Legal Notice under Section 138 of the Negotiable Instruments Act, 1881

Ishaan Rao, Advocate
Enrolment No. D/0000/2015
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Ref. No.: IR/NI/2026/041
Date: 17 November 2026

BY SPEED POST WITH REGISTRATION AND PROOF OF DELIVERY (FORMERLY REGISTERED POST A.D.)ADVANCE COPY BY EMAIL

A separate copy of this notice is sent to each noticee at every address known to my Client, as listed below. The record of dispatch at the end of this notice gives the postal article number for each copy.

To,

Noticee No. 1
Banyan Home Furnishings Private Limited
Through its Managing Director
Registered office: 22 Banyan Bazaar Road, Ravipur East
Also at its godown: Godown No. 3, Old Mill Compound, Ravipur East
Email: kunal.dhar@example.com

Noticee No. 2
Mr. Kunal Dhar
Managing Director and signatory of the cheque, Banyan Home Furnishings Private Limited
Residing at: Flat 5B, Amaltas Residency, Ravipur

Noticee No. 3
Mrs. Rhea Dhar
Director (Finance), Banyan Home Furnishings Private Limited
Residing at: Flat 5B, Amaltas Residency, Ravipur

In this notice, Noticee No. 1 is called the "**Company**" and Noticees Nos. 2 and 3 are together called the "**Directors**". "You" means each of the Noticees, jointly and severally.

Subject: Legal notice under section 138 read with sections 141 and 142 of the Negotiable Instruments Act, 1881 (the "Act") for the dishonour of cheque no. 004517 dated 30 October 2026 for Rs. 3,40,000/- (Rupees Three Lakh Forty Thousand only) drawn on Ganga Valley Bank Ltd., Ravipur East branch

Sir / Madam,

Under instructions from and on behalf of my client, **Kesar Valley Textiles Private Limited**, a company having its registered office at Plot 7, Weavers' Industrial Estate, Ravipur (my "**Client**"), acting through its Director, Ms. Nila Varghese, who is authorised by a resolution of its Board of Directors dated 12 November 2026 to instruct me in this matter, I serve upon you the following legal notice.

My Client is the payee named on the cheque described in paragraph 2 below and remains its holder.

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The original cheque and the original return memo of my Client's bank are in my Client's custody. The facts below are stated on the basis of my Client's records and the instructions given to me.

1. Underlying transaction and debt

1.1 My Client manufactures and sells upholstery and furnishing fabrics. The Company buys fabric for its furniture and soft-furnishing business. The two companies have dealt with each other on a running account since April 2024. Each order is placed by email, confirmed by my Client's order acknowledgement and invoiced on delivery.

1.2 At the Company's request, placed on its behalf by Noticee No. 2, my Client supplied upholstery and curtain fabric to the Company under tax invoices nos. KVT/2026/211, KVT/2026/219 and KVT/2026/226, dated 4 July 2026, 18 July 2026 and 1 August 2026 respectively (the "**Invoices**"). The Invoices together amount to **Rs. 4,60,000/-**, inclusive of tax.

1.3 The Company took delivery of all the goods at its godown at Godown No. 3, Old Mill Compound, Ravipur East. Its authorised staff signed the delivery challans without noting any shortage, damage or defect. The Company did not raise any complaint about the quality, quantity or price of the goods, either at delivery or at any time after it. It has used the goods in its business.

1.4 Each Invoice allowed a credit period of thirty days from its date. The Company did not pay within that period. On 29 August 2026, it paid Rs. 1,20,000/- by bank transfer, which my Client applied to the oldest Invoice first. After that payment a balance of **Rs. 3,40,000/-** remained due and payable by the Company.

1.5 On 10 October 2026, Noticee No. 3 sent my Client an email on behalf of the Company. The email confirmed the balance of Rs. 3,40,000/- as shown in the Company's own books and asked for time until the end of the month to pay it. My Client agreed to wait on the Company's promise that it would pay the balance by cheque.

1.6 The balance of Rs. 3,40,000/- is therefore a legally enforceable debt owed by the Company to my Client. Copies of the Invoices, the statement of account and the email of 10 October 2026 are enclosed. The delivery challans and the order correspondence are kept with my Client and will be produced before the court if required.

2. Issue of the cheque

2.1 Towards discharge of that debt, the Company, acting through Noticee No. 2, issued and handed over to my Client the following cheque on 30 October 2026 at the Company's registered office (the "**Cheque**"):

Cheque number: 004517
Date of the Cheque: 30 October 2026
Amount in figures: Rs. 3,40,000/-
Amount in words: Rupees Three Lakh Forty Thousand only
Drawn on: Ganga Valley Bank Ltd., Ravipur East branch
Drawer's account: Current Account No. XXXXXX4821, maintained by the Company
Payee: Kesar Valley Textiles Private Limited
Signed by: Mr. Kunal Dhar, as Managing Director and authorised signatory of the Company

2.2 The amount written in words on the Cheque matches the amount written in figures. The Cheque was issued for the balance of Rs. 3,40,000/- described in paragraph 1.4, and not as security or for any other purpose. When he handed it over, Noticee No. 2 assured my Client's representative that the

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Company's account held sufficient funds and that the Cheque would be honoured on presentation.

