



2025:DHC:4657-DB



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

%

Judgment delivered on: 30.05.2025

+ **RFA(COMM) 81/2024**

**SK SYSTEMS PVT. LTD. AND ANR**

....Appellants

versus

**RAVI KANT CHANDHOK**

.....Respondent

**Advocates who appeared in this case**

For the Appellants : Ms Padma Priya and Mr Shivanshu  
Vijay, Advocates.

For the Respondent : Mr Vasdev Lalwani, Mr Rahul Gupta  
and Mr Tushar Sahni, Advocates.

**CORAM:**

**HON'BLE MR. JUSTICE VIBHU BAKHRU**

**HON'BLE MR. JUSTICE TEJAS KARIA**

### **JUDGMENT**

**TEJAS KARIA, J**

#### **INTRODUCTION:**

1. The present appeal has been filed under Section 13 of the Commercial Courts Act, 2015 read with Section 96 and Section 151 of the Code of Civil Procedure, 1908 against the impugned judgment and decree dated 09.11.2023 (as modified by the order dated 18.12.2023), passed by the learned District Judge (Commercial Court-03), Central, Tis Hazari Courts, Delhi [**Commercial Court**] in CS (COMM) No. 4144 of 2021 [**Impugned Judgment and Decree**].



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2. By way of the Impugned Judgment and Decree, the Suit filed by the Respondent has been decreed and the Appellants have been directed to pay ₹13,50,000/-, along with interest to the Respondent. The principal grievance of the Appellants is that the Impugned Judgment has incorrectly accepted the version of the Respondent in absence of any written agreement/mandate between the parties regarding the fees to be paid to the Respondent for the professional services.

**FACTUAL BACKGROUND:**

3. Respondent is a practicing advocate. In the year 2016, the Respondent began providing professional legal assistance to Appellant No. 1 company engaged in commercial activities and classified as a Micro, Small, and Medium Enterprise.

4. Initially, the services rendered pertained to taxation matters; however, over time, the Respondent also began assisting in recovery actions against the Appellant No.1's debtors, particularly under the provisions of the Insolvency and Bankruptcy Code, 2016 [IBC].

5. The relationship between the parties remained amicable till the year 2020. The Appellants claim that, up until that point, there had been a consistent course of conduct whereby the Respondent raised invoices immediately upon rendering legal services, and such invoices were settled, generally within a period of seven days. It is stated that no disputes ever arose either in respect of the quantum of fees or the terms of the payment.

6. In the year 2019, the Respondent was engaged to provide assistance in recovery actions against certain debtors of Appellant No. 1. The specific



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work done by the Respondent included the drafting of four (4) demand notices under the IBC, a claim form, review of emails exchanged between the parties and their debtors between December 2019 to January 2020, and vetting of a settlement agreement and withdrawal letter. The Appellants contend that for the said services, a fee of ₹50,000/- was orally agreed upon and paid in cash to the Respondent, citing the COVID-19 situation. No invoice was raised at that time.

7. However, almost eleven months later, the Respondent raised an invoice dated 20.11.2020 bearing Invoice No. 125 for an amount of ₹13,50,000/- (**Invoice**). A follow-up reminder was sent by the Respondent on 10.12.2020. The Appellants responded to the said reminder on the same date, denying any outstanding liability.

8. Thereafter, a legal notice dated 05.01.2021 was issued by the Respondent, calling upon the Appellants to pay the invoiced amount. The Appellants chose not to comply, maintaining that the demand was false, exorbitant, and contrary to the past course of dealings between the parties.

9. Accordingly, the Respondent instituted a recovery suit in October 2021, being CS (COMM) No. 4144 of 2021, seeking recovery of ₹13,50,000/- along with interest from the Appellants before the learned Commercial Court.

10. The learned Commercial Court, after hearing the matter, passed the Impugned Judgment comprising of judgment dated 09.11.2023, which was followed by the final order and decree dated 18.12.2023, modifying the



earlier amount treating it as a typographical error, and directed payment of the claimed amount.

