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

\+ CRL.REV.P. 176/2023 & CRL.M.(BAIL) 250/2023

RADHA GUPTA .....Petitioner

Through: Mr. Jivesh Tiwari and Ms. Samiksha, Advocates.

versus

C. A. COOPERATIVE THRIFT AND CREDIT SOCIETY LTD. .....Respondent

Through: Mr. S.K. Sharma, Advocate (through VC).

CORAM:
HON'BLE MR. JUSTICE AMIT MAHAJAN

<u>O R D E R</u>

% **25.09.2025**

1. The present revision petition is filed by the petitioner against the order dated 06.01.2023 (**'impugned order'**), passed by learned Appellate Court in CA No. 64/2019.

2. By the impugned order, the learned Appellate Court upheld the order dated 20.02.2019 in Criminal Complaint No. 5893/2016, whereby the petitioner was sentenced to undergo simple imprisonment for a period of two months and to pay a fine of ₹4,00,000/-, out of which ₹5,000/- was to be deposited as fine to the State and the remaining amount of ₹3,95,000/- was to be paid as compensation to the respondent, and in default of payment of fine, to further undergo simple imprisonment for a period of two months.

3. It is submitted by the learned counsels for the parties that with the intervention of Delhi High Court Mediation and Conciliation Centre, the parties have settled the dispute for a total sum of ₹4,00,000/- and entered into Settlement Agreement dated

09.05.2025 to this effect.

4. It is submitted that a sum of ₹2,80,000/- has already been paid to the respondent society and the balance amount of ₹1,20,000/-, which was deposited with the Registrar General of this Court pursuant to order dated 05.09.2024, can be released in favour of the respondent.

5. It has not been disputed that the respondent has voluntarily entered into the settlement with the petitioner.

6. The learned counsel for the respondent society also affirms the fact that the parties have settled the disputes and the present proceedings can be put to rest. He further states that the respondent has no objection if the offence under Section 138 of the NI Act is compounded.

7. Offence under Section 138 of the NI Act is compoundable in nature.

8. Even though an attempt for compounding of the offence under NI Act should be made at the initial stage rather than at a 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.].

9. 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."*

10. In the present case, the parties have settled the matter before this Court in revisional proceedings. Insofar as the guidelines in ***Damodar S. Prabhu v. Sayed Babalal H.*** (*supra*) are concerned, this Court by order dated 07.07.2025 had directed the petitioner to deposit 15% of the fine amount as cost, and the said amount has since been deposited with the Delhi State Legal Services Authority.

11. As noted above, the respondent has duly consented to compounding the offence in the present case and the matter stands amicably settled between the parties.

12. In such circumstances, considering the settlement between the parties, the complaint is compounded and the impugned order as well as order on sentence dated 20.02.2019 are set aside. Bail bonds and surety furnished by the petitioner, if any, stand discharged.

13. It is directed that the sum of ₹1.20 lakhs which is lying deposited with the Registrar General of this Court be released in favour of the respondent after verification of identity. In terms of the Settlement Agreement dated 09.05.2025, any interest that may have accrued on the deposited amount is directed to be released in favour of the petitioner.

14. It is pointed out that a sum of ₹1,00,000/- is lying

deposited with the learned Appellate Court as well. The said amount along with interest, if any, is directed to be released in favour of the petitioner on the strength of the present order.

15. The petition stands disposed of along with pending application.

AMIT MAHAJAN, J

SEPTEMBER 25, 2025

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