



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

% ***Reserved on: 26th February, 2026***

Pronounced on: 5th June, 2026

+ **RFA 361/2024**

SANDEEP GOEL

S/o Late Satish Chand Goel

R/o House No.114, Site-1, Block-M,

New Rajinder Nagar,

New Delhi-110060.

....Appellant

Through: Ms. Niharika Ahluwalia and Ms.
Sonakshi Chaturvedi, Advs.

versus

M/S ZAVENIR DEVELOPERS PRIVATE LIMITED

Through its Director Mr. Pratik Bhartia

Registered Office B-42, Second Floor,

Panchsheel Enclave,

New Delhi-110017.

.....Respondents

Through: Ms. Sonakshi Chaturvedi, Adv

+ **RFA 718/2024**

ZAVENIR DEVELOPERS PRIVATE LIMITED

B-42, Second Floor,

Panchsheel Enclave,

New Delhi-110017.

....Appellant

Through: Ms. Sonakshi Chaturvedi, Adv

versus

SANDEEIP GOEL

House No.114, Site-1, Block-M,

New Rajinder Nagar,



New Delhi-110060.

.....Respondents

Through: Ms. Niharika Ahluwalia and Ms.
Sonakshi Chaturvedi, Advs.

CORAM:

HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. The aforesaid two Appeals are being decided together, as they arise from the same Judgment.
2. The Defendant/Appellant Sandeep Goel has filed *RFA No.361/2024* against the final Judgment dated 16.05.2023 and Decree dated 29.05.2023 whereby the *Leave to Defend Application*, has been dismissed and the Suit of the *Respondent/Plaintiff* has been decreed in the sum of Rs.72,13,890/- along with interest @ 9% per annum from the date of institution of the Suit till the date of Decree.
3. The *RFA No.718/2024* has been filed by the Plaintiff Zavenir Developers Private Limited against the same Judgment dated 16.05.2023, whereby the rate of interest has been challenged on the ground that, despite the parties having agreed to an interest rate of 15% per annum with quarterly rests, the learned Trial Court reduced the *pendent lite interest* to 9% per annum simple interest, with no future interest.
4. The Plaintiff, *Zavenir Developers Private Limited* filed a Suit CS DJ No.292/2021 under *Order XXXVII read* with Section 151 CPC, for *recovery of Rs.50 lakhs* along with interest of Rs.22,13,890/- @ 15% per annum quarterly compounded on the principal amount till 22.03.2021, and *pendent*



lite and future interest @ 15% per annum.

5. The ***facts in brief***, are that the Plaintiff duly incorporated Company since 2010, was engaged in the business / trading of cosmetics raw materials like heena powder, etc. The Defendant, Sandeep Goel a Chartered Accountant by profession, was known to the Directors of the Plaintiff since early 2000 and had been acting as a Chartered Accountant/ Auditor of the Plaintiff. The relations between the Plaintiff and Defendant were not only professional, but more personal on account of their relationship, which continued even after Defendant ceased to be the Auditor/ Chartered Accountant of the Plaintiff.

6. In September, 2018 the Defendant approached the Plaintiff for a friendly loan of Rs,50,00,000/- as he required the money for his own business/ work and was interested in buying/ investing in some real estate project/ property and he was short of the money. He assured that he would return the amount within a year and agreed to pay interest @ 15% per annum with quarterly compounding of interest. Initially, the Plaintiff/Directors were hesitant, but considering the relationship between them since last 18-19 years, the Plaintiff gave Rs.50,00,000/- loan to the Defendant, the details of which are as under:

S.N.	Date	Payment Details
1.	24.09.2018	Cheque No.000347/RTGS/NEFT dated 24.09.2018 for Rs.30,00,000/- (Rupees Thirty Lakh only)
2.	28.09.2018	NEFT Reference Number



		N271180641755994 dated 28.09.2016 for Rs.20,00,000/- (Rupees Twenty Lakh only).
3.	Total	Rs.50,00,000/- (Rupees Fifty Lakh only)

7. On receipt of the said money, the Defendant confirmed the aforesaid amount with agreed rate of interest in the ***Confirmation of Accounts dated 01.04.2019*** (for the period 01st April 2018 to 31st March 2019). During this one year since the Defendant was not even paying the agreed rate of interest, the Plaintiff was constrained to seek an explanation, for non-payment of interest. The Defendant, however, assured the Plaintiff that he was stuck in couple of financial/ monetary disputes with regard to his investments and he was expecting quick resolution of the same and requested the Plaintiff to wait for a few months.

