



2026:DHC:5116



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

% ***Reserved on: 05th February, 2026***

Pronounced on: 16th June, 2026

+ **RFA 546/2024**

SUNIL VADEHRA

S/o Shri Sohan Lal Vadehra,

R/o C-34, Nizamuddin East,

New Delhi

.....Appellant

Through: Mr. S. C. Anand Advocate.

versus

AITHENT TECHNOLOGIES PVT. LTD.

Through its Chief Executive Officer,

A-186, Okhla Industrial Area, Phase-I,

New Delhi-110020.

.....Respondent

Through: Ms. Venancio D'Costa and Ms. Gauri
Goel, Advocates.

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. The present Regular First Appeal under Section 96 read with Order XLI of the Code of Civil Procedure, 1908 (*hereinafter referred to as "CPC"*) has been preferred by the Appellant/Plaintiff, *Sunil Vadhera*, assailing the Judgment and Decree dated 18.04.2024, whereby the Suit for Recovery of Rs.8,89,381/- filed by the Appellant/Plaintiff has been dismissed, by the learned District Judge, Delhi.



2. The Appellant/Plaintiff instituted the **CS DJ No.13354/2016** for recovery of Rs.8,89,381/- (*principal amount of Rs.6,54,733/- and interest of Rs. 2,34,648*).

3. **Briefly stated**, the case of the Appellant/Plaintiff was that he joined the services of the Respondent Company on 01.04.1995 and continued in employment till 19.11.2003. At the time of his resignation, he was serving as *Director and General Manager* of the Company and was drawing a gross monthly salary of Rs.1,42,333/-.

4. During the financial year 2002-2003, the Respondent Company faced financial difficulties on account of substantial investments in infrastructure and delayed payments from its overseas affiliated entities. Consequently, *in March 2002*, the Defendant Company decided to **defer a portion of the salaries payable** to employees drawing salaries above Rs.12,000/- per month, for the financial year 2002–2003 on a graded scale of 15%, 20%, 25% and 30% depending upon the salary range. The employees were also promised one month's salary, as bonus compensation, to offset the financial hardship occasioned by the deferment of salaries. The deferred salary was to be paid, on 01.04.2003.

5. The deferment was implemented on a graded scale, and since his salary exceeded Rs.60,000/- per month, 30% of his gross salary amounting to Rs.42,700/- per month, *was deferred from April, 2002 till March, 2003*. The deferred component aggregating to Rs.5,12,400/-, was agreed to be paid on 01.04.2003.

6. The Appellant/Plaintiff further asserted that as per the policy of deferment, he was also entitled to Rs.1,42,333/- i.e. one month's salary, as



bonus compensation. Hence, a total amount of Rs. 6,54,733/- was due and payable to the Plaintiff, as on 01.04.2003.

7. Appellant/Plaintiff stated that during an Open-House Meeting held on 09.08.2002, the Management announced restoration of salaries of certain category of employees i.e. lowest salary group of Rs.12,000/- to Rs.20,000 per month, with effect from 01.10.2002, and assured that the cases of other employees would also be reviewed and their deferred salaries, would be released.

8. As per the Appellant/Plaintiff, the said announcement had been made with the approval of the CEO of the Defendant Company, who had sent an e-mail dated 09.07.2002 to Mr. Raju Ahluwalia, with copies to Mr. Ajay Malik and the Appellant/Plaintiff regarding the preponement of the decision to restore salaries to the earlier levels.

9. While the original salary of the Appellant/Plaintiff of Rs.1,42,333/-, stood restored w.e.f. 01.04.2003, the management sought more time to pay the *arrears of the deferred salary* along with the compensation bonus. The Plaintiff has also relied upon a communication dated 05.04.2004, issued by the CEO of the Respondent Company assuring clearance of his dues by 31.05.2004. However, payment of the deferred salary and compensation bonus, continued to be postponed, despite repeated requests.

10. Despite subsequent e-mails sent by the Plaintiff asking about his dues, the Respondent Company failed to release the claimed amount.

11. The Appellant/Plaintiff instituted the present *Suit seeking recovery of Rs.8,89,381/- inclusive of interest (Rs. 6,54,733/- plus interest of Rs.2,34,648/-)*.



12. The **Defendant/Respondent Company** in its *Written Statement*, raised a *preliminary objection* regarding territorial jurisdiction.

13. *On merits*, it was contended that there was *no deferment of salary and that the salary structure of employees had merely been restructured*, in view of prevailing business circumstances.

14. The Respondent Company denied that any Agreement existed whereby the reduced portion of salary was to be repaid, at a future date. It was further asserted that the Appellant/Plaintiff himself was part of the Management team which had participated in the decision-making process relating to restructuring of salaries.