11. Aggrieved by the Impugned Judgment, the Appellants have preferred the present appeal, contending, *inter alia*, that the learned Commercial Court has failed to provide any reasoning for the decreed amount, overlooked the lack of any substantiation of the alleged dues, and proceeded solely on the basis of the Respondent's assertions, taking the same as a gospel truth.

**SUBMISSIONS BY THE APPELLANTS:**

12. The learned counsel for the Appellants submitted that the learned Commercial Court has erroneously accepted the version of the Respondent despite there being no written agreement/mandate between the parties stipulating the fees or terms of payment. It was further submitted that the decree has been passed in favour of the Respondent without assigning any cogent reasoning while awarding the claimed amount.

13. It was submitted that the services rendered by the Respondent such as an issuance of four demand notices, drafting of a claim form, and reviewing of certain emails and a settlement agreement had already been paid for by way of a cash payment of ₹50,000/-, which had been mutually agreed upon orally at the time of engagement. It was argued that this payment was made during the period of the COVID-19 pandemic as per the Respondent's request. The Invoice raised by the Respondent, nearly eleven months after the completion of the alleged services, was not only belated, but also exorbitant and *malafide* in nature. It was submitted that in the past, for similar services, the Respondent was compensated at a significantly lower rate approximately ₹12,500/- per notice, whereas the invoice in question has



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charged ₹50,000/- per notice, which is inconsistent with the established course of dealing between the parties.

14. It was also submitted that the pattern of billing and payment throughout the parties' prior course of engagement was that invoices were raised contemporaneously with the delivery of services and duly paid within seven days. It was further submitted that the learned Commercial Court failed to consider their objections to Invoice, as duly communicated to the Respondent by a detailed reply dated 10.12.2020 by the Appellants and proceeded to decree the claim without examining the authenticity and validity of the claimed dues.

**SUBMISSIONS BY THE RESPONDENT:**

15. The learned Counsel for the Respondent has submitted that in January 2020, Appellant No. 1 company approached him for initiating recovery action under the provisions of the IBC against various entities, namely:

- i. M/s Jaiprakash Associates Ltd.,
- ii. M/s Jaypee Cement Corporation Ltd.,
- iii. M/s Kesoram Industries Ltd.,
- iv. M/s Prakash Industries Ltd.
- v. M/s Tecpro Systems Ltd., for their failure to discharge outstanding liabilities.

16. It is further submitted that pursuant to several consultations and discussions, the Appellants provided the Respondent with relevant data and documents and also sought his opinion on various issues relating to tax laws.



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17. The Respondent has submitted that the defenses, including the absence of a formal mandate, non-finalization of professional charges, alleged payment of ₹50,000/- in cash, claims that the professional fee was excessive, payment of ₹1,37,500/- on 27.03.2019 for drafting 7 notices and 4 claim forms, and payments made to associates of the Respondent were duly considered and found unsubstantiated by the learned Commercial Court, which held that the Appellants failed to establish any credible defense. It is further submitted that the submissions made by the Appellants in the Written Statement and during testimony were vague and inconsistent, amounting to admission by implication, as held by the Supreme Court in *Balraj Taneja v. Sunil Madan*, (1999) 8 SCC 396 and by the High Court of Kerala in *Asha Joseph v. Babu C. George*, 2022 SCC OnLine Ker 1822.

18. It was further submitted that the learned Commercial Court, after examining the testimonies and documentary evidence submitted by both parties, has decreed the Suit in favour of the Respondent, while specifically rejecting the Appellants' contention of having made a cash payment of ₹50,000/- to the Respondent. Accordingly, the Respondent has sought a dismissal of the present Appeal.

**ANALYSIS AND FINDINGS:**

19. The core question for determination in this appeal is whether the Impugned Judgment and Decree directing payment of professional fees of ₹13,50,000/- passed in favour of the Respondent is sustainable in law and fact, in absence of written agreement/mandate between the parties.