8. In December, 2019 and in the beginning of the year 2020 the Plaintiff gently reminded the Defendant, who again sought more time. He also offered the Plaintiff to buy certain properties, which the Plaintiff declined. However, since March, 2020 there was no clarity whatsoever, about the refund of the aforesaid amount with interest. The Defendant every time was evasive in the meetings or made lame excuses and gave empty assurances. The Defendant despite expiry of more than two and a half years, chose not to refund the loan amount. On 22.03.2021, the total outstanding amount i.e. the principal amount along with the agreed interest worked out as follows:



Date	Particulars	Debit	Credit	Balance
24.09.2018	Payment (RTGS/NEFT)	3000000		3000000
28.09.2018	Payment (RTGS/NEFT)	2000000		5000000
30.09.2018	Interest (24.09.2018 to 30.09.2018 @ 15% p.a.)	9041		5009041
31.12.2018	Interest (01.10.2018 to 31.12.2018 @ 15% p.a.)	189383		5198424
31.03.2019	Interest 01.04.2019 to 31.03.2019 @ 15% p.a.)	192270		5390694
30.06.2019	Interest (01.04.2019 to 30.06.2019 @ 15% p.a.)	201597		5592291
30.09.2019	Interest (01.07.2019 to 30.09.2019 @ 15% p.a.)	211434		5803725
31.12.2019	Interest (01.10.2019 to 31.12.2019 @ 15% p.a.)	219428		6023153
31.03.2020	Interest (01.10.2020 to 31.03.2020 @ 15%	225240		6248402



	p.a.)			
30.06.2020	Interest (01.04.2020 to 30.06.2020 @ 15% p.a.)	233673		6482075
30.09.2020	Interest (01.07.2020 to 30.09.2020 @ 15% p.a.)	245076		6727151
31.12.2020	Interest (01.10.2020 to 31.12.2020 @ 15% p.a.)	254342		6981493
24.02.2021	Interest (01.01.2021 to 24.02.2021 @ 15% p.a.)	157800		7139293
22.03.2021	Interest (25.02.2021 to 22.03.2021 @ 15% p.a.)	74597		7213890
22.03.2021	Balance payable as on 22.03.2021 (INR)			7213890

9. The Plaintiff thus, sent a Legal Notice dated 25.02.2021 asking the Defendant to pay the outstanding amount of Rs.71,39,293/-, within 15 days. However, the Defendant chose not to respond to the Notice.

10. The Plaintiff thus, filed the ***Suit under Order XXXVII CPC***, on the basis of *Confirmation of Accounts*, duly signed by the parties, for recovery of Rs.72,13,890/- (Rs.50,00,000/- towards the principal amount and



Rs.22,13,890/- towards interest as on 22.03.2021) along with *pendente lite* and future interest @ 15% per annum compounded quarterly.

11. The Defendant/Appellant Sandeep Goel on service of Summons for Judgment, filed ***his Leave to Defend Application under Order 37 Rule 3(5) read with Section 151 CPC.***

12. A *preliminary objection* was taken that the Plaintiff has approached the Court with unclean hands. It was asserted that the averments made in the Suit were ambiguous and *material facts have been concealed*.

13. The Supreme Court in Krishna Lal Chawla & Ors. vs. State of U.P & Anr. in Criminal Appeal No.283/2021 arising out of S.L.P (Crl.) No.6432/2020 had held that the Court has inherent powers to prevent the abuse of its processes.