15. The Respondent Company admitted that one month's salary had been discussed as a "loyalty incentive", but asserted that the same was neither a contractual commitment nor a legally enforceable obligation.

16. The Respondent Company further denied that any amount remained due and payable to the Appellant/Plaintiff, at the time of cessation of his employment and prayed for dismissal of the Suit.

17. On the basis of the pleadings of the parties, the learned Trial Court framed the following *Issues*, on 26.04.2008:

"1. Whether the plaintiff is entitled for the suit amount?

OPP

2. Whether the plaintiff is entitled to interest, if any, then at what rate and to what extend? OPP

3. Relief."



18. The Appellant/Plaintiff examined himself as **PW-1** and tendered his affidavit Ex.PW-1/A. He relied upon the salary certificate, income tax records, e-mail communications, correspondence exchanged between the parties and other documents Ex. PW-1/1 – Ex. PW – 1/7.

19. **PW-2, Shri Sanjay Verma, former Vice-President of the Respondent Company**, supported the case of the Appellant/Plaintiff regarding deferment of salaries and the subsequent assurances extended by the Management.

20. **DW-1, Shri Buntty Bisht, Manager of defendant Company**, reiterated the stand taken in the Written Statement and denied existence of any agreement regarding deferred salary.

21. The *learned Trial Court*, upon appreciation of the evidence led by the parties, concluded that the Appellant/Plaintiff had failed to establish any contractual arrangement, whereby the reduced component of salary was to be repaid at a later date or that one month's salary was contractually payable as bonus. **Consequently, the Suit was dismissed vide Judgment and Decree dated 18.04.2024.**

22. Aggrieved by the said Judgment and Decree dated 18.04.2024, the present **Appeal** has been preferred by the Appellant/Plaintiff.

23. The *grounds of challenge* primarily are that Plaintiff was serving as a Director of the Respondent Company and his remuneration could not have been adversely altered, in the absence of any Resolution passed in the Annual General Meeting. It is contended that the Respondent failed to place on record any AGM Resolution, authorizing reduction of the remuneration payable to the Appellant.

24. It is further submitted that the learned Trial Court erred in treating the Appellant merely as an employee and failed to appreciate that his



remuneration was governed by decisions of the shareholders, in the Annual General Meeting.

25. It is further contended that the decision in Dale & Carrington Invt. (P) Ltd. v. P.K. Prathapan, (2005) 1 SCC 212: 2004 SCC OnLine SC 1067 pertains to the requirement of Board Resolutions and disputes relating to powers of Directors and do not consider the liability of a Company arising from commitments allegedly made by its Directors to employees, and were inapplicable to the facts in hand.

26. Further, the communication dated 05.04.2004 issued by the CEO of the Respondent Company, established the case of the plaintiff/Appellant.

27. The Appellant has accordingly, *prayed that the impugned Judgment and Decree dated 18.04.2024 be set aside and the Suit be decreed.*

28. The Respondent in its **Written Submissions**, has contended that the salary reduction during the Financial Year 2002-2003, was a restructuring of remuneration, necessitated by the financial constraints faced by the Company and not a deferment of salary. This is evident from the communication dated 01.04.2002 itself, which referred to restructuring of remuneration, and did not contain any promise for payment of the reduced component of salary, on a future date.

29. It is further submitted that the Appellant, who was himself a part of the senior management of the Company, continued in service even after restoration of salary w.e.f. 01.04.2003 and did not raise any contemporaneous claim for the alleged arrears. Reliance has also been placed upon the Judgment dated 06.08.2018 passed by this Court in M/s Aithent Technologies Pvt. Ltd. v. Archana Verma (RFA 608/2014), wherein claims arising out of the salary restructuring exercise, were rejected.



30. The Appellant in his *Written Submissions*, has reiterated the grounds taken in the Appeal.

Submissions heard and Record perused.

31. It is the case of the Plaintiff/Appellant, Mr. Sunil Vadera, that he joined the Defendant Company as a General Manager on 01.04.1995 and was subsequently entrusted with the role of Head of Operations in India. On 02.05.1999, he was inducted onto the Board of Directors as a Director, while continuing to discharge his functions as General Manager. The Plaintiff tendered his resignation from both positions *vide* letter dated 14.11.2003, which was accepted by the Defendant Company on 19.11.2003.