2.3 The law presumes, until the contrary is proved, that the holder of a cheque received it in discharge, in whole or in part, of a debt or other liability, and that every negotiable instrument was drawn for consideration. In this case the Invoices, the part payment and the email of 10 October 2026 also prove the debt directly.

3. Presentation of the cheque

3.1 On 2 November 2026, my Client deposited the Cheque for collection into its current account with Lotus Urban Co-operative Bank Ltd., Ravipur Main branch, the branch where my Client maintains that account (the "**Collecting Bank**").

3.2 The Cheque was presented well within three months from its date, and so within its period of validity. Section 138 of the Act applies to a cheque presented within six months from its date or within its period of validity, whichever is earlier. The Cheque meets that condition.

3.3 The Cheque was cleared through the Cheque Truncation System on the basis of its electronic image. The electronic image of a truncated cheque is itself a cheque under the Act, so the clearing method does not affect your liability.

4. Dishonour and return memo

4.1 The Cheque was returned unpaid by Ganga Valley Bank Ltd., Ravipur East branch. The return memo dated 2 November 2026 gives the reason for return as "**Funds Insufficient**". That reason means that the amount standing to the credit of the Company's account was insufficient to honour the Cheque.

4.2 The Collecting Bank informed my Client of the dishonour, and returned the Cheque together with the return memo, on 3 November 2026. This notice is given within thirty days of my Client's receipt of that information.

4.3 The original return memo carries the bank's official mark showing that the Cheque has been dishonoured. On production of that memo, the court will presume the fact of dishonour unless and until it is disproved.

4.4 Neither the Company nor either Director told my Client before presentation that the account lacked funds, asked my Client to hold the Cheque back, or offered any other mode of payment. Since the dishonour, my Client has asked the Company by telephone and by email to pay the amount of the Cheque. The Company has neither paid nor given any explanation.

5. Liability of the noticees

5.1 The Cheque was drawn by the Company on an account maintained by it, for the discharge of a legally enforceable debt, and was returned unpaid because the funds in that account were insufficient. If the amount of the Cheque is not paid within fifteen days of receipt of this notice, the Company will have committed an offence punishable under section 138 of the Act.

5.2 It is no defence that the drawer had no reason to believe, when issuing the Cheque, that it might be dishonoured on presentation.

5.3 Where the person committing the offence is a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of its business is deemed to be guilty of the offence along with the company. Noticee No. 2 is the Managing Director of the Company, signed the Cheque and runs its day-to-day business. Noticee No. 3 is the

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Director in charge of the Company's finance, accounts and payments, and confirmed the debt in writing. Both were in charge of, and responsible to, the Company for the conduct of its business when the Cheque was issued and dishonoured.

5.4 Further, where the offence is committed with the consent or connivance of, or is attributable to neglect on the part of, any director, manager, secretary or other officer of the Company, that person is also deemed to be guilty of the offence. The Directors are therefore liable to be proceeded against and punished together with the Company under section 141 of the Act.

5.5 Neither Director holds office on the Company's Board by nomination because of an office or employment in the Central Government or a State Government, or in a financial corporation owned or controlled by government.

6. Statutory demand for the cheque amount

6.1 By this notice, my Client calls upon you, the Company and the Directors, to pay my Client the said amount of money covered by the Cheque, namely **Rs. 3,40,000/- (Rupees Three Lakh Forty Thousand only)**, **within fifteen (15) days of your receipt of this notice**.

6.2 This demand is for the amount of the Cheque only. It is made under clause (b) of the proviso to section 138 of the Act and is kept separate from every other sum mentioned in this notice. Payment of the full amount of the Cheque within the fifteen days complies with this demand, whatever view you take of the additional claims in paragraph 8.

6.3 The period of fifteen days is counted from the day on which you receive this notice, excluding that day.

7. Mode of payment and return of cheque

7.1 You may pay the amount of the Cheque in either of the following ways:

(a) by demand draft or pay order drawn in favour of "Kesar Valley Textiles Private Limited", payable at Ravipur, delivered to my office at the address given above; or
(b) by NEFT or RTGS transfer to my Client's account: Kesar Valley Textiles Private Limited, Current Account No. 000111222333, Lotus Urban Co-operative Bank Ltd., Ravipur Main branch, IFSC LUCB0000001.

7.2 If you pay by bank transfer, send the transaction reference (UTR number) to me by email on the same day so that the payment can be identified. A payment is treated as made on the day the draft is delivered to my office or the funds are credited to my Client's account.

7.3 On receipt of full payment of the amount of the Cheque, my Client will deliver up the original Cheque to the Company, together with the original return memo, against a written acknowledgement of receipt.

