$~68

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

\# **CNR No. DLHC010482742026**

\+ **CRL.M.C. 7519/2026 & CRL.M.A. 31430/2026, CRL.M.A. 31431/2026, CRL.M.A. 31432/2026, CRL.M.A. 31433/2026**

KARAN DISTRIBUTORS & ORS. .....Petitioners

Through: Mr. Rohan Jaitley, Mr. Harsh Pratap Shahi, Mr. Dev Pratap Shahi, Mr. Varun Pratap Singh, Mr. Yogya Bhatia, Ms. Hitaishi Tulsian, Advs.

versus

JAINA INDIA PVT. LTD. .....Respondent

Through: None

CORAM:
HON'BLE MS. JUSTICE MADHU JAIN

O R D E R

% 07.10.2026

1. This hearing has been done through hybrid mode.

2. The present petition has been filed under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (hereinafter, "BNSS") assailing the order dated 09.07.2025 passed by the learned JMFC (NI Act)/Digital Court-01, South-East District, Saket Courts, Delhi in CC NI Act No. 842/2022 titled Jaina India Pvt. Ltd. v. Karan Distributors & Ors., whereby an application under Section 143A of the Negotiable Instruments Act, 1881 (hereinafter, "NI Act") was allowed and the petitioners were directed to pay *interim* compensation equivalent to 20% of the cheque amount. Challenge is also laid to the order dated 07.08.2026 passed by the learned ASJ-04 & Special Judge

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

(NDPS), South-East District, Saket Courts, New Delhi in Criminal Revision No. 559/2025, whereby the aforesaid order was upheld and the revision petition preferred by the petitioners was dismissed.

FACTUAL BACKGROUND

3. The respondent instituted a complaint under Sections 138 and 142 of the NI Act against the petitioners, being CC NI Act No. 842/2022. The complaint arises out of a distributorship arrangement between petitioner No.1 and the respondent in respect of products supplied by the respondent at Gorakhpur, Uttar Pradesh. A Distributor Agreement dated 01.02.2018 was executed between the parties.

4. The dispute pertains to cheque bearing No. 000708 dated 16.11.2021 for an amount of ₹58,88,876/-, drawn on HDFC Bank, Gorakhpur. The case of the respondent before the learned Trial Court is that the said cheque was issued towards discharge of the outstanding liability arising from the business transactions between the parties. The petitioners, on the other hand, claim that the cheque had been furnished as a blank security cheque at the time of execution of the Distributor Agreement and was subsequently presented by the respondent after filling in the particulars. The cheque was returned unpaid on 19.11.2021 with the remark "Payment stopped by drawer". A legal demand notice dated 24.12.2021 was thereafter issued by the respondent.

5. The complaint under Section 138 of the NI Act was instituted on 09.02.2022. The petitioners entered appearance before the learned Trial Court. Notice under Section 251 of the CrPC was framed on 06.07.2024, to which the petitioners pleaded not guilty and claimed trial.

6. On 26.09.2024, the respondent moved an application under Section 143A of the NI Act seeking *interim* compensation to the extent of 20% of the

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

cheque amount. The petitioners filed their reply thereto on 20.12.2024.

7. Vide order dated 09.07.2025, the learned Trial Court allowed the aforesaid application and directed the petitioners to pay *interim* compensation equivalent to 20% of the cheque amount within a period of 60 days.

8. Aggrieved thereby, the petitioners preferred Criminal Revision No. 559/2025. Vide order dated 07.08.2026, the learned ASJ-04 & Special Judge (NDPS), South-East District, Saket Courts dismissed the revision petition and affirmed the order passed by the learned Trial Court. The complaint is presently at the stage of defence evidence.

SUBMISSIONS ON BEHALF OF THE PETITIONERS

9. Learned counsel for the petitioners submits that the learned Trial Court has exercised the discretion under Section 143A of the NI Act mechanically and without assigning sufficient reasons either for directing payment of interim compensation or for fixing the same at the maximum permissible limit of 20% of the cheque amount.