32. He further deposed that he was drawing a gross salary of Rs.1,42,333/- per month from 01.04.2003 until 11.11.2003, shortly before tendering his resignation. In support thereof, he relied upon the Salary Certificate dated 18.10.2005, exhibited as Ex. PW-1/1. He further stated that with effect from 12.11.2003, he proceeded on leave without pay for a period of six months pursuant to mutually agreed terms contained in the Defendant's letter dated 11.11.2003, which also contemplated an option for him to resign. The Plaintiff thereafter, submitted his resignation *vide* letter dated 14.11.2003.

33. The Plaintiff further stated that prior to the reduction in salary, he was drawing a monthly salary of Rs.1,20,000/- along with an annual component of Rs.10,00,000/-. Thereafter, his salary was revised and increased to Rs.1,42,333/- per month, which continued up to 31.03.2002.

34. The Plaintiff further deposed that he was drawing a gross salary of Rs.1,42,333/- per month during the months of January and February, 2002, i.e., during the financial year from 01.04.2001 to 31.03.2002. In support of



the same, he relied upon his Form-16 and Income Tax Returns, which were marked as PW-1/A and PW-1/B respectively. For the intervening Financial Year 01.04.2002 to 31.03.2003, he has also filed his Form-16, which is marked PW-1/C.

35. The *entire controversy* in the present case centres around the reduction of the Plaintiff's salary for one year from 01.04.2002 till 31.03.2003. It is an admitted case that with effect from 01.04.2002, the Plaintiff's salary was reduced from Rs.1,42,333/- per month to Rs.84,000/- per month and continued at the reduced level until 31.03.2003. It is further undisputed that with effect from 01.04.2003, the Plaintiff's salary was restored to Rs.1,42,333/- per month. *Thus, there was an admitted reduction in the Plaintiff's salary for one year i.e. the period from 01.04.2002 to 31.03.2003.*

36. The circumstances leading to reduction in salary for Financial Year 2002-03, were explained by the Plaintiff in his testimony, wherein he stated that the Defendant Company was a wholly owned subsidiary of Aithent Inc., New York, USA with effect from 01.01.2001. He stated that the Defendant Company had advanced an interest-free loan of Rs.739 lakhs to Aithent Inc., which increased to Rs.808 lakhs as on 31.03.2003.

37. The Plaintiff further stated that two affiliated entities, namely Canyon Blue and Velos, were amongst the principal clients of the Defendant Company. A substantial number of technical resources of the Defendant Company, were deployed for development and maintenance of products for these entities. However, the said entities failed to make timely payments for the services rendered, resulting in significant outstanding receivables.



Despite the accumulation of such dues, the Defendant Company continued to provide services, particularly to Canyon Blue.

38. The aforesaid circumstances adversely impacted the financial position of the Defendant Company and resulted in dwindling of available reserves with the Defendant Company. Towards the end of March, 2002, discussions were held within the management regarding the measures to address the situation. The Plaintiff, who was then a Director of the Defendant Company, along with Mr. Venu Gopal (CEO), Mr. H.R. Ahluwalia (Vice President – HR), Mr. Sanjay Verma (Vice President – Technology) and Mr. Rajiv Gupta (Assistant Vice President – Technology), deliberated upon the issue. It was thereafter, decided that the prevailing situation should be shared with the employees and their cooperation sought. Consequently, an open General House Meeting of all employees was convened, wherein all the employees had been invited.

39. At the said meeting, Mr. Venu Gopal, CEO, and the Plaintiff addressed the employees, and explained the financial difficulties being faced by the Defendant Company, particularly on account of non-receipt of payments from affiliated entities, and expressed the expectation that the situation would improve in the coming months. He sought the cooperation of the employees in helping to tide over this temporary difficulty. The Plaintiff stated that he, in turn, explained the measures proposed by the Management Team in detail.

40. The proposed measure involved deferment of a portion of the employees' salaries on a graded scale, for a period of up to twelve months. It was represented that upon expiry of the said period, the salaries would be restored to their original levels. It was further stated that if any employee left



the organisation during this period, the deferred salary together with gratuity benefits would be paid, at the time of final settlement.

41. In cases where employees were receiving both monthly and annual remuneration components, the two components were merged with effect from 01.04.2002 to mitigate hardship.

42. The employees agreed to the proposed arrangement and extended their cooperation to the management in overcoming the financial difficulties faced by the Defendant Company. The Management also promised a special bonus equivalent to one month's salary to each employee.

43. As per the Plaintiff, under the aforesaid arrangement, the Defendant Company agreed with employees drawing a gross salary above Rs.20,000/- per month to defer a portion of their salary for Financial Year 2002-2003, till April 2003. The deferred portion of the salary was determined on a graded scale, namely 15%, 20%, 25% and 30% for employees drawing gross monthly salaries in the ranges of Rs.12,000/- to Rs.20,000/-, Rs.20,000/- to Rs.30,000/-, Rs.30,000/- to Rs.60,000/- and above Rs.60,000/- respectively.