14. It was next contended that the Suit was *barred by Limitation*. Also, the Plaint does not disclose *any cause of action*. It is a bogus suit alleging the loan, when in fact there was no loan document ever signed or executed between the parties. The Suit is *not maintainable, as it is not based on any written document*, bills of exchange, hundies and promissory notes nor is it a liquidated demand arising out of a written contract, enactment or guarantee. Moreover, the Suit has been filed *without necessary compliance of Order 37 CPC*.

15. ***On merits***, the Defendant admitted that since the year 2000, he had good relations with the Plaintiff; at certain times the Defendant helped the Plaintiff by extending short term loans to the Plaintiff and its Directors and also to their Group Company Zavenir Daubert India Limited. Hira Lal Bhartia and Pratik Bhartia Directors of Plaintiff Company, who had good



relations with the Defendant, stated on 20.09.2018 that they were having an urgent requirement of cash to be paid somewhere, for the purpose of the Plaintiff Company and requested the Defendant to arrange for cash of Rs.50,00,000/-. On the same day, the Defendant through WhatsApp message conveyed to the Plaintiff that he could arrange cash to the tune of Rs.40-45 lakhs. Mr. Pratik Bhartia persuaded the Defendant to arrange a sum of Rs.50 lakhs, as there was some equipment, for which the payment to be made by the Plaintiff company.

16. The Defendant with sheer hard work and goodwill, arranged cash of Rs.50 lakhs for the Plaintiff Company, which he sent to Pratik Bhartia on 21.09.2018, at his residential address in Panchsheel Enclave and he duly acknowledged the receipt of the same, through Whatsapp message.

17. On 23.09.2018, Mr. Pratik Bhartia Director requested the Defendant to send his copy of Aadhar Card and PAN Card and other Bank details, so that he could transfer back the funds to the tune of Rs.50 lakhs, to his account. Accordingly, Pratik Bhartia transferred a sum of Rs.30 lakhs to Defendant, on 24.09.2018.

18. The Defendant at the time of arranging the money had promised the lender to return their money, on or before 24.09.2018. He thus, made a request to Mr. Pratik Bhartia to immediately send the balance amount of Rs.20 lakhs to him. The balance amount of Rs.20 lakhs was sent by Mr. Pratik Bhartia, on 28.09.2018. On receipt of this total sum of Rs.50 lakhs from Mr. Pratik Bhartia, the Defendant returned the amount to the person from whom he had taken the money. The copy of WhatsApp chat along with Certificate under Section 65-B of the Indian Evidence Act, were



annexed with the Leave to Defend Application.

19. The Defendant claimed that Rs.50 lakhs was nothing, but refund of the money advanced by the Defendant to Mr. Pratik Bhartia. He denied that he ever approached the Plaintiff, for loan. He claimed that he has been with *mala fide* intention, dragged into unwarranted litigation to harass and humiliate him in the Court.

20. The Defendant/Appellant thus, ***sought Leave to Defend the Suit on the grounds*** that he had a strong prima facie case in his defence and was entitled to unconditional leave. A fair, bona fide and triable issues had been raised in his Leave to Defend Application. ***Hence, a prayer was made that he should be granted unconditional Leave to Defend the Suit.***

21. The ***Plaintiff in the Reply***, vehemently opposed the contentions made in the Leave to Defend Application. It was denied that a cash of Rs.50 lakhs had been arranged by the Defendant for the Directors of the Plaintiff or that the amount transferred to the Account of the Defendant, was return of this cash loan. It was denied that any amount of Rs.50 lakh, was ever received by the Plaintiff. It was reaffirmed that the Plaintiff had granted the conventional help to the Defendant and the Plaintiff also filed the Certificate issued by the Bank, to reflect that he had an FDR of Rs.60 lakhs in their name on the date of alleged loan. It was claimed that the Defendant is only relying upon WhatsApp chats, which are manipulated and fabricated and cannot be relied.

