



2026:DHC:5110



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

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*Reserved on: 13th March, 2026
Pronounced on: 16th June, 2026*

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RFA 172/2020

M/S ADIGEAR INTERNATIONAL

[A Partnership Firm]

Through its Partners,

Sh. Pran Nath Khanna [wrongly mentioned as Sh. Prem Khanna],

Sh. Sandeep Khanna, Sh. Sanjay Khanna and Sh. Sameer Khanna.

Having its Office at:

Plot No.150, Sector - 4,

IMT Manesar, Gurugram, Haryana.

.....Appellant

Through: Mr. Gaurav Vig, Advocate.

versus

SUNITA JAIN

W/o Late Sh. Bharat Bhushan Jain,

Proprietor, M/s Bharat Cottons,

C/o 316, Kucha Ghanshi Ram,

Chandni Chowk, Delhi.

....Respondent

Through: Appearance not given.

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. Regular First Appeal under Section 96 read with Order XLI Rule 1 of the Code of Civil Procedure, 1908 (*hereinafter referred to as "CPC"*) has



been preferred by the *Defendant/Appellant, M/s Adigear International* against Judgment and Decree dated **11.09.2019**, whereby the Suit of the *Plaintiff / Respondent, Smt. Sunita Jain* for Recovery ***has been decreed*** in her favour, by the learned Additional District Judge.

2. The Plaintiff had filed a Suit bearing No. Civil DJ No. 608153/2016 for Recovery of Rs.16,95,769/- along with interest at the rate of 24% per annum, against the Defendant.

3. The Brief Facts as narrated in the *Plaint* are that the Plaintiff was engaged in the business of trading cotton fabrics under the name of M/s Bharat Cottons and had earned tremendous reputation and goodwill in the market. She was approached by the Defendant through its partners, for purchase of cotton fabrics, whereafter, Plaintiff supplied the said material to the satisfaction of the Defendant, through various Invoices raised from time to time.

4. The Defendant made part payment of Rs.5,00,000/- towards the material supplied by the Plaintiff as well as acknowledged the receipt of the material supplied. No dispute was raised by the Defendant *qua* the quality and quantity of the material supplied.

5. Subsequently, the Defendant in order to discharge its liability, issued two cheques, one bearing No. 065639 dated 26.10.2012 for a sum of Rs.2,00,000/- and another cheque bearing No. 853782 dated 28.02.2014 for a sum of Rs.50,000/-. However, on presentation, both the cheques were dishonoured.

6. The Plaintiff asserted that, as per the Statement of Accounts, an amount of Rs.16,95,769/- was due and payable by the Defendant towards



the material supplied. It was further claimed that, despite various reminders and telephonic conversations, the Defendant failed to make payment of the aforesaid amount to the Plaintiff.

7. Consequently, the Plaintiff issued a Legal Notice dated **10.08.2014** to the Defendant, demanding payment of Rs.16,95,769/- along with said interest at the rate of 24% per annum. However, the Defendant refused to receive the Legal Notice.

8. The Plaintiff thus, filed the Suit, for recovery of Rs.16,95,769/- along with interest at the rate of 24% per annum.

9. The Suit was contested by the **Defendant**, who in its **Written Statement** took the *preliminary objection* that the present Suit be dismissed for *non-joinder of parties*. It was further asserted that the Plaintiff *had not valued the present Suit properly and proper Court Fee was not paid by the Plaintiff*.

10. **On merits**, Defendant denied that the materials supplied by the Plaintiff, were to its satisfaction. It was asserted that the Plaintiff had concealed the fact that, the Defendant had returned the materials supplied, being of inferior quality, thereafter, the Defendant had various issued Debit Notes to the Plaintiff.

11. The Defendant further contended that as per the Balance Confirmation letter dated **10.07.2014**, *an amount of Rs.60,178/- was payable to the Plaintiff and the Defendant was willing to make the payment of the said amount*. The Defendant denied that repeated reminders were issued by the Plaintiff demanding the due amount.