44. Consequently, the amount of deferred salary attributable to the Plaintiff for Financial Year 2002-2003 was Rs.5,12,400/-. Upon adding the promised bonus equivalent to one month's salary, the Plaintiff claimed that a total sum of Rs.6,54,733/- became due and payable to him, which was not paid by the Defendant Company.

45. The Defendant Company, on the other hand, contended that the arrangement *was not one of deferment of salary and that no promise had been made to pay the reduced salary amount with effect from 01.04.2003 to the employees*. In fact, owing to the financial difficulties being faced by the Company, the salaries of employees were **restructured** for a period of one



year. It was, therefore, asserted that there was *no question of any deferred salary becoming payable to the Plaintiff or any other employee.*

46. Although the Plaintiff sought to characterize the arrangement as one involving deferment of salary, his testimony and admissions during cross-examination indicate that the arrangement emerged from internal discussions within the management, in which he himself played a significant role and a mechanism had been worked out to sail through the financial difficulties of Defendant Company.

47. The admissions made by the Plaintiff further reveal that there was no formal written agreement, board resolution or other contemporaneous document recording any *obligation on the part of the Defendant Company to repay the reduced salary at a future date.* It is quite evident from the comprehensive reading of the entire testimony of PW-1, that there may have been an internal understanding amongst the members of the Management and CEO that employees who supported the Company during its financial difficulties, would be compensated in the future by payment of the deferred salary. However, no such understanding was formally documented in the Company records, *the arrangement continued to be reflected as a restructuring of salary.* The Plaintiff himself admitted that no board minutes, resolution or other formal record exist, to show that the arrangement was one of deferment rather than restructuring.

48. Much emphasis has been placed by the Appellant on the absence of an AGM Resolution, approving the reduction in his remuneration as a Director. However, the present Suit is not one challenging the validity of such reduction. The case of the Appellant is that the reduced salary was deferred and remained payable.



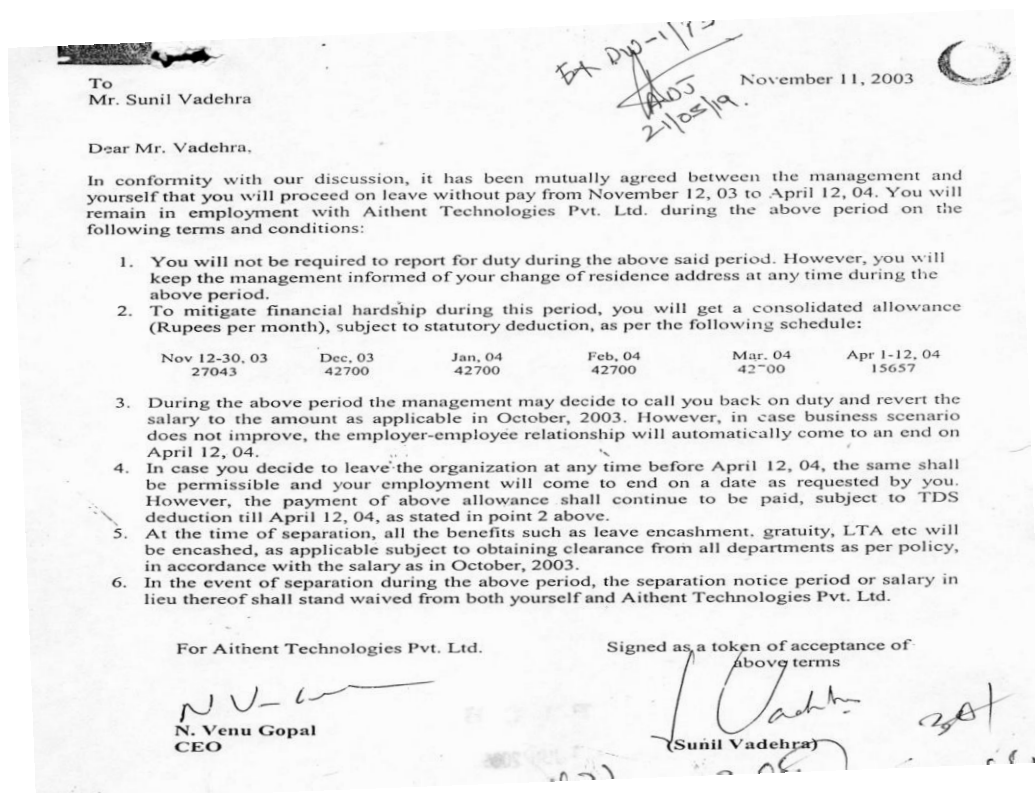
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49. In the absence of any formal document evidencing a deferment of salary, the Plaintiff, who admittedly played a leading role in formulating and implementing the arrangement, has not successfully been able to prove that there was any Policy of deferred salary, to be paid along with the restored salary from 01.04.2003.

