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

+ CRL.REV.P. 1088/2018 & CRL.M.A. 49021/2018

SAGAR GUPTA

.....Petitioner

Through: Mr. Rohit Khanna and Mr. Sudhir
Batra, Advocates.

versus

AMIT SAINI

.....Respondent

Through: Ms. Perna Chaturvedi, Advocate.

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER

% **23.12.2025**

1. This revision petition under Section 397 of the Code of Criminal Procedure, 1973¹ is directed against order dated 26th November, 2018, passed by Special Judge (NDPS), South District, Saket Courts, New Delhi in CA No. 287/2018, titled "*Sagar Gupta v. Amit Saini*".

2. Pursuant to trial in the complaint filed by the Respondent, the Petitioner was convicted for the offence under Section 138 of Negotiable Instruments Act, 1881² by judgement of conviction dated 17th May, 2018. By order on sentence dated 27th June, 2018, he was sentenced to undergo simple imprisonment for a period of 11 months and pay a fine of ₹3,50,000/-, of which ₹5,000/- were directed to be deposited with the DLSA and ₹3,45,000/- were to be paid to the Respondent as compensation. In default of payment of compensation, the Petitioner was directed to undergo simple imprisonment for a period of 5 months.

3. In appeal, the conviction was upheld and order on sentence was partly modified, reducing the substantive sentence was reduced to simple

¹ "Cr.P.C."

² "NI Act"



imprisonment for a period of 3 months with the fine and the default sentence unchanged.

4. During the pendency of these proceedings, parties have amicably resolved all their disputes in terms of Settlement Agreement dated 23rd September, 2024, executed before the Delhi High Court Mediation and Conciliation Centre. As per the agreed terms, the Petitioner has paid a total settlement amount of ₹3,00,000/- to the Complainant in instalments over a period of time.

5. The Complainant, who appears along with his counsel, acknowledges receipt of the entire settlement amount and confirms that no further amount remains due or payable by the Petitioner. He accordingly states that he has no objection to the compounding of the offence.

6. The legal position on the issue of compounding of offences under 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.³ The continuation of criminal proceedings after the grievance of the complainant has been addressed would serve no meaningful purpose.

7. 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. Subsequently, in its recent decision in ***Sanjabji Tari v. Kishore S. Borcar &***

³ 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.



Anr,⁴ 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.

8. Ordinarily costs equivalent to 7.5% of the cheque amount must be imposed 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, considering that the Petitioner is a driver by profession and has limited financial means, imposition of higher costs would be unduly burdensome. Having regard to these peculiar circumstances, and in order to balance deterrence with fairness, the Petitioner is directed to deposit a sum of ₹7,500/- as costs with the Delhi Police Welfare Fund within a period of four weeks from today, in terms of judgment of ***Damodar S. Prabhu***, in addition to the direction to deposit fine of ₹5,000/- with the DLSA as directed in the order of sentence, if not already paid. The proof of deposit be submitted to the concerned Trial Court within a period of four weeks from today.

9. Accordingly, the conviction of the Petitioner under Section 138 of the NI Act is set aside on account of compounding of the offence.

10. The petition is disposed of, along with pending application.

SANJEEV NARULA, J

DECEMBER 23, 2025/MK

⁴ 2025 SCC OnLine SC 2069.