

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH****213****RSA-3465-2013 (O&M)****Decided on: 12.11.2025****Haryana State Small Industries and Export Corporation ...Appellant(s)****Vs.****Singhal Strips Ltd.****...Respondent(s)****CORAM: HON'BLE MS. JUSTICE NIDHI GUPTA**

Present:- Mr. Amit Jaiswal, Advocate for the appellant.

Mr. Jashan Sekhon, Advocate for

Mr. Shiv Kumar, Advocate for the respondent.

NIDHI GUPTA, J.

The plaintiff is in Second Appeal against the judgment of reversal dated 15.12.2012 passed by the learned District Judge, Chandigarh; whereby appeal filed by the defendant/respondent herein against the partial decreeing of the suit of the plaintiff, has been allowed; and the suit of the appellant has been dismissed.

2. Brief facts of the case are that the plaintiff/appellant-Corporation is a company incorporated under the Companies Act. The purpose of the plaintiff-company is to assist the small industries in the State of Haryana in export of their production and to import raw material to be used by them. For this purpose, plaintiff also procures iron and steel items from the Steel Authority of India (hereinafter referred to as "SAIL") for supplying the same to the small industries. Defendant is dealing in



manufacturing of steel strips. For that purpose, defendant had purchased raw material from the plaintiff Corporation.

3. It was pleaded in the plaint that the plaintiff and defendant had entered into an Agreement dated 26.08.1994 vide which plaintiff was to supply 297.680 MT of iron and steel items to the defendant; and the same was supplied to the defendant against invoices No. 1-15 dated 26.08.1994 itself for total sale proceeds of Rs.49,12,183/- on credit basis for a total period of 42 days and interest agreed to be paid at the same rate as was to be charged by SAIL from the plaintiff. Against the same, defendant had given post dated cheque dated 08.10.1994 for the said amount and further ensured payment. Defendant had also executed demand promissory note for such amount in favour of the plaintiff.

4. Plaintiff had also entered into another similar Agreement dated 27.08.1994 with the defendant for supply of 23.100 MT of iron and steel items against invoice No. 17 dated 27.08.1994 for total sale proceeds of Rs.3,83,991.30P. It was agreed that again 42 days credit facility was given to the defendant and it was agreed that interest would be charged as in the first Agreement dated 26.08.1994. Defendant had issued another post dated cheque dated 08.10.1994 for the said amount of Rs.3,83,991.30P and also executed demand promissory note. SAIL had duly supplied material vide delivery order dated 24.08.1994; which was supplied to the defendant through the said Invoice No.1-15 dated 26.08.1994 for Rs.49,12,183/-; And vide invoice No. 17 dated 27.08.1994 for sale proceeds of Rs.3,83,991.30P.



5. It is the case of the plaintiff that SAIL had charged interest of Rs.1,15,731/- from the plaintiff. Accordingly, plaintiff had debited the same in the account of defendant alongwith a sum of Rs.6,154/- as interest on the amount of handling charges and commission, as was charged by the plaintiff from the defendant, as per agreement. Therefore, plaintiff had debited total amount of Rs.1,21,885/- in the account of the defendant; and debit note dated 1005 dated 17.10.1994 was issued in this regard. The said amount was confirmed by SAIL vide memo No. 9516 dated 19.01.1996. However, on demand by the plaintiff-Corporation, defendant had failed to pay the interest as per the Agreement.

6. The second grievance of the plaintiff as averred in the plaint is that plaintiff had placed orders for September, October, November and December, 1994. Defendant vide its undertaking dated 12.09.1994 had agreed to lift more than 501 MT every month, upon which it was agreed that the defendant would be entitled to discount of Rs.185+1.85%. Plaintiff while supplying the material had duly granted the said discount to the defendant. However, defendant had failed to lift the material as per its undertaking. It was accordingly pleaded that defendant was not entitled to discount of Rs.27,402.25P granted by the plaintiff to the defendant in advance in excess of what was due to the defendant. Plaintiff sent debit note to the defendant, and had also sent letter dated 09.12.1994 in this regard but the defendant had failed to pay the same. Accordingly, plaintiff had instituted the instant suit on 16.08.1997 seeking recovery of interest



charges by SAIL from the plaintiff for an amount of Rs.1,21,885/-; and excess discount amount of Rs.27,402.25P.

