LEXOVIA

Your Legal Path. Simplified.

WEBSITE SHOWCASE SAMPLE

Reply to Section 138 Notice (Meenal Choksi) — with its Free Educational Note

Why Customers Choose Lexovia

24–48hr Delivery • 3 Free Revisions • 100% Confidential • Statute-Compliant • Individually Prepared — Not AI Generated

How It Works

1. Submit Your Order — share your requirements through our secure order form.

2. We Draft Your Document — our professionals prepare a statute-compliant, individually drafted document (never AI-generated).

3. Review & Receive — request revisions and receive your final document.

Your Payment Is Protected — Never Full Payment Upfront

Every standard order is billed in four instalments, and your draft is delivered in step with each payment:

1. Token (30%) — paid to confirm and accept your order.

2. Second Payment (25% advance) — 25% of your draft delivered.

3. Third Payment (15% advance) — next 25% delivered (50% cumulative).

4. Final Payment (30% advance) — final 50% delivered (100% complete), plus your free Lexovia Educational Note.

Every order includes a free Educational Note explaining the relevant law and judicial positions in plain language. A paid “How This Law Works” add-on is also available for a deeper explainer on the specific legal topic involved.

Lexovia is not a law firm. Lexovia does not provide legal advice. Lexovia offers statute-backed document drafting and research services only.

Ready to get started? Write to us at hello@lexovia.in or orders@lexovia.in.

SPEED POST / REGD. A.D.

Date: 19th June, 2026

To,
Mr. Suresh Talpade
Proprietor, M/s Talpade Enterprises
Shop No. 14, Vishwakarma Industrial Estate,
Near Hadapsar MIDC, Pune – 411013,
Maharashtra.

Also to:
Adv. Prashant Bhonsle
[Advocate for M/s Talpade Enterprises]
Chamber No. 7, District Court Annexe,
Pune – 411001.

SUBJECT: REPLY TO YOUR NOTICE DATED 02.06.2026 ISSUED UNDER SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT, 1881, ON BEHALF OF MR. SURESH TALPADE / M/S TALPADE ENTERPRISES — WITHOUT PREJUDICE TO MY CLIENT'S RIGHTS AND CONTENTIONS

Sir/Madam,

Under the instructions of and on behalf of my Client, Ms. Meenal Choksi, proprietor of "Meenal Choksi Interiors," having her office at Flat No. 402, Sarasbaug Residency, Bibwewadi, Pune – 411037, and duly authorised by her in this behalf, I address you as follows in reply to your notice dated 02.06.2026 (hereinafter "your Notice"), received by my Client on 05.06.2026:

1. That my Client denies each and every allegation, imputation, and claim made in your Notice, save and except what is expressly admitted in the course of this reply, and nothing by way of an admission shall be inferred from silence on any particular allegation.

2. That my Client has been engaged in the business of residential interior design and furnishing under the name "Meenal Choksi Interiors" for the past several years, undertaking turnkey interior fit-out assignments for private clients in and around Pune, and enjoys a reputation for professionalism and timely execution in this line of business.

3. That in or about the first week of January 2026, my Client was engaged by a private client to execute a complete interior fit-out of a residential flat at Kothrud, Pune, which assignment included, among other things, the supply and installation of imported marble flooring and a modular kitchen.

4. That for the said purpose, my Client approached you, being a supplier and installer of imported marble and allied furnishing material trading as M/s Talpade Enterprises, and on 12.01.2026 a written Work Order was executed between my Client and you, recording the scope of supply

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

5. That Clause 6 of the said Work Order, executed and signed by both parties, expressly recorded that a cheque was being furnished by my Client to you as an advance towards the said supply purely by way of security, and that the same was not to be presented for encashment until the material had been supplied, installed, and jointly inspected and

certified as conforming to the sample piece approved by my Client at the time of placing the order. This condition was recorded in writing precisely because imported marble supply is well known in the trade to be prone to batch-to-batch shade and vein variation, and my Client was unwilling to release funds against material she had not had the opportunity to verify.

6. That in furtherance of the said Work Order, my Client issued to you a post-dated cheque bearing no. 004521 dated 10.04.2026, drawn on HDFC Bank Ltd., Bibwewadi Branch, Pune, for an amount of Rs.

7. That you failed to commence supply within the agreed timeline of six weeks, and it was only on 14.03.2026 — nearly three weeks beyond the agreed date — that a partial consignment of marble slabs was delivered to the site, and that too without any prior communication or explanation for the delay.

8. That upon inspection at the site by my Client's site supervisor on 15.03.2026, it was found that the marble slabs delivered did not conform to the sample piece approved and retained by my Client at the time of placing the order — the delivered material showed a visibly darker grey

9. That by the said e-mail dated 16.03.2026, my Client called upon you to either replace the delivered material with slabs conforming to the approved sample, or to confirm a revised timeline for correct supply, and expressly recorded that the modular kitchen component of the order had, by that date, not been supplied or installed at all, contrary to the timeline in the Work Order.