12. The Defendant also denied that any Legal Notice dated 10.08.2014 was received by it. Moreover, in the aforesaid Legal Notice the amount that was demanded from the Defendant was Rs.26,27,178/-, while the Suit filed by the Plaintiff is for recovery of Rs.16,95,769/-. *It was, therefore, prayed that the present Suit filed by the Plaintiff be dismissed.*

13. The **Plaintiff** in her **Replication** reaffirmed the assertions as made in the Plaint and denied the averments made by the Defendant in its Written Statement.

14. The learned Additional District Judge framed the following **issues**, on **28.10.2016**:

- 1) *Whether the material supplied by the plaintiff to the defendant was of poor quality and returned to the plaintiff vide debit notes? If so, to what effect? OPD.*
- 2) *Whether the plaint is liable to be rejected on the ground of non-joinder / mis-joinder of the parties? OPD*
- 3) *Whether the plaintiff is entitled for recovery of an amount of Rs.16,95,769/- from the defendant, as prayed for? OPP*
- 4) *Whether the plaintiff is entitled for pre suit interest from 01.03.2014 till the date of filing the present suit, if so, at what rate? OPP*
- 5) *Whether the plaintiff is entitled to pendent lite and future interest, if so, at what rate? OPP*
- 6) *Relief.*



15. The *Plaintiff*, examined **PW-1, Sh. Prateek Jain**, her son and Power of Attorney holder, who reiterated the assertions as made in the *Plaint*. He further relied on the documents exhibited as **Ex. PW-1/1 to Ex. PW-1/36**.
16. The *Plaintiff* also examined **PW-2, Constable Virender** from Police Station Prashant Vihar who proved the *Complaint* dated 31.07.2016 given by the *Plaintiff* and relied upon DD Entry No. 15PP as **Ex. PW2/1**.
17. **PW-3, Sh. Dinesh Kumar Gupta**, Chartered Accountant of the *Plaintiff*, was also examined, who relied upon **Ex. PW1/34 to Ex. PW1/36**.
18. The *Defendant* examined, **DW-1 Sh. Sanjay Khanna**, Partner, who deposed on similar lines, as the defense taken in its *Written Statement*.
19. The *learned Additional District Judge*, after appreciating the rival contentions of the parties, observed that the *Defendant* had failed to specify as to which material supplied by the *Plaintiff* was of inferior quality. Further, the *Defendant* did not provide any details of the debit notes that were issued to the *Plaintiff*.
20. It was further observed that the *Defendant* failed to prove the *Settlement* that was arrived between the parties. The aforesaid *Settlement* was produced for the first time by the *Defendant*, during the cross-examination of DW-1. Thus, the *learned Additional District Judge held that late production of the aforesaid document, raised a doubt regarding the case of the Defendant*.
21. The *Suit* was, thus, decreed in a sum of **Rs.16,95,769/- along with interest at the rate of 12% per annum from 01.03.2014 till its realization**.



22. *Aggrieved by the Judgment and Decree dated 11.09.2019, the Defendant has preferred the **present Regular First Appeal** under Section 96 read with Order XLI Rule 1 of the CPC.*

23. The **grounds of challenge** are that the learned Additional District Judge erred in holding that the Defendant failed to specifically plead as to which of the materials supplied by the Plaintiff, were of inferior quality. It was contended that the Debit Notes placed on record specifically mentioned the Invoice number against which the said Debit Notes had been issued, which had been duly signed by an employee of the Plaintiff, Kapil.

24. Moreover, the learned ADJ erred in holding that the Defendant failed to prove the Letter dated 10.07.2014 that was exchanged between the parties. Further, it has been erroneously held that late production of the aforesaid document, raised doubt in the case of the Defendant.

25. It was lastly, argued by the Defendant that the subject cheques had been issued by the Defendant, *as security cheques*, in view of the aforesaid Letter dated 10.07.2014 and were not given to discharge its liability towards the material supplied by the Plaintiff.

