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

\# **CNR No. DLHC010472032026**

\+ CRL.REV.P.(NI) 336/2026, CRL.M.A. 30771/2026, CRL.M.A. 30772/2026 & CRL.M.(BAIL) 1870/2026

HARISH CHANDER .....Petitioner

Through: Mr. Md. Mohid, Mr. Ankul Kumar, Advocates.

Versus

OM PRAKASH AGGARWAL .....Respondent

Through:

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% 27.10.2026

1. The Petitioner challenges the judgment dated 14th July, 2026, passed by the Additional Sessions Judge-02, South District, Saket Courts, dismissing Criminal Appeal No. 770/2025 and affirming his conviction under Section 138 of the Negotiable Instruments Act, 1881 ['NI Act']. By a separate order dated 17th July, 2026, the Appellate Court set aside the substantive sentence of two months' simple imprisonment but maintained the direction to pay ₹12,47,400/- as fine/compensation, together with the default sentence of one month's simple imprisonment.

2. The complaint arose from dishonour of a cheque for ₹8,10,000/- issued by the Petitioner in favour of the Respondent, Om Prakash Aggarwal. According to the Respondent, he had advanced a loan of ₹5,50,000/- to the Petitioner on 19th February, 2016, repayable within three years with interest at 1.75% per month. The transaction was recorded in a loan agreement, receipt and demand promissory note. The Petitioner initially paid interest for about three months but thereafter defaulted. Upon expiry of the loan period,

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the parties allegedly settled the outstanding amount, including interest, at ₹9,10,000/-, towards which the Petitioner issued cheque No. 938377 dated 16th September, 2019 for ₹8,10,000/-. The cheque was returned unpaid on 20th September, 2019 with the endorsement 'Funds Insufficient'. Despite the statutory demand notice dated 14th October, 2019, payment was not made, leading to the complaint.

3. The Petitioner denies the loan transaction altogether. According to him, the Respondent operated a committee/chit fund in which he participated, and the cheque was furnished solely as security. He asserts that all committee instalments were duly repaid, but that the Respondent retained the cheque and certain blank signed papers, which were later misused. He further questions the Respondent's financial capacity, pointing to the absence of independent witnesses or documentary proof of the alleged cash payment and the non-disclosure of the transaction in the Income Tax Returns. Emphasis is also placed on the handwritten entries in the loan agreement, its reference to post-dated cheques, and the testimony of Shankar Chugh (DW-1). On this basis, it is contended that the cumulative effect of these circumstances was sufficient to rebut the statutory presumption, but was not properly appreciated by either court.

4. The scope of interference in revision is limited. A revisional court cannot reappreciate or re-evaluate evidence merely because another view of the facts is possible. Concurrent findings of fact ought not to be disturbed in the absence of perversity or jurisdictional error. The Supreme Court reiterated this position in ***Sanjabij Tari v. Kishore S. Borcar***[1], in the context of a prosecution under Section 138 of the NI Act. The question, therefore, is

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not whether the evidence can be appreciated afresh, but whether the conclusions reached by the two courts are reasonably supported by the record.

5. It is undisputed that the cheque bears the Petitioner's signatures. He has also admitted his signatures on the loan agreement dated 19th February, 2016 (Ex. CW-1/1), the receipt acknowledging payment of ₹5,50,000/- (Ex. CW-1/2), and the demand promissory note (Ex. CW-1/3). These admissions assume significance. Once the execution of the cheque is admitted or established, the presumptions under Sections 118(a) and 139 of the NI Act arise in favour of the holder. These include the presumption that the cheque was drawn for consideration and that it was received towards the discharge, in whole or in part, of a legally enforceable debt or liability. The presumptions are rebuttable, and the burden on the accused is to rebut them on a preponderance of probabilities. For that purpose, the Petitioner was entitled to rely not only on the evidence led in defence, but also on the material elicited from the Respondent's evidence. The courts below were, therefore, required to determine whether the material on record rendered the existence of the alleged loan liability sufficiently doubtful.

6. The Respondent's case is supported by documents which go beyond the cheque itself. The loan agreement records the amount advanced, the agreed interest and the period of repayment, while the receipt and promissory note acknowledge the principal liability. The e-stamp certificate dated 19th February, 2016 bears the Petitioner's name as purchaser and as the person paying the stamp duty. The contention that the complaint does not disclose when the loan was advanced is also factually incorrect. The date

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[1] 2025 INSC 1158

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of 19th February, 2016 is specifically pleaded and recorded in the documents. Nor does the absence of a more particular description of the Petitioner's personal requirements, or the fact that the parties were not closely acquainted, render the transaction improbable in the face of this evidence.

7. The objection concerning the handwritten entries requires consideration. During cross-examination, the Respondent initially stated that he had filled the handwritten particulars in the Petitioner's presence. In a subsequent answer, he suggested that the Petitioner had filled them. There is thus some inconsistency as to who physically entered those particulars. That inconsistency, however, does not establish that the entries were made after the Petitioner had signed the agreement. The document bears his admitted signatures, including on its constituent pages, and is accompanied by a separately signed receipt and promissory note. The law does not require each handwritten entry in an agreement to be separately initialled. The absence of such initials may be considered while evaluating the document, but does not, without more, establish its fabrication. Both courts examined the plea of misuse of blank signed papers and found it unsupported by the surrounding evidence. That conclusion cannot be termed unreasonable merely because the Respondent's account of who filled certain particulars was not entirely consistent.