10. That you failed to respond to the said e-mail dated 16.03.2026, and it was only after two further reminders — by e-mail dated 24.03.2026 and again by e-mail dated 04.04.2026 — that your site representative visited on 09.04.2026 and verbally assured my Client's site supervisor that replacement material would be supplied within ten days and that the modular kitchen installation would commence simultaneously.

11. That no replacement material was supplied and no kitchen installation was commenced within the said ten days or at all, and by 30.04.2026 — over three months after the date of the original Work Order and more than two months past the agreed completion date — the assignment stood substantially unperformed on your part, causing my

12. That prior to terminating the Work Order, my Client, acting in good faith and in an effort to salvage the commercial relationship, by e-mail dated 28.04.2026 offered you a further and final period of seven days to

by you, nor was any substantive response received to the said e-mail.

13. That in these circumstances, my Client, by a written communication dated 05.05.2026, terminated the Work Order dated 12.01.2026 on

account of your failure to perform, called upon you to remove the non-conforming marble material lying at the site at your own cost and expense within seven days, and recorded in express terms that the cheque bearing no. 004521 dated 10.04.2026 furnished as security under Clause 6 of the Work Order stood discharged of any purpose, no occasion for its encashment having arisen given that the condition precedent to encashment — satisfactory completion of supply and installation — had never been, and could no longer be, fulfilled.

14. That you neither replied to the said communication dated 05.05.2026 nor removed the non-conforming material from the site, and my Client accordingly, and consistently with her communication dated 05.05.2026, issued instructions to her banker on 12.05.2026 to stop payment of cheque no. 004521, being fully within her rights to do so in respect of an instrument furnished purely as conditional security for an obligation that you had failed to perform and that consequently never matured into a debt due and payable.

15. That notwithstanding the above, and without any communication to my Client of your intention to do so, you presented the said cheque for encashment, and the same was returned unpaid vide bank memo dated 18.05.2026 with the remark “Payment Stopped by Drawer.”

16. That upon termination of the Work Order, my Client was constrained, in order to complete her assignment for her own client within a compressed and revised timeline, to source replacement marble slabs

17. That as a direct and foreseeable consequence of your delay and defective supply, my Client’s own client withheld a sum of Rs. 1,75,000/-

Particulars	Details
Cheque No.	004521
Cheque Date	10.04.2026
Drawee Bank & Branch	HDFC Bank Ltd., Bibwewadi Branch, Pune
Cheque Amount	Rs. 8,40,000/- (Rupees Eight Lakh Forty Thousand Only)
Date of Presentation	15.05.2026
Date of Return	18.05.2026
Reason for Return (per Bank Memo)	Payment Stopped by Drawer
Date of your Notice u/s 138 NI Act	02.06.2026
Date of Receipt of your Notice	05.06.2026

18. That it is submitted that Section 138 of the Negotiable Instruments Act, 1881 penalises the dishonour of a cheque only where the cheque has been drawn by a person on an account maintained by him for payment of any amount of money to another person, “for the discharge,

in whole or in part, of any debt or other liability," and it is a settled and fundamental precondition to the offence itself — not merely a defence to it — that a legally enforceable debt or liability must exist at the material time.

19. That it is submitted that the Explanation to Section 138 of the Negotiable Instruments Act, 1881 defines "debt or other liability" to mean

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

20. That it is submitted that while Section 139 of the said Act raises a presumption in favour of the holder of a cheque that it was issued for the discharge, in whole or in part, of a debt or liability, it is equally well settled, as recognised by the Hon'ble Supreme Court, that this is a rebuttable presumption, and the accused may rebut it on a standard of preponderance of probability, and may do so by reference to the materials already on the record of the complainant's own case, without necessarily entering the witness box.

21. That it is submitted that on the facts narrated above — which are supported by the contemporaneous Work Order, e-mail correspondence, photographs, and written communications referred to hereinabove — the

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

22. That it is further submitted that a cheque issued as security, the underlying obligation in respect of which never matures for want of due performance by the payee, does not partake of the character of a cheque

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

23. That it is further submitted that my Client's remedies against you for breach of the Work Order dated 12.01.2026 and the loss consequently suffered by her, including the differential cost of alternate procurement and the amount withheld by her own client as set out hereinabove, are

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

24. That in so far as your Notice contains any suggestion or insinuation of criminal intent or dishonesty on the part of my Client extending beyond the specific allegation under Section 138 of the Negotiable Instruments Act, 1881, the same is wholly denied, and my Client does not consider it necessary to deal with such insinuation in any further detail at this stage, save to record her denial in unequivocal terms.