50. Another aspect, which is of immense importance, is that the Plaintiff, as per his own testimony, resigned from the Defendant Company on 19.11.2003. At that time, admittedly, all his claims and dues were settled.

51. Significantly, the document dated 11.11.2003 Ex. DW-1/P3, was executed at that stage when the Appellant/Plaintiff ceased to actively serve the Respondent Company. The said document specifically records the financial arrangement governing the relationship between the parties and the benefits payable upon separation. The same is produced as under:





52. *Significantly, the said document is completely silent regarding the alleged deferred salary of Rs.5,12,400/- or the alleged compensation bonus of Rs.1,42,333/-.* Though the document bears the signatures of the Appellant/Plaintiff in token of acceptance, there is no acknowledgment of any outstanding liability or reference to any deferred salary arrangement.

53. If it was indeed a case of deferment, and not restructuring, as alleged by the Plaintiff, there is no reason, why he would not have protested, insisted or claimed his outstanding dues, on account of alleged deferment of the salary.

54. The conduct of the Plaintiff, in not insisting on any outstanding dues at the time of his resignation and his filing of the Suit only after two years of his resignation, also lends support that it was not a formal agreed policy of the Defendant Company to pay the deferred salary.

55. The Appellant/Plaintiff has also placed reliance upon the letter dated 05.04.2004 Ex. PW-1/3, wherein the CEO of the Respondent Company stated that he remained committed to clear the dues of the Appellant/Plaintiff. The same is reproduced as under:

“April 5, 2004

Dear Sunil,

Aithent has a history of valuing employees as partners in its growth. Our philosophy all through has been to achieve organizational objectives by dovetailing employees' personal growth plans and ambitions with organizational business objectives. The management acknowledges your valuable contribution in building Aithent and helping it achieve its business goals.

In recent times Aithent was impacted by certain environmental factors on which the management did not have control. Consequently, Aithent passed through a rough patch and despite our sincere efforts and intentions, we could not meet some of the financial commitments that



we had made to you. As a result of this delay, you have gone through hardship in the past few months and I am thankful to you for your patience and thereby your exemplary support to the organization in this hour of need.

However, this was a temporary phase and we have crossed the troubled waters. I stand committed to honor all my commitments and clear all your dues by May 30", 2004. In case these dues are not settled by May 31 2004, Aithent would pay an interest on the unpaid dues @5% per annum for the period of delay w.e.f June I, 2004.

I once again thank you for your unflinching support and patience.

Wishing you the best in your professional and personal endeavours.

Sincerely,

N Venn Gopal

CEO"

56. However, the said communication neither quantifies the alleged dues nor identifies their nature. There is no reference to the reduced salary for Financial Year 2002-2003, no mention of any compensation bonus and no recital that the salary reduction *was merely a deferment to be repaid at a future date.*

57. It is not disputed that there were discussions regarding payment of a one month's salary bonus, to employees. However, the Appellant/Plaintiff has failed to place on record any material to establish that the said bonus crystallized into a binding contractual obligation. The consistent stand of the Respondent has been that the same was contemplated *only as an incentive and not as a legal commitment.* In the absence of any document or other cogent evidence demonstrating that the bonus became payable as a matter of right, the claim towards compensation bonus cannot be sustained.



58. The Plaintiff has relied upon the aforesaid communication Letters, Ex. PW 1/3, but from these Letters there is no admission of there being any deferment of salary or the entitlement of the Plaintiff for the same.

59. This conclusion also finds support from the judgment of a Coordinate Bench of this Court in *M/s Aithent Technologies Pvt. Ltd. v. Archana Verma (RFA 608/2014 decided on 06.08.2018)*, arising out of the same salary restructuring exercise undertaken by the Respondent Company, during the Financial Year 2002-03. The Coordinate Bench, while examining a similar claim of deferred salary, observed that there was no material on record to establish any arrangement of deferment and consequently, set aside the decree granted by the Trial Court.

60. The learned Trial Court has appreciated the evidence brought on record and has rightly concluded that while reduction of salary during the relevant period stands admitted, the *Appellant/Plaintiff failed to establish that such reduction merely constituted a deferment creating a legally enforceable obligation to repay the amount at a later date.*

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

(NEENA BANSAL KRISHNA)
JUDGE

JUNE 16, 2026/R