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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

CNR No. DLHC010363902026

+ **CRL.REV.P.(NI) 282/2026, CRL.M.A. 24125/2026 &
CRL.M.(BAIL) 1492/2026**

AMIT DANG

.....Petitioners

Through: **Mr. Achin Goel, Mr. Naresh
Chaudhary and Mr. Rahul Sharma,
Advs.**

versus

M/S SANSKRITI FOODS CORPORATION

.....Respondents

Through: **Appearance not given.**

CORAM:

HON'BLE MR. JUSTICE PURUSHAINDR KUMAR KAURAV

ORDER
18.08.2026

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1. The present criminal revision petition has been preferred by the petitioner, seeking to set aside the judgment of conviction dated 20.11.2024 and order on Sentence dated 28.11.2024 passed by JMFC, Patiala House Courts, New Delhi. Along with it, the challenge has been laid to the judgment dated 22.05.2026 passed by the Appellate Court, whereby the appeal of the petitioner was rejected against the conviction.

2. The factual matrix is that the respondent and petitioner got engaged in the business of supplying rice, pulses and other allied commodities in August 2017; wherein, the petitioner placed an order for supply of goods and the same was duly supplied to him in the same month. In lieu of the



liability of the appellant, two cheques were issued in the sum of Rs. 2,00,000/- and Rs. 4,00,000/-, which were returned unpaid. Following this, a legal demand notice was issued, and upon failure of the same, a complaint under Section 138 of the NI Act was instituted. Based on this, the petitioner was convicted for the offence punishable under Section 138 of the Negotiable Instruments Act, 1881 (NI Act), vide order on sentence. By the said order, the petitioner was directed to undergo simple imprisonment for a period of one year and was directed to pay a fine amounting to Rs. 10,00,000/-.

3. Learned counsel appearing for the petitioner submits that, after the rejection of the appeal, the parties have amicably settled the said dispute. In furtherance of the same, a Memorandum of Settlement (MOU) dated 24.07.2026 has been executed between the parties. It is further stated that pursuant to the said MOU and as per the settlement, Rs.8,50,000/- has been paid to the respondents towards full and final settlement. The complainant is also present, who submits that in view of the settlement, he has no objection if the judgment of conviction and sentence are set aside.

4. When the matter was previously called out on 10.08.2026, this Court directed the counsel appearing for the petitioner to clarify as to why the payment of costs of 15% of the cheque amount should not be imposed upon the petitioner, bearing in mind the principle enunciated by the Supreme Court in the case of **Damodar S. Prabhu v. Sayed Babalal H.**¹ It has been held therein that 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. The relevant portion of the said decision is extracted as under-

“21.

.....

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.”

5. In response to the query made by the Court, learned counsel appearing for the petitioner placed reliance on a subsequent order passed by the Supreme Court in the case of ***Rajeev Khadelwal v. State of Maharashtra and Ors.***² and he submits that the directions in ***Damodar S. Prabhu*** (*Supra*) are not strictly mandatory; rather, they are directory in nature. Such a finding provides discretion to the Court to decide each case based on its merits and circumstances. The relevant Paragraph No.7 of the ***Rajeev Khadelwal*** is extracted as under:

“7. The law laid down in the aforementioned judgment cannot be regarded as a binding precedent, as every case must be considered on its own facts. In the present inclined to hold that the direction imposing case, we are

¹(2010) 5 SCC 663

²MANU/SCOR/83577/2025



costs on the appellant, to be paid to the Legal Services Authority cannot be sustained in the eye of law, particularly when the complainant does not want any further amount and the appellant has expressed his inability to comply with the same, which aspect is not in dispute.”

6. Considering the submissions and perusing the record, this Court is of the opinion that the legislative intent of Section 147 of the NI Act is compensatory in nature and it is designed in the manner that it must encourage compounding of the offences and providing relief in due course. In the present case, the complainant himself, in the presence of the Court, accepted his satisfaction on receiving the amount in dispute and therein does not wish to continue with the proceedings any further. Imposition of any additional cost on the petitioner at this very stage will put undue pressure on the petitioner and will weaken the core of the amicable settlement arrived in between the parties.

7. In view of the aforesaid and bearing in mind the settlement of the dispute in question and the satisfaction of the complainant, this Court is inclined to set aside the Judgment of conviction and sentence passed by the JMFC and the consequent dismissal of the appeal by the Appellant Court. Consequently, the judgment of conviction dated 20.11.2024 and the order on the sentence dated 28.11.2024 are hereby set aside.

8. Petition stands disposed of.

PURUSHAINDR KUMAR KAURAV, J

AUGUST 18, 2026/P