7. Vide judgment and decree dated 05.10.2011, the Civil Judge (JD), Chandigarh had partly decreed suit of the plaintiff as follows:-

“30. the suit of the plaintiff is decreed partly with costs to the extent that plaintiff corporation is held entitled for recovery of Rs. 1,43,1333:25 (i.e.Rs.1,15,731+ Rs.27,402/-as principal amount) Although the plaintiff corporation has claimed rate of interest @24% per annum but in my view, the interest of justice would be fully met if plaintiff corporation is granted interest @ 12% per annum which is the normal prevailing rate for of interest commercial transactions. Hence, plaintiff is held entitled to recover the aforementioned principal amount alongwith interest @ 12% per annum on such amount from the date of demand till the date of passing of judgment.”

8. The amount of Rs.6,154/- as sought by the plaintiff towards interest on account of handling charges and commission, was not granted.

9. Against the abovesaid judgment and decree dated 05.10.2011, Defendant had filed Civil Appeal No. 322 dated 11.11.2011 before the learned District Judge, Chandigarh. Vide the impugned judgment and decree dated 15.12.2012, the said appeal of the respondent/defendant was accepted with costs and suit of the plaintiff was dismissed. Hence, present Second Appeal by the plaintiff.

10. It is *inter alia* submitted by learned counsel for the appellant that the learned First Appellate Court has non-suited the appellant on the



ground that the bills dated 26.08.1994 and 27.08.1994 did not contain any clause regarding interest. In this regard, the first Appellate Court and relied on statement of Mr. Uday Pal, PW1, witness of the plaintiff Corporation. It is submitted that however in holding as above, the learned First Appellate Court has misguided itself to the fact that the Agreements dated 26.08.1994 and 27.08.1994 contained a clause that interest would be charged by the plaintiff-Corporation in case the same is charged by SAIL in supplying the goods to the plaintiff. It is submitted that the plaintiff had duly proved on record that SAIL had charged interest of Rs.1,15,731/- from the plaintiff Corporation. However, the said interest amount has been denied to the plaintiff only on this spurious reasoning that it has been admitted by PW1, that the bills of the plaintiff Corporation did not contain any clause for charge of interest. It is submitted that the said reasoning is unsustainable as it is for the Agreement to contain such a clause regarding interest, and not the bills.

11. As regards discount, it is submitted that the impugned judgment and decree of the learned First Appellate Court is also unsustainable on account of the fact that it has totally failed to deal with the issue of excess discount granted by the plaintiff to the defendant. It is contended that reading of the entire judgment shows that the said issue has not been dealt with at all or in any manner, by the learned First Appellate Court. It is accordingly prayed that the present Second Appeal be allowed; and the impugned judgment and decree dated 15.12.2012 be



set aside; and the judgment and decree dated 05.10.2011 passed by learned Civil Judge (Junior Division), Chandigarh be upheld/restored.

12. *Per contra*, learned counsel for the respondent/defendant submits that the impugned judgment suffers from no error. It is submitted that there is no clause in the Agreement between the plaintiff and defendant for grant of interest. Moreover, plaintiff had granted discount of its own. It is accordingly prayed that present Second Appeal be dismissed.

13. No other argument is made on behalf of Id. counsel for the parties. I have heard Id. counsel and perused the case file alongwith Lower Court Records in minute detail. I find merit in the submissions advanced on behalf of the appellant/plaintiff.

14. The primary ground on which the first Appellate Court has non-suited the appellant is that it was admitted by PW1 that the 'bills' did not contain any clause for grant of interest. The relevant reasoning of the first Appellate Court is as follows: –

"19.....No doubt, it is the plea of the plaintiff that the interest was required to be charged from the defendant as the same was charged by 'Steel Authority of India from the the plaintiff. However, Mr. Uday Pal, PW-1 star witness of the plaintiff has categorically stated in his cross examination that there was no clause regarding interest in the bills. Still plaintiff company is harping on the document Ex. P-41 vide which the Steel Authority of India charged interest from the plaintiff. However, the plaintiff Corporation cannot derive any benefit out of the document Ex. P-41 in as much as the defendant is not liable to pay any interest amounting to



Rs.1,15,731/- to the plaintiff as they never agreed to pay interest to the plaintiff as per provisions of Steel Authority of India and further they are not liable to pay any excess amount of discount given to them by the plaintiff as the plaintiff on its own gave a discount of Rs. 185+1.85% per M.T. to the defendant.....”

