kallem v. The State of Haryana & Anr. : 2024 INSC 347, K.M Ibrahim v. K.P Mohammed & Anr. : (2010) 1 SCC 798***, etc.].

7. The Hon'ble Apex Court in the case of ***Damodar S. Prabhu v. Sayed Babalal H. : (2010) 5 SCC 663*** had highlighted that the compensatory aspect of the proceedings under the NI Act take precedence over the punitive aspect and stipulated certain guidelines for compounding the offences under the NI Act. The relevant portion of the judgment is reproduced hereunder:

*“4... What must be remembered is that the dishonour of a cheque can be best described as a regulatory offence that has been created to serve the public interest in ensuring the reliability of these instruments. The impact of this offence is usually confined to the private parties involved in commercial transactions.*

***18. It is quite obvious that with respect to the offence of dishonour of cheques, it is the compensatory aspect of the remedy which should be given priority over the punitive aspect. There is also some support for the apprehensions raised by the learned Attorney General that a majority of cheque bounce cases are indeed being compromised or settled by way of compounding, albeit during the later stages of litigation thereby contributing to undue delay in justice delivery. The problem herein is with the tendency of litigants to belatedly choose compounding as a means to resolve their dispute...***

***21. With regard to the progression of litigation in cheque bouncing cases, the learned Attorney General has urged this Court to frame guidelines for a graded scheme of imposing costs on parties who unduly delay compounding of the offence. It was submitted that the requirement of deposit of the costs will act as a deterrent for delayed composition, since at present, free and easy compounding of offences at any stage, however belated, gives an incentive to the drawer***



*of the cheque to delay settling the cases for years. An application for compounding made after several years not only results in the system being burdened but the complainant is also deprived of effective justice. In view of this submission, we direct that the following guidelines be followed:*

**THE GUIDELINES**

- (i) *In the circumstances, it is proposed as follows:*
- (a) *That directions can be given that the writ of summons be suitably modified making it clear to the accused that he could make an application for compounding of the offences at the first or second hearing of the case and that if such an application is made, compounding may be allowed by the court without imposing any costs on the accused.*
- (b) *If the accused does not make an application for compounding as aforesaid, then if an application for compounding is made before the Magistrate at a subsequent stage, compounding can be allowed subject to the condition that the accused will be required to pay 10% of the cheque amount to be deposited as a condition for compounding with the Legal Services Authority, or such authority as the court deems fit.*
- (c) ***Similarly, if the application for compounding is made before the Sessions Court or a High Court in revision or appeal, such compounding may be allowed on the condition that the accused pays 15% of the cheque amount by way of costs.***
- (d) *Finally, if the application for compounding is made before the Supreme Court, the figure would increase to 20% of the cheque amount.”*

8. Recently, in the case of ***Gian Chand Garg v. Harpal Singh*** : 2025 SCC OnLine SC 2317 the Hon'ble Apex Court was faced with a circumstance where the Punjab and Haryana High Court, in a revision petition preferred before it, had upheld the conviction and sentence of the accused under Section 138 of the NI Act. Subsequently, the parties settled the disputes and thereafter preferred an application in the revision petition seeking modification in judgment passed by the Punjab and Haryana



High Court whereby the conviction of the accused was upheld. The said application was dismissed by the Punjab and Haryana High Court on the ground of non-maintainability. While setting aside the judgment passed by the Punjab and Haryana High Court whereby the conviction of the accused was upheld, the Hon'ble Apex Court observed as under:

*“9. In B.V. Seshaiyah v. State of Telangana 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 NI 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.*

*11. In the present case, the compromise deed dated 06.04.2025 and the Affidavit on behalf of the Respondent No. 1 dated 16.04.2025 is annexed to the present petition as Annexure P3 and P6, respectively. Upon careful perusal of the recitals contained in the said documents, it clearly emerges that the Respondent No. 1 in consideration of Two Demand Drafts bearing no(s). 004348 dated 04.04.2025 and 004303 dated 11.02.2025 for Rs. 2.5 lakhs each along with three cheques bearing no(s). 354412 dated 10.05.2025, 354413 dated 10.06.2025 and 354414 dated 10.07.2025 of Rs. 1 lakh each has arrived at a compromise with appellant without any coercion and at his own will and voluntarily. Once the complainant has signed the compromise deed accepting the amount in full and final settlement of the default sum the proceedings under Section 138 of the NI Act cannot hold water, therefore, the concurrent conviction rendered by the Courts below has to be set-aside.*

*12. Therefore, in the light of aforesaid discussion, we are of the considered view that the present appeal deserves to be allowed. Accordingly, the same stands **Allowed** and*



*consequently the impugned order dated 27-3-2025 in CRR 2563 of 2025 is **set aside** and the order of conviction and sentence imposed on appellant is quashed.”*

9. As noted by the Hon’ble Apex Court in ***Gian Chand Garg v. Harpal Singh*** (*supra*), notwithstanding the provisions of the CrPC, the offence pertaining to dishonour of cheque can be compounded at *any stage* of the *proceedings* especially if the parties have voluntarily entered into a compromise.

10. In the present case, the parties have settled the matter after Respondent No. 2 was convicted by this Court by judgment dated 01.04.2025 and during the pendency of appeal before this Court on the aspect of sentence. As noted above, both the parties are present before this Court and have made an oral submission that they have settled all their disputes and the complainant/appellant has also consented to the compounding of the offence in the present case. The entire settlement amount of ₹10,00,000/- also stands paid to the complainant.

11. In such circumstances, considering the voluntary settlement between the parties and the fact that the entire settlement amount also stands paid to the complainant, this Court considers it apposite to compound the complaint cases being - Complaint Cases Nos. 632691/2016 and 632692/2016 subject to Respondent No. 2 paying an amount of ₹50,000/- to the Delhi High Court Legal Services Committee within a period of sixteen weeks from date.

12. Proof of deposit of cost be deposited with the Registry of this Court.



2025:DHC:11773



13. Bail bond and surety stand discharged.
14. The present appeals stand disposed of in the aforesaid terms.
15. A copy of this order be placed in both the matters.

**AMIT MAHAJAN, J**

**DECEMBER 18, 2025**

**"SS"**