22. It was further claimed that the alleged loan of Rs.50 lakhs in cash as claimed by the Defendant, was in *complete contravention of Income Tax Act* and the Defendant and his, so called sources from whom he had arranged the



alleged loan, have acted in contravention of Section 269 SS, 269 SC, 269 T, 68 and 69A and are liable for punishment under Section 271 D, 271DA, 271E of the Income Tax Act, 1961.

23. The **learned District Judge**, considered the defence as disclosed in the *Leave to Defend Application* and observed that the defence taken by the Defendant that in fact he had given money in cash and the bank transaction of the Plaintiff were only for return of the said loan amount, appeared to be *total sham and moon shine*. The WhatsApp chats on which the Defendant had placed reliance to show that he had paid Rs.30 lakhs, was insufficient to even draw an assumption of such cash loan having been advanced by the Defendant to the Plaintiff. Even otherwise, such a transaction would be in gross violation of Income Tax Act, 1961 which does not permit any transaction in cash above Rs.20,000/-.

24. The learned District Judge thus, found ***no grounds for granting of Leave to Defend*** and the Suit of the ***Plaintiff was decreed*** in the sum of Rs.72,13,890/- along with interest @ 9% per annum from the date of institution of the Suit till the date of decree.

RFA No.361/2024: Challenge to the Dismissal of Leave to Defend Application:

25. The Defendant/Appellant, Sandeep Goel aggrieved by the impugned Judgment dated 16.05.2023 and Decree dated 25.09.2023, has preferred ***RFA No.361/2024***. The *grounds of challenge* are that a patent illegality has been committed in the impugned Judgment and Decree, since the Respondent had failed to produce any documents to show and demonstrate that Appellant/ Defendant had ever requested for any loan of Rs.50 lakhs.



The WhatsApp chats have been completely ignored and discarded, even though they were supported with Certificate under Section 65 B of the Indian Evidence Act. These WhatsApp chats clearly prove that the alleged sum of Rs.50 lakhs was nothing but the refund of cash facility, extended by the Defendant in good faith, for 4-5 days.

26. Furthermore, it has not been considered that the Respondent being a big corporate entity, would never advance any loan of Rs.50,00,000/- to the Defendant, without executing any Agreement or Contract or taking any security for the alleged loan.

27. The alleged *Confirmation of Account Statement dated 01.04.2019*, was signed by the Appellant on the assurance and promise made by Mr. Pratik Bhartia the Director and under duress of long standing relationship with them. *It has not been signed by the Appellant with his free will and consent.*

28. Moreover, this Confirmation of Account Statement dated 01.04.2019, cannot be construed as an Agreement or Contract between the parties. Moreover, it is not tenable under various provisions of Indian Contract Act and Indian Stamp Act and cannot be construed as an Agreement between the parties.

29. The learned District Judge has misled itself to the alleged Account Confirmation Statement dated 01.04.2019. As per the Accounting norms and practices, every Company registered under the Companies Act should get the confirmation of its debt from its debtors, but in the present case the Respondent Company except the alleged Account Confirmation Statement dated 01.04.2019, did not produce any Account Confirmation Statement of



the subsequent Financial Years i.e. 2019-20, 2020-21 and 2021-22.

30. Moreover, this alleged Confirmation of Account Statement dated 01.04.2019, can neither be construed as Bill of Exchange, Hundies or Promissory Notes nor it can be construed as a written Contract/ Agreement for the loan.

31. The Appellant has submitted that the learned District Judge has totally ignored the principles laid down by the Apex Court and has given no reason for declining the Leave to Defend Application.

32. The Bombay High Court in the case of Jyotsna K. Valia vs. T.S. Parekh and Co. 2007 (4) Mh.L.J. had noted that it is not possible to lay down any precise test as to when a Summary Suit would be maintainable, on an acknowledgement, writing or receipt. It would depend on the document itself, the practice, usage and customs of the trade and also the facts of each case. The Trial Courts were advised to grant leave to defend to the defendant, in the case on the basis of the principle/ test laid down in the case of Machalec Engineering and Manufacturers vs. Basic Equipment Corporation 1977 AIR 577 and Sunil Enterprises vs. S.B.I Commercial and International Bank Ltd. AIR 1988 SUPREME COURT 2317.