25. That it is submitted that it is your client who is in breach and default of the Work Order dated 12.01.2026, and my Client expressly reserves her right to claim damages and other appropriate reliefs against you for the loss and inconvenience occasioned to her, on account of your failure to supply conforming material and complete installation within the agreed timeline, before a forum of competent jurisdiction, and nothing contained in this reply shall be read as a waiver of any such right.

26. That this reply is being issued within a reasonable time of receipt of your Notice, upon due instructions being taken from my Client, and nothing contained herein, nor the time taken in tendering this reply, shall be construed as an admission, waiver, or acquiescence in respect of any part of the claim made in your Notice, all of which stand expressly denied.

27. That my Client hereby calls upon you to forthwith withdraw your Notice dated 02.06.2026, to remove the non-conforming marble material

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

I hope that the matter can be resolved amicably.

For Ms. Meenal Choksi

Advocate for Ms. Meenal Choksi

Note: A copy of this reply is retained on file.

LEXOVIA — EDUCATIONAL NOTE

Cheques Issued as Security, and Section 138 of the Negotiable Instruments Act, 1881

Free note accompanying Lexovia Draft 1 (Reply to Section 138 Notice). This note explains the relevant law in plain language. It does not advise the customer on what to do — Lexovia is not a law firm and does not provide legal advice.

1. Facts, As Instructed

The customer engaged a supplier to provide and install imported marble flooring and a modular kitchen, under a written work order. As part of that arrangement, the customer handed the supplier a post-dated cheque, described in writing as security, with encashment expressly conditional on the supply and installation being completed to satisfaction. The supplier delivered late, supplied marble that did not match the approved sample, and never completed the kitchen portion of the order despite reminders and a further extension. The customer terminated the order and instructed her bank to stop payment on the cheque, on the basis that the condition for encashing it had never been met. The supplier presented the cheque anyway; it was returned unpaid; and the supplier then sent a notice under Section 138 of the Negotiable Instruments Act, 1881, demanding payment and threatening prosecution.

This is the same factual background as the reply notice this Educational Note accompanies. It is repeated here so the legal explanation that follows can be read against it.

2. The Law on Cheque Dishonour — Section 138

Section 138 of the Negotiable Instruments Act, 1881 is the provision that makes dishonour of a cheque a criminal offence in certain circumstances. Its operative part reads:

> *"Where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from out of that account for the discharge, in whole or in part, of any debt or other liability, is returned by the bank unpaid, either because of the amount of money standing to the credit of that account is insufficient to honour the cheque or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank, such person shall be deemed to have committed an offence..."* **— Section 138, Negotiable Instruments Act, 1881**

The Explanation to the section adds a definition that turns out to matter a great deal in practice:

> *"Debt or other liability means a legally enforceable debt or other liability."* **— Explanation to Section 138, Negotiable Instruments Act, 1881**

In plain terms: it is not enough that a cheque bounced. For Section 138 to apply at all, the cheque must have been given to pay off a debt or liability that was already legally enforceable. Think of it this way — if a cheque is like a promise to pay, Section 138 only bites when there was something real and due to be paid at the time the promise was made. A cheque that does not represent any such existing, enforceable debt falls outside the section entirely, however it is otherwise worded.

A simple everyday example helps illustrate this: if a person borrows Rs. 50,000/- from a friend and hands over a cheque to repay it, and the cheque bounces, Section 138 is squarely aimed at that situation — the debt (the loan) existed before the cheque was even written. But if two neighbours agree that one will paint the other's house next month, and a cheque is handed over merely as a token of intent that is only meant to be cashed once the painting is satisfactorily finished, no debt exists yet at all — there is nothing yet "owed" for the cheque to discharge, until the paint job is actually done to satisfaction.

2A. The Three Time-Bound Conditions Under Section 138

Beyond the "legally enforceable debt" requirement, Section 138 also builds in three strict procedural conditions, each with its own clock. The provisos to the section require:

> *“(a) the cheque has been presented to the bank within a period of six months from the date on which it is drawn or within the period of its validity, whichever is earlier... (b) the payee or the holder in due course of the cheque, as the case may be, makes a demand for the payment of the said amount of money by giving a notice in writing, to the drawer of the cheque, [within thirty days] of the receipt of information by him from the bank regarding the return of the cheque as unpaid... (c) the drawer of such cheque fails to make the payment of the said amount of money to the payee or, as the case may be, to the holder in due course of the cheque, within fifteen days of the receipt of the said notice.”* **— Provisos (a)–(c), Section 138, Negotiable Instruments Act, 1881**

In plain terms: a complainant cannot simply hold onto a bounced cheque indefinitely and spring a criminal complaint whenever convenient. They must present the cheque within its validity period, send a written demand notice within thirty days of learning it bounced, and only after giving the drawer a further fifteen days to pay following that notice does a cause of action for prosecution actually arise. Missing any one of these three steps can be fatal to a complaint, regardless of whether a debt existed. This is also why the reply notice accompanying this note pays close attention to dates — when the cheque was presented, when it was returned, when the demand notice was received, and when the reply was sent — because these dates are not incidental detail; they are part of what the law requires to be checked.

