



\$~65

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

+ **CRL.REV.P. 1224/2023**

RALSON CARBON BLACK LTD & ANR.Petitioners
Through: Ms. Ankita Bajpai &
Mr. Yash Prakash, Advs.

versus

BIRLA CARBON INDIA PRIVATE
LIMITEDRespondent
Through: Mr. Vipak Rai – AR of
complainant (through VC)

CORAM:
HON'BLE MR. JUSTICE AMIT MAHAJAN

ORDER

% **10.09.2025**

CRL.M.A. 27066/2025 (for early hearing) in CRL.REV.P. 1224/2023

1. For the reasons mentioned in the application, the same is allowed.
2. The petition is taken up for hearing today.
3. The application stands disposed of.
4. The date already fixed, that is, 10.10.2025, stands cancelled.

CRL.REV.P. 1224/2023

5. The present petition is filed for quashing and setting aside of the judgment dated 08.11.2023 (hereafter '**impugned judgment**'), passed by the passed by the learned Additional Sessions Judge ('**ASJ**'), South East District, Saket Courts, Delhi, in Criminal Appeal No. 570/2019 whereby the appeal filed by the petitioners challenging the judgment of conviction dated

CRL.REV.P. 1224/2023

Page 1 of 5



03.09.2019 and order on sentence dated 11.10.2019 was dismissed.

6. By the judgment dated 03.09.2019, the petitioners were convicted for the offence under Section 138 of the Negotiable Instruments Act, 1881 ('**NI Act**') in CC No. 20555/16. By the order on sentence dated 11.10.2019, the petitioner company which was represented by Mr. Rajender Pahwa (Petitioner No. 2), was directed to pay compensation for a sum of ₹79,00,000/- as compensation to the respondent company and he was also sentenced to undergo simple imprisonment for a period of six months, and in default of payment of compensation, to undergo simple imprisonment for a period of one month.

7. The learned counsel for the petitioners submits that since the passing of the impugned order, the parties have amicably settled all their disputes *inter se*. He submits that in terms of the Compromise/ Settlement Agreement dated 24.07.2025, the entire settlement amount has been paid to the respondent.

8. The Authorised Representative of the respondent has joined the proceedings through video conferencing.

9. On being asked, he confirms the fact that the parties have settled their disputes and that the respondent has received the entire settlement amount. He further states that there is no objection if the offence under Section 138 of the NI Act is compounded.

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

11. 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.].

12. 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.”

13. In the present case, the parties have settled the matter at the appellate stage. It is relevant to note that the respondent has duly consented to compounding the offence in the present case.

14. The learned counsel for the parties submit that FDRs worth ₹31,60,000/- are lying deposited with the Registrar General of this Court, and request that the same be also directed to be released in favour of the petitioners.

15. Out of the total amount ₹31,60,000/- lying deposited with Registrar General of this Court in the form of FDRs pursuant to order dated 13.11.2024, a sum of ₹5,00,000/- is directed to be deducted as cost, to be paid to Delhi High Court Legal Services Committee and the balance amount of ₹26,60,000/- is directed to



be released in favour of the petitioners along with accrued interest after verification of their identities

16. The present petition is allowed in the aforesaid terms.

17. Pending application(s), if any, also stand disposed of.

AMIT MAHAJAN, J

SEPTEMBER 10, 2025

“SS”