33. This Court in M/s Sakata INX (India) Ltd. vs. M/s Rexor India Limited & Ors. 2015 SCC OnLine Del 13445 had observed that where the supply of goods was through Invoices, they are itself a Contract/ Agreement, and thus, demand on the basis of running Account, may be justified.

34. However, in the present case, there is no written contract/ agreement signed and executed between the parties. It is further asserted that the alleged Demand Notice is false, frivolous, bogus, misconceived and a part of



ploy of the Plaintiff Company.

35. Moreover, the Appellant asserted that he had good defence to contest the Suit and, therefore, the impugned Judgment be set aside and the Leave to Defend by granted and the Suit be decided on merits.

36. The Respondent/*Plaintiff Zavenir Developers Private Limited* in the **Written Synopsis**, had asserted that there is no merit in the Appeal preferred by the Defendant, as there is no bona fide defence or triable issue disclosed by him in the Leave to Defend Application. At the stage of considering the Leave to Defend Application, the Court is only required to examine whether the defence is plausible and raises triable issues and not to weigh the evidentiary value or conduct mini trial.

37. It was contended that the Suit under Order 37 IPC, was based on the *Confirmation of Account dated 01.04.2019* and, therefore, the Suit under Order 37 CPC, was maintainable. Moreover, the loan transactions stood fully confirmed in the Whatsapp conversations, which were duly supported with the Certificate under Section 65 B of the Indian Evidence Act. It was, therefore, submitted that the Leave to Defend has been rightly, dismissed and the ***Suit of the Plaintiff decreed.***

RFA 718/2024: Challenge by the Plaintiff to the pendente-lite Rate of Interest and non-grant of Future Interest:

38. The Plaintiff Zavenir Developers Private Limited have challenged the impugned Judgment dated 16.05.2023 and Decree dated 25.04.2024 to the extent of pendente lite interest at the agreed rate and the future interest, have not been granted to the plaintiff.

39. In the ***grounds of Appeal***, it is asserted that denial of future interest to



the Plaintiff, has effectively given an undue benefit to the Defendant by stopping the interest on the date of decree, thereby there being a substantial time gap between the date of decree and actual realization of amount, which would operate to the benefit of the Defendant. The rationale for awarding the three sets of interest i.e. *Pre-institution, Pendente lite and Future Interest*, is on the premise that a person is entitled to interest on his money as he remained deprived of the use of his money to which he was legitimately entitled and he has a right to be compensated for the period of such deprivation. The Plaintiff/Appellant had claimed interest @ 15% per annum with quarterly rests, for pendente lite and future interest. However, the learned District Judge has reduced the pendent lite interest from 15% per annum with quarterly rest, to 9% *Simple Interest and has failed to grant any future interest*.

40. Section 34 CPC is the enabling Section under which the Courts have been consistently *granting all the three sets of interest*. An illegality has been committed in terms of Section 34 CPC by granting pendent lite Simple Interest @ 9% Simple Interest and not granting any future interest.

41. Reliance is placed on *Central Bank of India vs. Ravindra & Ors.* (2002) 1 SCC 367, wherein the Supreme Court had held that the principal sum so adjudged is such principal sum within the meaning of Section 34 on which pendente lite and future interest i.e. post decree interest at such rate and for such period for which the Court may deem fit, may be awarded by the Court.

42. Similarly, in the case of *Space Enterprises vs. Srivivasa Enterprises Ltd.* 1998 (45) DRJ 375 it was held that in case the agreed rate of interest,



the court is only required to see that it is not exorbitant, unconscionable and against the public policy of keeping the interest pegged at a reasonable rate of interest, which may vary by one or two percent from the rate of interest at which Banks advances monies for the purpose of commercial transactions. In that case, the interest of 24% not being compoundable and being simple, was held to be reasonable.

