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

\# **CNR No. DLHC010319712026**

\+ CRL.M.C. 5116/2026

NKG STEEL INDIA PVT LTD & ANR. .....Petitioners

Through: Mr. Abhishek Tyagi and Mr. Sachin Bandooni, Advocates.

versus

STATE NCT OF DELHI AND ANR. .....Respondents

Through: Mr. Yudhvir Singh Chauhan, APP for State with Mr. Narendra Kumar, Advocate.
Mr. Sunil Kr. Jha, Mr. Anuj Verma and Mr. Ankur Sharma, Advocates.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% 29.10.2026

1. The present petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 ["BNSS"], read with Section 147 of the Negotiable Instruments Act, 1881 ["NI Act"], seeks setting aside of the judgment of conviction dated 31st August, 2024 and order on sentence dated 30th September, 2024, passed by the Trial Court in Complaint Case No. 3024/2016, as upheld by the Appellate Court *vide* judgment dated 8th April, 2026 in Criminal Appeal No. 240/2024. The relief is sought solely on the basis of an amicable settlement between the parties and not on the merits of the conviction.

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2. The proceedings originated from a complaint under Section 138 of the NI Act instituted by Late Shri Ved Prakash Kaushik, proprietor of M/s Swastik Metal & Ferro Alloys, concerning dishonour of two cheques aggregating to INR 10,00,000/-. The Trial Court convicted Petitioner No. 1-Company, Petitioner No. 2-Naresh Gupta, and three other directors, namely, Prateek Jain, Sumit Jain and Nishant Jain. The appeal preferred by the Petitioners was dismissed by the Appellate Court on 8th April, 2026. During the pendency of the appeal, the original Complainant passed away and his son, Mr. Puneet Kaushik, was substituted as his legal representative.

3. It is brought to the Court's notice that the three other convicted directors, namely, Prateek Jain, Sumit Jain and Nishant Jain, had earlier settled the dispute with the Complainant and paid INR 3,50,000/- each. Subsequently, Petitioner Nos. 1 and 2 have also arrived at an amicable settlement with Respondent No. 2, Mr. Puneet Kaushik, in terms of the Compromise Deed dated 7th May, 2026. Pursuant thereto, the Petitioners have paid INR 5,00,000/- to Respondent No. 2 towards full and final settlement of the dispute.

4. Mr. Puneet Kaushik confirms receipt of the aforesaid amount and states that he has no objection to the compounding of the offence and setting aside of the conviction and sentence insofar as the present Petitioners are concerned. His statement is taken on record.

5. The legal position relating to 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

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after conviction.[1] The continuation of criminal proceedings after the grievance of the Respondent has been addressed would serve no meaningful purpose.

6. 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 & Anr.***[2], 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.

7. In the present case, the aggregate cheque amount is INR 10,00,000/-. Ordinarily, costs equivalent to 7.5% of the cheque amount would be payable at the stage of compounding. However, the Court is vested with the discretion to reduce such costs, having regard to the peculiar facts and circumstances of the case. The parties have amicably resolved their dispute, the agreed settlement amount of INR 5,00,000/- has been received by Respondent No. 2, and he has consented to the compounding of the offence. Besides this, the Complainant has also received INR 3,50,000/- each from the three other convicted directors under separate settlements. Having regard to these circumstances, particularly the voluntary settlement and its full implementation, the Court considers it appropriate to reduce the costs of compounding to INR 10,000/- for each Petitioner. The Petitioners are accordingly directed to deposit the said amounts with the Delhi Police

[1] *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.

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Welfare Fund within four weeks from today and place proof of deposit before the concerned Trial Court within two weeks thereafter.

8. Accordingly, the present petition is allowed, and the offence under Section 138 of the NI Act is permitted to be compounded insofar as the Petitioners are concerned. Consequently, the judgment of conviction dated 31st August, 2024 and order on sentence dated 30th September, 2024, passed by the Trial Court, as well as the appellate judgment dated 8th April, 2026, are set aside insofar as the Petitioners are concerned. The Petitioners accordingly stand acquitted of the offence under Section 138 of the NI Act.

9. The petition, along with pending applications, stands disposed of in the above terms.

SANJEEV NARULA, J

OCTOBER 29, 2026/*hc*

[2] 2025 SCC OnLine SC 2069

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