



2026:DHC:2293



31.01.2025 before the predecessor bench and thereafter continued getting adjourned before different benches. On the very first date, the predecessor bench referred the matter to the Delhi High Court Mediation Centre as desired by both sides and granted interim protection to the accused/applicant from arrest. That interim protection continues till date. Along with 179 such old pending bail applications, this application also was transferred to this bench.

1.2 Today is the first hearing before me. I have heard learned counsel for accused/applicant and learned APP for State assisted by IO/SI Rahul Ranjan. I have also heard learned counsel for complainant *de facto*.

2. Broadly speaking, the prosecution case borne out of FIR and investigation record is as follows. In the month of February 2021, the complainant *de facto* allegedly entered into a deal with the accused/applicant for purchase of shop of the latter for total consideration of Rs.30,00,000/-. On 11.02.2021 a sum of Rs.4,00,000/- and on 19.02.2021 a sum of Rs.1,00,000/- was transferred by the complainant *de facto* in the bank account of the accused/applicant. On 19.02.2021 itself, the accused/applicant also collected cash Rs.5,00,000/- from residence of complainant *de facto*, assuring to get the agreement prepared. But the accused/applicant did not prepare the agreement and kept avoiding the issue. Finally on 01.09.2021, the accused/applicant executed an agreement on a stamp paper, assuring to return the entire amount within six months or to transfer the shop in the name of the complainant *de facto*. But the



2026:DHC:2293



accused/applicant neither transferred the shop nor returned the money.

3. Against the above backdrop, learned counsel for accused/applicant submits that what is plainly a loan transaction, has been given colour of criminality only to armtwist the accused/applicant. It is further submitted by learned counsel for accused/applicant that the complainant *de facto* has always been interested only in return of money, and not prosecution of the accused/applicant, which is the reason he agreed for mediation settlement and on 06.03.2025 a settlement agreement was executed between the two of them before the Delhi High Court Mediation Centre. It is further submitted by learned counsel for accused/applicant that he has paid back more than 50% of the amount settled before the mediation centre, but for past two months he is unable to pay up on account of business losses.

4. Learned APP for State opposes the bail application on the ground that the very fact that the accused/applicant took money on the pretext of transfer of his shop but thereafter backed out, clearly shows that he intended to cheat the complainant *de facto*. Further, learned APP has also shown me the agreement dated 01.09.2021 executed by the parties on a stamp paper and it is contended that despite the said agreement, the accused/applicant did not transfer the shop. Learned APP for State also contends and rightly so that mediation settlement does not absolve the accused/applicant of criminal liability, if the same is made out.

5. Learned counsel for complainant *de facto* also opposes the bail



application on the ground that despite having entered into a mediation settlement, the accused/applicant has not returned the money. Further, it is contended by learned counsel for complainant *de facto* that the shop in question is owned by mother of the accused/applicant, who has sold away the same. However, on this aspect of ownership or sale of shop, the IO expresses ignorance as there is nothing on record in that regard.

6. I am in complete agreement with learned APP that the mediation settlement would not absolve the accused/applicant of his criminal liability, if the same is made out. It has been repeatedly held by the Supreme Court as well as by all High Courts across the country that bail courts are not the forum for recovery of money. The courts across the country have also repeatedly held that criminal justice machinery should not be allowed to be misused in order to arm-twist a party liable to pay money. But at the same time, since the accused/applicant and the complainant *de facto* were referred by the predecessor bench to the process of mediation, for present purposes of deliberating upon liberty of the accused/applicant, it cannot be ignored that the complainant *de facto* himself also requested before the predecessor bench for referral of the dispute to mediation and even participated in the process. There was not even a whisper of objection from prosecution side to the referral of the dispute to mediation process. As mentioned above, more than 50% of the settled amount has been paid back by the accused/applicant to the complainant *de facto*.

7. Apart from the aforesaid, there is no explanation as to why at the time

BAIL APPLICATION 436/2025

Page 4 of 6 pages

Signature Not Verified

Digitally Signed
By: DIKSHA RAWAT
Signing Date: 19.03.2026
18:09:46

GIRISH
KATHPALIA

Digitally signed by GIRISH KATHPALIA
DN: cn=, o=HIGH COURT OF DELHI,
2.5.4.20-8401d889b277a7b26f5fffe4afec45
569af962c5b4835d4359f762bdcacca,
ou=HIGH COURT OF DELHI,CID-7047638,
postalCode=110003, st=Delhi,
serialNumber=d3a8e796451ec4507b5d1557
099b640f80cb2ee660402c487965f801e26fa
, cn=GIRISH KATHPALIA
Date: 2023.03.10 10:05:01 +05'30'



2026:DHC:2293



of the first online payment of Rs.4,00,000/-, the complainant *de facto* did not ask the accused/applicant to execute an agreement to sell or even any *bayana* receipt. Even at the time of second instalment of Rs.1,00,000/- online, no agreement to sell or even any *kachcha* receipt mentioning the agreement to sell was executed between the parties. Rather, the subsequent agreement dated 01.09.2021 executed and signed by both parties on stamp paper clearly shows that the subject shop was lying mortgaged with someone for Rs.10,00,000/- and the complainant *de facto* paid Rs.10,00,000/- on the condition that after release of the mortgaged property, the accused/applicant would transfer the same in the name of the complainant *de facto*, but the former was seeking further time of six months to either pay back the amount or transfer the shop in the name of the latter.

8. Considering the overall circumstances as described above, and also no need expressed by the IO for custodial interrogation of the accused/applicant, I find no reason to deprive the accused/applicant liberty.

9. The application is allowed and it is directed that in the event of his arrest, the accused/applicant shall be released on bail, subject to his furnishing a personal bond in the sum of Rs.25,000/- with one surety in the like amount to the satisfaction of the IO/SHO concerned. Accompanying application stands disposed of.

10. Needless to say, on the above discussed factual matrix, the learned trial court shall take independent view based on the evidence adduced during



2026:DHC:2293



trial. The accused/applicant shall join investigation as and when directed in writing by the IO.

**GIRISH
KATHPALIA**

Digitally signed by GIRISH KATHPALIA
DN: c=IN, o=HIGH COURT OF DELHI,
2.5.4.20=8401dd889b27a77b2f65ffffe4af
ec45569af3962c6fb4835d435f97626cacc
a, ou=HIGH COURT OF DELHI,CID=
7047638, postalCode=110003, st=Delhi,
serialNumber=d3e86796451ec45c07b5d
15570996b40f80c3d2ee660402c487965f
f801e26fa, cn=GIRISH KATHPALIA
Date: 2026.03.19 18:01:20 +07'00'

**GIRISH KATHPALIA
(JUDGE)**

MARCH 19, 2026/ry