43. The Plaintiff has claimed that denial of agreed rate of interest between the parties, is contrary to the Judgment of the Division Bench of Supreme Court in State of Rajasthan vs. Ferro Concrete Construction (P) Ltd. (2009) 12 SCC 1; South Eastern Coalfields Ltd. vs. State of M.P & Ors. (2003) 8 SCC 648; and Executive Engineer, Dhenkanal Minor Irrigation Division, Orissa & Ors. vs. NC Budharaj (Deceased) by LRs and Ors. (2001) 2 SCC 721.

44. It is contended that the impugned Judgment in limiting the interest, has resulted in denial of justice to the Appellant. Hence, *a prayer is made* that interest be granted as per the agreed rate between the parties.

45. The **Defendant Sandeep Goel, however, contended** that the enhancement of pendent lite interest to 15% with quarterly rest and grant of future interest till realization, is wholly mis-conceived and deserves outright dismissal.

46. At the outset, there was *no written Loan Agreement* and there was no agreed rate of interest, as claimed by the Plaintiff. The entire claim of contractual interest is based on unilateral interpretation of Confirmation of Account, which by itself does not constitute a binding Loan Agreement incorporating interest terms, *in the absence of written contract* specifying



the rate and compounding mechanism.

47. Section 34 CPC squarely rests the jurisdiction to award reasonable interest which has been granted by the learned District Judge after due consideration to 9% Simple Interest. It is, therefore, submitted that the interest has been granted appropriately and there is no merit in the Appeal.

Submissions heard and record perused.

RFA 361/2024:

48. Admittedly, the Plaintiff Company and the Defendant had a longstanding professional and personal relationship, since 2000. The Appellant/Defendant was not only a Chartered Accountant/Auditor for the Plaintiff Company, but had longstanding personal relationship.

49. The simple case of the Plaintiff was that on the request of the Defendant/Appellant for urgent need of Rs.50 lakhs, Rs.30 lakhs were transferred through the bank on 24.09.2018 and Rs.20 lakhs on 28.09.2018 to the bank account of the Defendant/Appellant; ***a fact which is not denied by the Defendant/Appellant.***

50. However, *the first defence* taken by the Appellant was that in fact he had arranged cash of Rs.50 lakhs on 21.08.2018, on the request of the Plaintiff. This cash money which had been given by the Defendant to the Plaintiff, was also reflected in the WhatsApp conversations between the Appellant and the Director of the Company. However, while the Appellant has tried to explain an earlier transaction of Rs.50 lakhs, but the documents placed on record, said a different story.

51. As per the bank account of the Plaintiff Company, a NEFT transaction for transfer of Rs.30 lakhs on 24.09.2018 and of Rs.20 lakhs on 28.09.2018.



The statement of the account clearly establishes the transfer of Rs.50 lakhs through bank transaction to the Appellant. Not only this, the whole issue is settled by a Confirmation of Accounts Letter dated 01.04.2019, for the period from 01.04.2018 to 31.03.2019 written by the Plaintiff to the Defendant.

52. This **Confirmation of Accounts Letter** not only mentions about the two Bank transfers of Rs.30 lakhs on 24.09.2018 and Rs.20 lakhs on 28.09.2018 through NEFT to the account of the Defendant, but it has also indicated against the two bank transactions that it is a loan given interest @ 15% p.a., with quarterly compounding interest repayable on loan.

53. Further, this Statement reflects that interest @ 15 % p.a., was payable on three occasions by the Defendant; first, in the sum of Rs.9041/- on 30.09.2018; next on 31.12.2018 for the period from 01.10.2018 to 31.12.2018 of Rs.1,89,383/-, and third on 31.03.2019 for the interest @15 % p.a., from 01.01.2019 to 31.03.2019, in the sum of Rs.1,92,270/-. The total balance of the amount due from the Defendant, **was reflected as Rs.53,90,694/-, in the Confirmation of Accounts Statement.**

54. This Letter is signed by the Plaintiff as well as by the Defendant, who has written “**we confirm the above**”. This Confirmation Letter not only amounts to the written Agreement/Contract wherein the terms of the loan and the payment due have been reflected, but is also admitted and confirmed by the Defendant.