26. It is therefore, submitted that the impugned Judgment and Decree, be set aside.

Submissions Heard and Record Perused

27. *Essentially, the main issue which is to be adjudicated in the present Appeal is whether an amount of Rs.16,95,769/- was payable by the Defendant to the Plaintiff towards the material supplied.*

28. The Plaintiff, in support of her case, examined **PW-1**, *Sh. Prateek Jain*, Attorney holder, who deposed that the Plaintiff had supplied the



requisite materials through Invoices **Ex. PW1/13 to Ex. PW1/27**, from time to time. PW-1 further deposed that the materials were duly received and acknowledged by the Defendant and that never raised any objection regarding either the quality or the quantity of the goods supplied. This was corroborated by the Statement of Accounts maintained by the Plaintiff **Ex. PW1/31**, wherein a sum of Rs. 16,95,769/- was shown as due and payable by the Defendant.

29. *DW-1, Sh. Sanjay Khanna*, in his testimony admitted that the Plaintiff had supplied materials to the Defendant from time to time and had raised various Invoices **Ex. PW1/13 to Ex. PW1/27** in respect thereof. The **first defense** of the Defendant was that *the goods supplied were returned, being of inferior quality, and corresponding debit notes were issued, as deposed by DW-1 the Defendant.*

30. However, in the *Written Statement*, only a vague and general averment was made that, the Plaintiff concealed that certain goods supplied by it were returned by the Defendant, on account of their inferior quality and that corresponding debit notes were issued to the Plaintiff. The *Written Statement* does not disclose any material particulars regarding the alleged return of goods, including the dates of return, the quantity of goods returned, the specific Invoices to which such returns pertained, or the particulars of the debit notes allegedly issued.

31. The Defendant had relied on the Debit Notes, **Marks D-1, D-3 and D-5**, that were raised according to the Defendant, specifically referred to the Invoices against which the said debit notes were raised and, therefore, sufficiently established the Defendant's case regarding the return of goods. It



is significant to note that the debit notes relied upon by the Defendant were de-exhibited for want of production of the originals in terms of Section 62 of the Indian Evidence Act, 1872. Consequently, the said documents cannot have been read in evidence.

32. Moreover, apart from the bald assertion made by DW-1, no cogent documentary or oral evidence has been adduced by the Defendant to establish that any goods supplied by the Plaintiff were, in fact, returned or that valid debit notes were issued in respect thereof. It is also significant to refer to testimony DW-1, who in his cross-examination had admitted that *'I am not aware whether any written communication letter, e-mail or message was sent to the Plaintiff stating that the Defendant Firm was to return the goods back to the Plaintiff because of inferior quality or any other reasons.'* There is not a single word about how the goods were found to be defective.

33. There is no document, *vide* which the goods, as claimed by the Defendant, were returned or acknowledged by the Plaintiff. Merely making an endorsement in their own record of their intention to return the goods or to prepare Debit Notes is not sufficient to establish that, either the goods were found to be of inferior quality or were indeed to be returned.

34. Mere bald assertion that the goods found defective were intended to be returned, is not sufficient to discharge the liability of the Defendant to pay for the goods that had been delivered to it.

35. It is also significant to note that the Defendant had nowhere denied the supply of goods through Invoices **Ex.PW1/13 to Ex. PW1/27**, but the only defence taken was that goods were found to be of inferior quality and were intended to be returned. It implies that the delivery of goods has not



been challenged or denied by the Plaintiff, but the sole defence was that because of the inferior quality, Debit Notes, **Marks D-1, D-3 and D-5**, had been raised.

36. In the absence of any specific pleadings and admissible evidence substantiating the alleged return of goods, the Defendant has failed to discharge the burden cast upon it to prove the said plea.

37. The Defendant further contended that the aforesaid debit notes had been duly acknowledged and signed *by Kapil, an employee* of the Plaintiff's company. The Defendant ought to have established the identity and authority of the said individual or disclosed his identity.

38. PW-1, in his cross-examination, categorically denied the existence of any employee by the name of Kapil in the Plaintiff's company. He explained that the Company had only three employees. In support of his testimony, PW-1 produced the statement reflecting the salaries paid to the employees of the Plaintiff's company **Ex. PW1/36**, which reflects that the only employees of the Plaintiff's company were Sh. Prateek Jain, Sh. Sanjay Chawla and Smt. Soma Jain. Significantly, no employee by the name of Kapil finds mention therein.