10. It is submitted that in ***Rakesh Ranjan Shrivastava v. State of Jharkhand & Anr., (2024) 4 SCC 419***, the Supreme Court has held that the power under Section 143A of the NI Act is discretionary and that the Court is required to apply its mind to the facts of the case before directing payment of interim compensation. It is contended that reasons are also required to be recorded while determining the quantum thereof.

11. Learned counsel further submits that the learned Trial Court placed undue reliance upon the fact that petitioner No.2 had admitted his signatures on the cheque. It is contended that the statutory presumption arising from admission of signatures is rebuttable and cannot, by itself, furnish sufficient ground for directing payment of interim compensation.

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

12. It is further submitted that petitioner Nos.3 and 4 are neither signatories to nor drawers of the cheque in question and were not parties to the Distributor Agreement. Reliance is placed upon ***Gurudatta Sugars Marketing Pvt. Ltd. v. Prithviraj Sayajirao Deshmukh & Ors., (2024) 15 SCC 252*** to contend that liability under Section 143A of the NI Act can be fastened only upon the drawer of the cheque and not upon other persons merely by reason of their being arrayed as accused in proceedings under Section 138 read with Section 141 of the NI Act.

13. Learned counsel also submits that the cheque in question was furnished as a security cheque and that there was no legally enforceable liability to the extent alleged by the respondent. According to the petitioners, the complaint does not contain sufficient material demonstrating delivery of the goods corresponding to the liability asserted by the respondent and the said defence is required to be adjudicated during trial.

14. It is further submitted that the conduct of the petitioners was not taken into consideration. The petitioners contend that they had been regularly appearing before the learned Trial Court and had not caused delay in the proceedings. On the contrary, the respondent had failed to participate in mediation, resulting in imposition of costs of ₹5,000/- upon it.

15. The learned counsel for the petitioner also places reliance on a judgement passed by this court in ***Ajay Tyagi v. B9 Beverages, 2022/DHC/005718.*** He further places reliance on a judgement of the Supreme Court in ***Rakesh Ranjan Shrivastava V. The State of Jharkhand and Ors. MANU/SC/0204/2024.***

16. Lastly, learned counsel submits that the present petition cannot be treated as a second revision. It is contended that the jurisdiction under Section

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

528 of the BNSS is being invoked to correct a manifest error of law and to prevent failure of justice arising from orders alleged to be contrary to the law governing Section 143A of the NI Act. He places reliance on a judgment of the Supreme Court in ***Krishnan and Ors. V. Krishnaveni and Ors. MANU/SC/0223/1997***.

ANALYSIS AND FINDINGS

17. This Court has heard learned counsel for the parties and perused the material placed on record.

18. At the outset, it may be noted that the order dated 09.07.2025 has already been examined by the learned Revisional Court. Though the inherent jurisdiction of this Court is not altogether excluded merely because revisional jurisdiction has previously been exercised, such jurisdiction cannot ordinarily be invoked to secure a second examination of the same order on facts and law. Interference would be warranted only where a case of manifest illegality, perversity, abuse of process or failure of justice is demonstrated.

19. The principal contention of the petitioners is that the learned Trial Court failed to exercise the discretion vested in it under Section 143A of the NI Act in the manner contemplated in ***Rakesh Ranjan Shrivastava (supra)***.

20. There is no dispute that the power under Section 143A of the NI Act is discretionary. The mere fact that the accused has pleaded not guilty does not make an order for *interim* compensation automatic. The Court is required to consider the *prima facie* merits of the complainant's case as well as the defence raised by the accused and record reasons for exercise of such discretion. The quantum of *interim* compensation is likewise required to bear a rational nexus with the circumstances considered by the Court.