55. The only explanation given by the Appellant is that he had signed the document, on the assurance of the Plaintiff that it would not be acted upon. The Appellant himself being a Chartered Accountant, signing such a



document could not have come up with a more weak argument, which has no legs to stand on.

56. In Khan Bahadur Shapoor Freedom Mazda v. Durga Prosad Chamaria (1962) 1 SCR 140, the term “*acknowledgement*” was explained to mean an *admission by a writer* that there is a debt owing by him, either to the receiver of the letter or some other person on whose behalf the Letter is received. However, it is not enough that he refers to a debt as being due from somebody in order to qualify as an acknowledgement, there must be fair construction of the Letter read in the light of the surrounding circumstances, to the admission that the writer owes the debt.

57. It is therefore, evident that this Confirmation of Accounts Statement, which is duly signed by the Appellant, amounts to a written contract as well as an acknowledgement of the terms, stated therein. It is established that the total loan amount of Rs.50 lakhs, was transferred in the account of the Defendant.

58. In the case of M/s Sakata INX (India) Ltd. (supra), a reference was made to FCI v. Bal Kishan Garg (1982) 21 DLT 167, wherein it was observed that the purpose of giving a written acknowledgment, implies that it is absolute unqualified present liability of the obligation to repay it in future, on the understanding that the creditor need not file a suit immediately. The written acknowledgement surely falls under the term “*written contract*” and the parties had consensus of mind that this written acknowledgement was signed by one of the parties to the Petitioner’s firm. There was a promise, there was a consideration, there was an acceptance, all the elements essential for formulation of written contract was present.



Nothing more is required in this acknowledgement to make it a contract.

59. The defence of Sandeep Goel, that he had arranged for a cash amount of Rs.50 lakhs for a few days, through cash for the Plaintiff, is nothing but a sham and moonshine. The Defendant has merely claimed that he had arranged the money from some friend, but has failed to disclose the source or to explain from where he had arranged the cash amount as alleged by him.

60. The defence raised by him, does not disclose any triable issue. The learned District Judge rightly, dismissed the Leave to Defend Application and decreed the Suit of the Plaintiff. **There is no merit in the Appeal preferred by the Appellant, Sandeep Goel, which is hereby, dismissed.**

RFA 718/2024: In Respect of Interest:

61. The second aspect for consideration is the Appeal filed by the Plaintiff who had sought the enhancement of *pendente lite* interest @ 15% to be compounded quarterly instead of 9% p.a. and also for future interest at the same rate, which has not been granted to the Plaintiff.

62. The short question is whether the Plaintiff was entitled to *pendent lite* and future interest, at the agreed rate of 15% with quarterly rest.

63. To appreciate the contention, it is relevant to refer to *Order 37 Rule 2(3) of CPC which specifically provides that in case the Respondent fails to enter an appearance and in default of his entering an appearance, the allegations in the plaint shall be deemed to be admitted and the plaintiff shall be entitled to a decree for any sum, not exceeding the sum mentioned in the summons, together with interest at the rate specified, if any, up to the date of the decree* and such sum for costs as may be determined by the High



Court, from time to time, by rules made in that behalf and such decree may be executed forthwith.

64. It is therefore, evident that in a Summary Suit, the Plaintiff is entitled to the agreed rate of interest, till the date of Decree. However, thereafter, S.34 CPC, becomes applicable.

65. In this regard, it would be pertinent to refer Section 34 CPC which provides that in a **money decree**, *in addition to any interest adjudged for principal sum for any period prior to the institution of the Suit*, the Court may grant interest from the date of decree to the date of payment or such earlier date, as the Court may deem fit.