15. However, in holding as above, the first Appellate Court has ignored vital documentary evidence on record including the Agreements entered into between the parties. A perusal of the Agreement dated 26.08.1994 Ex.P18 (available at page 221 of the LCR) shows that it is clearly stipulated therein that:-

“M/s. Haryana State Small Industries & Export Corporation Ltd., Chandigarh has released 297.680 M.T. of Iron & Steel items and other items as per details given below to M/S. Singhla Strips Ltd., against Invoice No. 1 to 15 dt. 26.8.94 for Rs.4912,183.00 on credit for 42 days with interest/without interest as per the provisions of SAIL.”
(Emphasis added)

16. An identical clause is contained in the Agreement dated 27.08.1994 Ex.P19 (available at page 223 of the LCR). It is not denied anywhere that SAIL had charged interest of Rs.1,15,731/- from the plaintiff. In any event, this fact is established from the Certificate dated 19.01.1996 Ex.P41 (available at page 269 of the LCR) as issued by SAIL to the plaintiff-Corporation in the Subject “*interest charged on DO No. 2747 dated 24.08.1994*”. In this view of the matter, learned First Appellate Court was clearly in apparent error in holding that interest amount of



Rs.1,15,731/- was not recoverable from the defendant. As established above, the said reasoning of the First Appellate Court is contrary to the evidence on record.

17. Even in respect of the discount, learned First Appellate Court has misapprehended itself to the effect that discount was given by the plaintiff to the defendant on its own. The respondent in its written statement had taken the plea that the discount of ₹27,402/- was given by the plaintiff on its own. The said plea has been ipso facto accepted by the learned First Appellate Court without examining the evidence on record in this regard. In fact, the said issue has not been discussed at all by the learned First Appellate Court except for the bare observation as recorded in the above reproduced excerpt. This observation is factually incorrect. Ex.P46 (at page 281 of the LCR) is the letter dated 03.09.1994 issued by the plaintiff to the defendant regarding the terms and conditions of supply of material. Clause 2 of the said letter reads as follows:-

“2. PASSING ON OF THE BENEFITS/CONCESSIONS ON DIRECT DELIVERY ON CASH PAYMENT FROM SAIL STOCKYARD, FARIDABAD/CHANDIGARH.

<i>Sr. No.</i>	<i>Slab</i>	<i>Amount to be passed on</i>
1.	upto 50 M.T.	Rs.100/-PMT
2.	51 M.T. to 100 M.T.,	Rs.200/- per M.T.
3.	101 “ to 200 “	Rs.250/- -do-
4.	201 “ to 500 “	Rs.350/- -do-
5.	501 “ and above”	(Rs.185/-PMT Plus 1.85%)”

18. Ex.D4 (available at page 319 of the LCR), is the letter dated 12.09.1994 issued by the defendant whereby it undertook to lift more



than 501 MT of steel from the plaintiff. In this letter, defendant itself has referred to slab No. 5 of the above said scheme under which it is entitled to discount of Rs.185+1.85%. However, all these documentary evidence have been ignored by the learned first Appellate Court. Clearly, First Appellate Court was in factual error in holding that the said discount was granted by the plaintiff on its own. Both the documents read together clearly establish that discount of Rs.58,122.25 was not given by the plaintiff on its own. It was found that the defendant was entitled to discount of Rs.30,720/-; and excess amount of Rs.27,402.25P had been granted to the defendant as, in the month of September 1994, defendant had lifted only 122.880 MT; and not 501 MT as required for it to be eligible for grant of discount.