21. The order dated 09.07.2025, however, cannot be read only from its

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

concluding direction. The learned Trial Court noticed the case of the respondent that supplies were made pursuant to the Distributor Agreement and that an amount of ₹58,88,876/- was reflected as outstanding in its ledger account. It also noticed the defence of the petitioners that the cheque had been issued as a security cheque and had allegedly been misused. The learned Trial Court further noticed that petitioner No.2 admitted his signatures on the cheque while disputing the liability.

22. The learned Trial Court also took into consideration the material accompanying the complaint and the period for which the proceedings had remained pending. It recorded that more than three years had elapsed and that the matter was still at the stage of complainant evidence, and considered it necessary to protect the interest of the complainant during pendency of the trial.

23. Thus, it cannot be said that the discretion under Section 143A of the NI Act was exercised merely because petitioner No.2 admitted his signatures on the cheque. The said circumstance was one amongst the factors considered by the learned Trial Court. The defence regarding the cheque having been issued as a security cheque and the absence of legally enforceable liability remains open to the petitioners to establish in accordance with law during trial.

24. The contention regarding the quantum of 20% has also been considered. While a more elaborate discussion on the precise percentage may have been desirable, an order under Section 143A cannot be tested by isolating the figure of 20% from the reasons preceding it. The learned Trial Court considered the cheque amount, the *prima facie* material relied upon by the respondent, the defence disclosed by the petitioners and the stage and duration of the proceedings. The Revisional Court has thereafter

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

independently examined the exercise of discretion and declined to interfere. In the facts of the present case, the absence of a separate paragraph explaining why the figure was fixed at 20%, as opposed to a lesser percentage, does not by itself render the order perverse so as to warrant exercise of jurisdiction under Section 528 of the BNSS.

25. Insofar as the contention relating to petitioner Nos.3 and 4 is concerned, the principle that *interim* compensation under Section 143A can be recovered only from the drawer of the cheque is not in dispute. The cheque in the present case was issued from the account of petitioner No.1, Karan Distributors, a partnership firm. The liability of the individual partners for payment of *interim* compensation has, therefore, to be understood in the light of the statutory scheme and the capacity in which the cheque was drawn. The impugned direction cannot be construed as creating an independent liability under Section 143A upon a person who is not the drawer merely because such person has been arrayed as an accused under Section 141 of the NI Act.

26. However, the aforesaid aspect does not furnish a ground for setting aside the order directing petitioner No.1, being the drawer of the cheque, to pay *interim* compensation. The direction contained in the order dated 09.07.2025 shall necessarily operate subject to the statutory limitation contained in Section 143A of the NI Act and the law laid down by the Supreme Court. To that extent, the expression "accused persons" appearing in the operative portion cannot enlarge the class of persons from whom *interim* compensation is legally recoverable.

27. The remaining contentions raised by the petitioners concerning the nature of the cheque, absence of legally enforceable liability, alleged misuse of the security cheque and the underlying accounts pertain substantially to the

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27

merits of the complaint. The proceedings are presently at the stage of defence evidence. Any definitive finding on these aspects at this stage would trench upon matters which are required to be adjudicated by the learned Trial Court upon conclusion of evidence.

28. In view of the aforesaid, this Court finds no patent illegality or perversity in the order dated 09.07.2025, as affirmed by the learned Revisional Court vide order dated 07.08.2026, warranting interference in exercise of jurisdiction under Section 528 of the BNSS.

29. Accordingly, the present petition is dismissed, along with pending applications, if any.

30. It is clarified that the observations made herein are confined to the adjudication of the present petition and shall not be construed as an expression on the merits of the case. The learned Trial Court shall proceed with the complaint uninfluenced by any observation made herein on the merits of the respective cases of the parties.

31. The order be uploaded on the website forthwith.

MADHU JAIN, J

OCTOBER 7, 2026/b/*P*

This is a digitally signed order.
The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above.
The Order is downloaded from the DHC Server on 09/10/2026 at 12:03:27