3. The Law on the Presumption of Debt — Section 139

Because it would often be hard for a complainant to prove the background reason a cheque was issued, the law gives the person holding a dishonoured cheque a helpful presumption. Section 139 states:

> *“It shall be presumed, unless the contrary is proved, that the holder of a cheque received the cheque of the nature referred to in section 138 for the discharge, in whole or in part, of any debt or other liability.”* **— Section 139, Negotiable Instruments Act, 1881**

In plain terms: once a complainant produces a cheque signed by the accused that has bounced, the law assumes — without the complainant needing to prove it separately — that the cheque was for a real, existing debt. This is a significant advantage for the person holding the cheque.

However, the Supreme Court has made clear this presumption is not the end of the story. In Rangappa v. Sri Mohan, (2010) 11 SCC 441, the Court held, at paragraph 14:

> *"This is of course in the nature of a rebuttable presumption and it is open to the accused to raise a defence... when an accused has to rebut the presumption under Section 139, the standard of proof for doing so is that of 'preponderance of probabilities'... the accused can rely on the materials submitted by the complainant in order to raise such a defence and it is conceivable that in some cases the accused may not need to adduce evidence of his/her own."* **— Rangappa v. Sri Mohan, (2010) 11 SCC 441, para 14**

In plain terms: the presumption can be pushed back on. And importantly, the accused

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

3A. A Related Presumption — Section 118(a) on Consideration

A separate but related presumption sits alongside Section 139. Section 118(a) of the Act deals with negotiable instruments generally (not just cheques involved in Section 138 proceedings), and provides:

> *"That every negotiable instrument was made or drawn for consideration, and that every such instrument, when it has been accepted, indorsed, negotiated or transferred, was accepted, indorsed, negotiated or transferred for consideration."* **— Section 118(a), Negotiable Instruments Act, 1881**

In plain terms: the law separately presumes that any negotiable instrument — a cheque included — was originally made for "consideration", meaning something of value was exchanged for it. This presumption overlaps with, but is distinct from, the Section 139 presumption specifically about debt discharge. Both presumptions can, in principle, be examined together where the existence of an underlying debt is disputed, though it is Section 139 that is directly engaged by a Section 138 prosecution.

4. The Law on Cheques Given as Security

The facts in this matter turn on a more specific question: what happens when a cheque is not handed over to pay an existing debt, but as security for something that has not yet happened? The Supreme Court addressed exactly this distinction in Sampelly Satyanarayana Rao v. Indian Renewable Energy Development Agency Ltd., (2016) 10 SCC 458. The Court held, at paragraph 10:

> *"The question whether a post-dated cheque is for 'discharge of debt or liability' depends on the nature of the transaction. If on the date of the cheque liability or*

> *debt exists or the amount has become legally recoverable, the Section is attracted and not otherwise."* **— Sampelly Satyanarayana Rao v. IREDA, para 10**

Applying that test to the loan in front of it, the Court found Section 138 was attracted because, at paragraph 11:

> *"Once the loan was disbursed and installments have fallen due on the date of the cheque as per the agreement, dishonour of such cheques would fall under Section 138 of the Act."* **— Sampelly Satyanarayana Rao v. IREDA, para 11**

But the Court also drew a contrast with its own earlier decision in Indus Airways Pvt. Ltd. v. Magnum Aviation Pvt. Ltd., (2014) 12 SCC 539, explaining at paragraph 12 that case had gone the other way because there, "the cheque had not been issued for discharge of liability but as advance for the purchase order which was cancelled" — meaning there was no existing debt for the cheque to represent, only a future obligation that never came to pass.

In plain terms: the label "security cheque" is not, by itself, a shortcut out of Section 138.

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

5. Where the Customer's Facts Sit Relative to This Law

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

6. Frequently Asked Questions

Q: If a cheque bounces, is that automatically a criminal offence?

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

Q: Does writing "security" on a cheque or in an agreement guarantee it can never lead to a Section 138 case?

No. As the Supreme Court's reasoning in Sampelly shows, courts look at the

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

Q: If a complainant produces a bounced cheque, does the accused have to prove their innocence beyond all doubt?

No. Once the cheque and dishonour are shown, the law presumes the cheque was for

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER

Q: Does it matter how quickly a demand notice is replied to, or how quickly it was sent in the first place?

CONTENT WITHHELD — FULL DOCUMENT INCLUDED WITH YOUR PAID ORDER