39. In the absence of any evidence establishing the existence of such an employee or proving the acknowledgment of the debit notes by him, the Defendant's plea remains wholly unsubstantiated. **Therefore, the learned Additional District Judge rightly held that no specific and credible plea regarding the alleged return of the materials supplied by the Plaintiff had been established by the Defendant.**



40. Second defense taken by the Defendant is that closing balance in their Books of Accounts for the period ending on 30.06.2014 was Rs.60,178/-, for which reliance has been placed on Letter dated 10.07.2014 **Ex. DW1/P1**. However, Plaintiff has questioned the authenticity of this document and has asserted that though it has been indicated that this Letter had been endorsed on behalf of the Plaintiff, but it does not bear signatures of any person on behalf of the Plaintiff and therefore, it is a fabricated document.

41. The onus was on the Defendant to prove that as on 30.06.2014, their outstanding balance was only Rs.60,178/-. The best way of establishing the closing balance was to produce its Statement of Account and / or furnish the Bank details, which has not been done. This Letter dated 10.07.2014 **Ex. DW1/P1**, merely stating the closing balance as on 30.06.2014, is of no assistance in absence of the corresponding documents / Statement of Account.

42. There is no proof adduced by the Defendant to show the payments and therefore, it cannot be said the outstanding payment, as claimed by the Plaintiff, was not due and payable by the Defendant.

43. Significantly, there was no mention of the said Letter in the Written Statement, nor was PW-1 never confronted with this Letter during his cross-examination. This Letter emerged for the first time on 29.05.2019, during the cross-examination of *DW-1, Sh. Sanjay Khanna*.

44. The learned Additional District Judge has correctly observed that the failure of the Defendant to confront PW-1 with the said Letter during his cross-examination, casts a serious doubt on the genuineness of the



document. Such non-production not only raises doubts as to whether the Letter was in existence on 10.07.2014, but also undermines the credibility of the Defendant's case as a whole. *The learned Additional District Judge has rightly held that the Defendant failed to prove the authenticity and execution of the Letter dated 10.07.2014 Ex. DW1/P1.*

45. Third defense of the Defendant was that the cheques in question, were issued merely as *security cheques* pursuant to the Letter dated 10.07.2014 **Ex. DW1/P1** and were not issued towards payment of the materials supplied by the Plaintiff.

46. In this regard, **PW-1, Sh. Prateek Jain**, categorically deposed that the Defendant had issued two cheques in favour of the Plaintiff towards payment for the materials supplied, namely, Cheque No. 065639 dated 26.10.2012 for a sum of Rs. 2,00,000/- **Ex. PW1/30** and Cheque No. 853782 dated 28.02.2014 for a sum of Rs. 50,000/- **Ex. PW1/28**. PW-1 further deposed that upon presentation, the aforesaid cheques were dishonored, as evidenced *vide* the return memo dated 01.03.2014 **Ex. PW1/29**. His evidence consistently establishes that the cheques were issued towards discharge of the Defendant's liability arising from the materials supplied by the Plaintiff.

47. Pertinently, the first cheque of Rs.2,00,000/- is dated 26.10.2012, while the other cheque of Rs.50,000/- is dated 28.02.2014. The dates and the amounts on the cheques, itself reflect that these were not the security cheques, but were actually cheques issued on different dates and in discharge of outstanding liability. The defence of the cheques having been



given as security, is not borne out from the documents or the evidence on record.

48. Moreover, no such suggestion was given by the Defendant to PW-1, in his cross-examination regarding the aforesaid cheques. It is further pertinent to note that the Defendant failed to produce any documentary or oral evidence during the course of the trial, to substantiate its plea that the aforesaid cheques were issued solely as security.

49. In the absence of any cogent evidence, the Defendant's contention of the two cheques being security cheques, remains a mere assertion, devoid of proof and has been rightly rejected by the learned Additional District Judge.

Conclusion:

50. Therefore, in light of the aforesaid discussion, the learned Additional District Judge has rightly decreed the Suit filed by the Plaintiff seeking recovery in her favour and thereby directed the Defendant to pay a sum of Rs.16,95,769/- along with interest at the rate of 12% from 01.03.2014 till its realization.

51. There is no merit in the present Appeal, which is hereby, dismissed along with pending Applications.

**(NEENA BANSAL KRISHNA)
JUDGE**

JUNE 16, 2026/R