8. Interest, charges and costs

8.1 In addition to, and without prejudice to, the statutory demand in paragraph 6, my Client claims from the Company:

(a) interest on Rs. 3,40,000/- at 18 per cent a year from 30 October 2026, the date on which the Cheque ought to have been paid, until the date of payment, since the Cheque specifies no rate of interest;
(b) the cheque return charges of Rs. 590/- debited to my Client's account by the Collecting Bank; and
(c) Rs. 7,500/- towards the cost of this notice.

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8.2 These additional amounts form a separate civil claim. They are not part of the amount demanded under section 138 of the Act, and non-payment of them alone will not be treated as failure to comply with the demand in paragraph 6. My Client reserves the right to recover them, together with any further interest, in civil proceedings.

9. Consequences of non-payment

9.1 If you fail to pay the amount of the Cheque within fifteen days of receipt of this notice, my Client has instructed me to file, without any further notice to you, a written complaint against the Company and the Directors for the offence under section 138 read with sections 141 and 142 of the Act.

9.2 The complaint will be filed within one month of the date on which the cause of action arises, before the competent Metropolitan Magistrate or Judicial Magistrate of the First Class at Ravipur, within whose jurisdiction the branch of the Collecting Bank where my Client maintains its account is situated.

9.3 The offence is punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of the Cheque, or with both.

9.4 The complaint is tried summarily, and the law requires an endeavour to conclude the trial within six months from the date of filing. Summons may also be served on you by my Client directly and by email or messaging service. During the trial, the court may order the drawer to pay my Client interim compensation of up to twenty per cent of the amount of the Cheque. On any appeal against a conviction, the appellate court may order a deposit of at least twenty per cent of the fine or compensation awarded.

9.5 My Client also reserves the right to file a civil suit for recovery of the amount of the Cheque, the balance of the debt, interest and costs. All such proceedings, civil and criminal, will be at your risk as to costs and consequences.

10. Settlement

10.1 My Client would prefer payment to litigation. If you wish to pay or to discuss settlement, contact me in writing at the address or email given above within the fifteen days.

10.2 Offences under the Act are compoundable, so the matter may be settled even after proceedings begin. However, no discussion, proposal or part payment will extend the period of fifteen days or waive the demand in paragraph 6.

10.3 Any settlement will bind my Client only when it is recorded in a written agreement signed on my Client's behalf.

11. Replies and communications

11.1 Send any reply to this notice in writing to me at the address or email given above, and not to my Client directly. Quote reference IR/NI/2026/041 in all correspondence.

11.2 If you dispute any fact stated in this notice, set out your case in your reply and enclose the documents you rely on. If you do not reply, my Client will proceed on the basis that you have no answer to the facts stated here.

11.3 Preserve all records relating to the Invoices, the Cheque and the Company's account with Ganga Valley Bank Ltd., Ravipur East branch, including bank statements, ledgers and correspondence, as they will be relevant to any proceedings.

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12. Reservation of rights

12.1 This notice is issued without prejudice to all other rights, claims and remedies of my Client, civil and criminal, against the Company, the Directors and any other person, all of which are expressly reserved.

12.2 Nothing in this notice is an admission by my Client or a waiver of any right. The omission of any fact or claim from this notice does not mean that my Client accepts it or gives it up. My Client may rely on further facts and documents in any proceedings.

Yours faithfully,

Ishaan Rao
Advocate for Kesar Valley Textiles Private Limited
Enrolment No. D/0000/2015

Place: Ravipur
Date: 17 November 2026

Copy retained in office for further action.

Enclosures (copies only; the originals are retained by my Client):
(1) Cheque no. 004517 dated 30 October 2026, front and back
(2) Return memo dated 2 November 2026
(3) Invoices nos. KVT/2026/211, KVT/2026/219 and KVT/2026/226
(4) Statement of the Company's account in my Client's books
(5) Email of Noticee No. 3 dated 10 October 2026
(6) Board resolution of my Client dated 12 November 2026

Office record of dispatch (kept with the office copy; not sent to the Noticees)

Notice ref. IR/NI/2026/041 dated 17 November 2026 was dispatched on 17 November 2026, within thirty days of 3 November 2026, the date on which my Client received information of the dishonour from the Collecting Bank.

Speed Post with registration and proof of delivery:
Noticee No. 1, registered office: article no. EA000000011IN
Noticee No. 1, godown: article no. EA000000025IN
Noticee No. 2, residence: article no. EA000000039IN
Noticee No. 3, residence: article no. EA000000042IN

Email: a signed, scanned copy of this notice was sent from ishaan.rao@example.com to kunal.dhar@example.com at 17 November 2026, 4:10 p.m.. The sent-mail record and any delivery report are kept on file.

The booking receipts, the tracking print-outs and the proof-of-delivery records are kept with the office copy and will be filed with the complaint. When each article is delivered or returned, its tracking status is printed and the date and the postal remark (delivered, refused or unclaimed) are recorded on this sheet.

Dispatched by: Arun Pillai, office assistant
Checked by: Ishaan Rao

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