66. In the case of Space Enterprises (supra) while considering whether in a Suit under Order 37 CPC, the court is entitled to grant *pendente lite* and future interest, it was held that awarding of *pendente lite* and future interest is a matter of discretion of the Court, but it should not reflect any arbitrariness. In case the agreed rate of interest is held to be not exorbitant, unconscionable and against public policy of keeping the interest pegged at a reasonable rate of interest which may vary by one or two per cent from the rate of interest at which banks lend and advance monies for the purpose of commercial transactions, it may be granted.

67. The Courts are thus, well within their right to grant the interest in the money decree. The power to award *pendente lite* and future interest flows from Section 34 of the CPC; it is based on the principle that a party deprived of the use of money rightfully due to it, ought to be compensated for the period during which such money remained withheld.

68. In the case of Clariant International Limited and another. vs



Securities & Exchange Board of India 2004 (8) SCC 524 it was held that interest can be awarded in terms of an Agreement or statutory provisions. It can also be awarded by reason of usage or trade having the force of law or on equitable considerations. Interest cannot be awarded by way of damages, except in cases where money due, is wrongfully withheld and there are equitable grounds thereof, for which a written demand is mandatory. *In the absence of any agreement or statutory provision or a mercantile usage, interest payable can be only at the market rate.* Such interest is payable upon establishment of totality of circumstances, justifying the exercise of such equitable jurisdiction. This judgment was endorsed in Rampur Fertiliser Limited vs. Vigyan Chemicals Industries (2009) 12 SCC 324.

69. Similar observations were made in Thazhathe Thazhathe Purayil Sarabi vs. Union of India (2009) 7 SCC 372, wherein it was held that when there is no specific provision for grant of interest on any amount due, the Court may award interest in their discretion, under the provisions of Section 3 of the Interest Act and Section 34 of the CPC.

70. In M/s Tomorrowland Limited vs. Housing and Urban Development Corporation Limited and Anr. 2025 LiveLaw (SC) 205 it was endorsed that the award of interest, is a discretionary exercise steeped in equitable considerations.

71. The law has been succinctly discussed by the Constitution Bench in Central Bank of India (supra), wherein it was held that award of interest *pendente lite* or post-decree is discretionary and is essentially governed by Section 34 of the CPC, *de hors* the contract between the parties. In a case, if the Court finds that the principal sum adjudged on the date of Suit and the



component of interest, is disproportionate with the principal sum actually advanced, the *Court may exercise its discretion in awarding interest pendente lite and post decree interest at a lower rate or may even decline to award such interest.* The discretion has to be exercised fairly, judiciously and not for arbitrary or fanciful reasons. As a general principle, in commercial disputes, the award of interest *pendente lite* or post decree is typically granted as a matter of discretion. This is because such interest serves to compensate the aggrieved party for the time value of money that was due, but was withheld during the legal process.

72. In the present case, while dismissing the Leave to Defend Application and finding the Plaintiff/Appellant Zavenir Developers Private Limited entitled to recovery of Rs.50,00,000/-, had granted pre-Suit interest at the agreed rate. The Court in its discretion, had granted not the agreed rate of interest of 15% with quarterly rest, but has granted *pendente lite Simple Interest @ 9% per annum*, in its discretion. There is nothing to show that the discretion so exercised, is arbitrary or against the norms of custom usage pertaining to commercial transactions.

73. However, in so far as not granting of future interest is concerned, there is no explanation stated therein. The Plaintiff is, therefore, in terms of Section 34 of the CPC, justified to claim future interest, *which is accordingly awarded @ 9% simple interest per annum, from the date of Decree till the date of payment.*

74. The Appeal of the Plaintiff is partly allowed and the impugned Judgment dated 16.05.2023 is modified to the extent that the Defendant shall also be liable to pay the future interest *@ 9% simple interest per annum, till*



the date of payment.

75. Accordingly, Appeal along with pending Applications is, **disposed of**.

(NEENA BANSAL KRISHNA)
JUDGE

JUNE 5, 2026

Va/N