8. The reliance placed on Clause 7 of the agreement is equally unavailing. The clause records delivery of post-dated cheques towards security and repayment, whereas the Respondent claims that the cheque in question was issued subsequently, following the settlement of dues. The clause does not identify cheque No. 938377 or establish that this particular

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cheque was handed over in February 2016. More importantly, even if a cheque is initially furnished as security for repayment of a loan, it may attract Section 138 once the underlying liability has matured and remains unpaid. The Supreme Court explained this position in ***Sripati Singh v. State of Jharkhand***[2]**.** In the present case, the agreed repayment period expired in February 2019, whereas the cheque bears the date September 2019. Thus, the mere reference to security cheques in the agreement does not, by itself, negate the legally enforceable liability alleged by the Respondent.

9. The contention that the promissory note does not independently stipulate the rate of interest is of little assistance to the Petitioner. The loan agreement expressly records interest at 1.75% per month, while the promissory note contemplates repayment of the principal together with overdue interest. The fact that the cheque amount exceeds the principal is, therefore, consistent with the Respondent's case that interest had accrued and that the parties subsequently arrived at a settlement of the outstanding liability. Nor does the Respondent's statement that legal remedies would be pursued in the event of non-payment, without anything further, establish that the cheque was procured by coercion.

10. The testimony of DW-1, Shankar Chugh, also requires to be considered in its proper context. He stated that the Respondent had approached him regarding a committee and had subsequently informed him that the Petitioner had joined it. That part of his evidence cannot simply be brushed aside as hearsay, since it concerns what the Respondent allegedly told him. However, DW-1 was not himself a member of the committee. He did not witness the handing over of either cheque or the signing of blank

[2] (2022) 18 SCC 614

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papers, nor did he witness repayment of the alleged committee instalments. His account of those matters came from what the Petitioner subsequently told him. No record of the committee, its members, contributions or repayment was produced. Even accepting DW-1's account of the Respondent's involvement in committee transactions, it does not establish that the cheque in question was connected with such a transaction or that no independent loan liability existed. The courts below were justified in finding that his testimony did not substantiate the defence concerning this cheque.

11. The challenge to the Respondent's financial capacity has also been considered by both courts. The Respondent stated that he carried on a readymade garments business, received rental income and advanced the loan from his accumulated savings. He produced Income Tax Returns reflecting gross incomes of ₹7,09,715/-, ₹8,13,836/- and ₹8,27,878/- for the assessment years 2016-17, 2017-18 and 2018-19 respectively. Admittedly, no bank withdrawal corresponding to the loan was shown, and the transaction was not disclosed in his returns. These omissions are relevant while assessing the credibility of the transaction, but the returns do disclose a source of income from which savings could have been accumulated. They must also be considered alongside the signed loan documents and the receipt acknowledging payment. On the evidence as a whole, the conclusion that the Respondent had the financial means to advance ₹5,50,000/- is a reasonably possible one. Further, as clarified in *Sanjabij Tari* (supra), a cash transaction in breach of Section 269SS of the Income Tax Act, 1961 does not, for that reason alone, become unenforceable under Section 138 of the NI Act.

12. The Respondent also admitted having advanced loans to other persons and having instituted other cheque dishonour complaints, without possessing

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a money-lending licence. These admissions do not, by themselves, establish that the present loan was fictitious. This Court, in ***Hansraj Bansal v. State & Anr.***[3], has explained that the restrictions upon institution of civil recovery suits by unlicensed money lenders under the applicable legislation do not, merely by reason of the absence of a licence, bar a complaint under Section 138 of the NI Act. The objection was therefore rightly rejected.

13. The remaining statutory requirements are not seriously disputed. The cheque was presented within its period of validity and was returned unpaid for insufficiency of funds. The statutory demand notice was dispatched to the Petitioner at his admitted address, as borne out by the postal receipts and tracking record. Although the Petitioner denied having received the notice, he did not tender payment even after entering appearance pursuant to the summons in the complaint. The general plea that the trial was unfair is equally unsupported by any specific procedural prejudice. The Respondent was extensively cross-examined, including after being recalled under Section 311 Cr.P.C., and the Petitioner was afforded, and availed of, the opportunity to lead defence evidence by examining DW-1.

14. The discrepancies relied upon by the Petitioner, whether viewed individually or cumulatively, do not render the concurrent findings perverse or otherwise unsustainable. The plea that the cheque arose from a concluded committee transaction remains unsupported in its material particulars and does not satisfactorily account for the Petitioner's admitted signatures on the cheque and the loan documents. Both the Trial Court and the Appellate Court have assigned reasons for accepting the Respondent's version and rejecting the defence. No material illegality, perversity, or omission to

[3] CRL.REV.P. 228/2017, decided on 12th September, 2023.

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consider material evidence has been shown so as to warrant interference with the conviction in revisional jurisdiction.

15. As regards the sentence, the Appellate Court has already taken account of the Petitioner's age, the prolonged proceedings and the absence of any previous conviction, and has set aside the substantive sentence of two months' simple imprisonment. It has maintained the fine/compensation of ₹12,47,400/-, which remains within the statutory limit and takes account of the cheque amount and the period for which payment has remained outstanding. The Petitioner has not demonstrated any infirmity in the monetary sentence warranting further interference. The default sentence of one month's simple imprisonment and the direction for recovery in accordance with law also stand undisturbed.

16. Accordingly, the revision petition is dismissed. The judgment of conviction, as affirmed by the Appellate Court on 14th July, 2026, and the order on sentence dated 17th July, 2026, are upheld. Any amount already paid or deposited towards the fine/compensation shall be duly accounted for in accordance with law.

17. Pending applications, if any, stand disposed of. The Registry shall communicate this order to the courts concerned for information and necessary compliance.

SANJEEV NARULA, J

OCTOBER 27, 2026/ab

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