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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
CNR No. DLHC010391542026
+ **CRL.REV.P.(NI) 298/2026**
DEEPAK KUMAR Petitioner

Through: Mr. Hinu Mahajan and Mr.
Divyanshu Kumar, Advocates.

versus

**JYOTI RAW PHOOLEY CO OPERATIVE URBAN THRIFT
CREDIT SOCIETY LTD THROUGH ITS SECRETARY**
.....Respondent
Through: Ms. Shabnam, Advocate.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

% **ORDER**
21.09.2026

CRL.M.A. 28510/2026 (seeking early hearing)

1. For the grounds and reasons stated in the application, the same is allowed and stands disposed of. With the consent of the parties, the main petition is taken on board today itself.

CRL.REV.P.(NI) 298/2026

2. The present criminal revision petition is directed against the judgment dated 12th August, 2026 in Criminal Appeal No. 171/2025 titled as ***Deepak Kumar v. Jyoti Raw Phooley Co Operative Urban Thrift Credit Society Ltd (Through its Secretary)***, P.S. Bhajanpura in CNR No-DLNE01-002767-2025, which confirmed the judgment of conviction and sentence awarded by



the Trial Court.

3. The aforesaid appeal was preferred by the Petitioner against the judgment of conviction dated 18th August, 2025 and order of sentence dated 20th August, 2025, passed by JMFC, NI Act (Digital Court), North-East District, KKD Courts, Delhi, in case titled as ***M/s The Jyoti Raw Phooley Coop. Urban T & C Society Ltd. v. Deepak Kumar***, CC No-199/2021, filed under Section 138 of the Negotiable Instruments Act, 1881.¹

4. In a further challenge before this Court, on 21st August, 2026, this Court passed the following order:

“CRL.REV.P.(NI) 298/2026 & CRL.M.(BAIL) 1594/2026 (for suspension of sentence)

1. *Issue notice. Notice be served upon the respondent by all permissible modes, including through learned counsel appearing on its behalf before the Appellate Court/Trial Court.*

2. *By way of this petition under Sections 438/442 of the Bharatiya Nagarik Suraksha Sanhita, 2023, the petitioner assails a judgment of conviction dated 18.08.2025, passed by the Magistrate's Court, by which the petitioner was convicted under Section 138 of the Negotiable Instruments Act, 1881 [“the Act”], and order on sentence dated 20.08.2025, by which the petitioner was sentenced to two months' simple imprisonment, and a fine of Rs. 4,00,000/-. The petitioner also assails judgment dated 12.08.2026, passed by the Appellate Court, which upheld the aforesaid conviction and sentence.*

3. *The proceedings under Section 138 of the Act were initiated against the petitioner by the respondent, in respect of a cheque for the sum of Rs. 2,17,695/-, dated 23.12.2020. It is the contention of Mr. Amar Singh, learned counsel for the petitioner, that the cheque annexed to the complaint, bore Cheque No.000014, and was drawn on Bank Of Baroda, Maujpur Branch, Delhi, whereas in the legal notice dated 13.01.2021, the complaint filed before the Magistrate's Court, as well as the affidavit in evidence, the complainant has referred to a cheque of the same amount, but drawn on HDFC Bank branch at East Jyoti Nagar, Shahdara, New Delhi. Mr. Singh submits that, in such circumstances, the legal notice and the complaint were both defective, and a judgment of conviction could not have been passed thereupon.*

¹ “NI Act”



4. *Without prejudice to the aforesaid contentions, Mr. Singh states that the petitioner is agreeable to settle the dispute with the respondent, and is also agreeable to depositing the cheque amount before this Court at this stage.*

5. *The petitioner is directed to deposit the amount of Rs. 2,17,695/- , less the amount of Rs. 45,000/- deposited before the Appellate Court, before this Court within two weeks from today to demonstrate his bonafide.*

6. *The Trial Court record be summoned, and electronic copy of the same be placed on the file of this petition.*

7. *List on 07.09.2026.”*

5. It is stated that, pursuant to the judgment of the Appellate Court dated 12th August, 2026, the Petitioner was taken into custody on 12th August, 2026 and has been in custody since then.

6. The Respondent stand served and is represented by Ms. Shabnam, Advocate. Ms. Shabnam states, on instructions, that the Respondent is willing to settle the matter and compound the offence upon receipt of the amount payable by the Petitioner. The statement is taken on record.

7. The legal position on the issue of compounding of offences under Section 138 of the NI Act is now well-settled. Section 147 of the NI Act makes offences under Section 138 compoundable, notwithstanding any provisions to the contrary in Cr.P.C. The Supreme Court has consistently held that such compounding can be permitted at any stage of the proceedings, including after conviction.² The continuation of criminal proceedings after the grievance of the Respondent has been addressed would serve no meaningful purpose.

8. In *Damodar S. Prabhu*, the Supreme Court laid down guidelines for imposing costs while allowing compounding at various stages, with the aim of discouraging delayed settlements and preventing misuse of the process.

² *Damodar S. Prabhu v. Sayed Babalal H.* (2010) 5 SCC 663; *K.M. Ibrahim v. K.P. Mohammed* (2010) 1 SCC 798; *O.P. Dholakia v. State of Haryana* (2000) 1 SCC 762.



Subsequently, in its recent decision in *Sanjabji Tari v. Kishore S. Borcar & Anr.*³, taking note of the substantial pendency of cheque dishonour cases across the country and the decline in prevailing interest rates, the Supreme Court modified the earlier guidelines in *Damodar S. Prabhu* regarding the quantum of costs to be imposed at the stage of compounding.

9. In the present case, the cheque amount is ₹2,17,695/-. The Petitioner has deposited the balance amount of ₹1,72,695/- before this Court, after accounting for the sum of ₹45,000/- deposited before the Appellate Court.

10. Ordinarily, costs equivalent to 7.5% of the cheque amount are payable at the time of compounding. However, the Court is vested with the discretion to reduce the costs, depending on the specific circumstances of the case. In the present case, having regard to the fact that the parties have voluntarily agreed to settle the dispute, the entire cheque amount stands secured for payment to the Respondent, and the Petitioner has remained in custody since 12th August, 2026, this Court considers it appropriate to reduce the costs and permit compounding of the offence upon payment of costs of ₹10,000/-.

11. The present petition is allowed, and the offence under Section 138 of the NI Act is compounded. The amount of INR 1,72,695/-, deposited with this Court, is directed to be released to the Respondent. The Respondent shall also be at liberty to seek withdrawal of the amount of INR 45,000/- deposited before the Appellate Court.

12. Accordingly, the conviction of the Petitioner under Section 138 of the NI Act stands set aside on account of compounding of the offence. The Petitioner be released from the custody forthwith.

³ 2025 SCC OnLine SC 2069



13. A copy of this order shall be forwarded to the concerned Jail Superintendent for information and necessary compliance.
14. The date of 28th September, 2026, stands cancelled.

SANJEEV NARULA, J

SEPTEMBER 21, 2026
as