19. In non-suiting the appellant, the learned First Appellate Court has also held that Ex.P41 i.e. the Certificate issued by SAIL attesting that it has charged interest of Rs.1,15,731/- has not been proved in accordance with law, as no official of SAIL has been examined by the plaintiff. The said reasoning of the learned First Appellate Court is also liable to be rejected; firstly, in view of the fact that letter dated 19.01.1996 Ex.P41 issued by SAIL is a Government document issued by a Government Authority. Ex.P41 was produced in the original by the plaintiff; and was duly signed by the Branch Manager and Deputy Chief Manager (Finance) of SAIL. As such, the said document carries presumption of truth. Moreover, the learned First Appellate Court has also failed to appreciate that it is no-one's case that the said document Ex.P41, was forged and fabricated. No such plea at any



stage, was taken by the defendant. In fact, even no suggestion was put by the defendant to the official plaintiff witnesses in their cross-examination in this regard that Ex.P41 and Ex.PA are false and fabricated. In fact, Defendant in its written statement had denied that there existed any clause of interest; whilst while appearing as DW1, defendant in his cross-examination (at page 183 of the LCR), has admitted its signature on Ex.P18 and Ex.P19/Agreements, as follows:-

“It is correct that Ex.P18 and P19 have been executed by me with the plaintiff on 26.08.1994 and 27.08.1994.”

20. As established from the above-reproduced extract of the Agreement, it contain the definitive clause in respect of the charge of interest. As such, defendant sought to miss lead by taking discrepant pleas. The relevant findings of the learned Trial Court in its judgment dated 5.10.2011, are as follows: –

“24..... The invoices vide which the material in question measuring 320.78 M.T. was supplied by the plaintiff corporation to the defendant are Ex. P20 to Ex.P33 and the same are against D.O. No.2747 which is the same D.O as per which the same very material was purchased by the plaintiff corporation from SAIL vide invoices Ex.P2 to Ex. P17. Now from the original letters of SAIL, through its Branch Manager Rashmi Singh which is Ex.PA as well as original letter issued by the SAIL through its Deputy Chief Manager (Finance) which is Ex.P41, it is clear that amount of Rs.1,15,731/- has been charged by the SAIL from the plaintiff corporation against D.O. No.2747 for 320.840 of H.R Coils. Accordingly, in view of the express agreements between the



parties which are Ex. P18 and Ex. P19, the plaintiff corporation is entitled to recovery of such interest of Rs.1,15,731/- from the defendant as the said amount of interest has been charged by the SAIL from the plaintiff corporation against the same very material which was supplied by the plaintiff corporation to the defendant vide Ex. P20 to Ex.P33. But the arguments of the learned counsel for the defendant that said Letters by SAIL Ex.PA and Ex. P41 are not proved on record by calling any authorized official of SAIL, is without any basis as any such letters Ex.PA and Ex.P41 are original documents which are duly signed by the Branch Manager and Deputy Chief Manager (Finance) of SAIL respectively and it is not the case of the defendant that such documents are forged documents and accordingly such documents being addressed to the plaintiff corporation are duly admissible in evidence and are duly proved on record.

25.....As the defendant sent letters to the plaintiff corporation which are Ex.D1 and Ex.D3 that they will lift more than 500 M.T of Iron and Steel items for the month of September, 1994 but as they lifted only a quantity of 122.880 M.T of material from the plaintiff corporation in the month of September, 1994, thus, the defendant was not entitled to a discount as failing in slab No. 5 of memo of understanding Ex. P46 for September, 1994 and they were only entitled to have entitled discount as per slab No. 3 in such memo of understanding Ex.P46.....”

21. Learned counsel for the defendant is unable to controvert or dispute the above said facts and findings on record.

22. In view of the above discussion, present Second Appeal is **allowed**; the impugned judgment and decree dated 15.12.2012 passed by

learned District Judge, Chandigarh is set aside; and the judgment and decree dated 05.10.2011 passed by learned Civil Judge (Junior Division), Chandigarh is restored.

23. Pending applications, if any, stand(s) disposed of.

12.11.2025

Divyanshi

Whether speaking/reasoned:

Whether reportable:

Yes/No

Yes/No

(NIDHI GUPTA)

JUDGE