20. The Impugned Judgment and Decree has considered the documentary evidence annexed with the pleadings as well as the oral evidence of the



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Plaintiff (Respondent herein) and Defendants' (Appellants herein) witness, examined as PW1 and DW1 respectively. The exhibits (**Ex.**) filed by the Plaintiff before the learned Commercial Court are as under-

|             |                                                                                                                                                                                                    |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit P1  | Copies of emails sent by the Defendant to the Plaintiff                                                                                                                                            |
| Exhibit P2  | Copies of demand notices sent by the Plaintiff to corporate debtors under the IBC                                                                                                                  |
| Exhibit P3  | Minutes of Meeting dated 27.01.2020 along with withdrawal letters of the demand notices                                                                                                            |
| Exhibit P4  | Defendant's letter dated 10.12.2020 addressed to the Plaintiff responding to his reminder                                                                                                          |
| Exhibit P5  | Legal notice dated 05.01.2021 sent by the Plaintiff to the Defendants through counsel                                                                                                              |
| Exhibit P6  | Mandate letter dated 31.08.2016 between Plaintiff and sister concern (M/s D.V. Equipment Pvt. Ltd.)                                                                                                |
| Exhibit P7  | Invoices Nos. 41, 43, 44, 45 raised against D.V. Equipment Pvt. Ltd.                                                                                                                               |
| Exhibit P8  | Ledger account statement of D.V. Equipment Pvt. Ltd.                                                                                                                                               |
| Exhibit P9  | Bill No. 72 dated 22.07.2017<br>₹3,00,000/- (as claimed for GST-related work)                                                                                                                      |
| Exhibit P10 | Bill No. 110 dated 15.11.2019 along with ledger account<br>₹1,00,000/- (for IBC advisory services)                                                                                                 |
| Exhibit P11 | Email dated 28.08.2017 regarding a GST-related mandate proposal                                                                                                                                    |
| Exhibit P12 | Bill No. 101 dated 26.03.2019 along with ledger account<br>₹1,37,500/- (for 7 notices + 4 claims under IBC)                                                                                        |
| Exhibit P13 | Details of payments made by Defendant company to Plaintiff and others<br>[Shows prior payments, but does not reflect any payment related to the current disputed Invoice No. 125 dated 20.11.2020] |



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21. The entire claim of ₹13,50,000/- was based on Ex. P1 to P5. Ex.P1 contains emails reflecting consultation, instructions, and exchanges between the parties. Ex.P2, consisting of demand notices drafted under the IBC, and Ex.P3, comprising the Minutes of Meeting and withdrawal letters, relate to the professional services rendered by the Plaintiff, including the facilitation of settlement discussions, and preparation of related documents. Ex.P4 and Ex.P5 pertained to the demand for payment and the Appellants' denial. There was also absence of any documentary proof of the alleged ₹50,000/- cash payment. PW1 has also denied any cash payment of ₹50,000/-, and no evidence was produced by the Appellants to support the said transaction.

22. Exhibits P9, P10, and P12, which relate to earlier transactions between the parties, where payments were made and accepted without any dispute, demonstrate a prior course of dealings that did not involve written mandates; however, the same also indicate a pattern and rate for similar work done by the Respondent in earlier instances.

23. Invoice on which the Respondent relied primarily, before the learned Commercial Court comprises of five assignments listed below, which relate to five corporate debtors and associated advisory, drafting, and settlement services, in relation to whom the Respondent has provided services to the Appellants:



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| Sr No. | Corporate Debtor/<br>Matter                                              | Work Done by the Respondent                                                                                                                                                  |
|--------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | M/s Jaiprakash Associates Ltd.<br><br>M/s Jaypee Cement Corporation Ltd. | Drafting and dispatch of two demand notices under IBC, 2016<br><br>Legal advice, vetting of Memorandum of Understanding and Withdrawal Letters during settlement proceedings |
| 2.     | M/s Kesoram Industries Ltd.                                              | Drafting and dispatch of a demand notice under IBC, 2016                                                                                                                     |
| 3.     | M/s Prakash Industries Ltd.                                              | Drafting and dispatch of a demand notice under IBC, 2016                                                                                                                     |
| 4.     | M/s Tecpro Systems Ltd.                                                  | Drafting and re-filing of a claim form before liquidator under IBC                                                                                                           |
| 5.     | General tax advisory and consultations<br><br>(VAT/CST/GST)              | General tax advisory on taxation matters                                                                                                                                     |

24. It is an admitted position that apart from the Invoice relied upon, there is no evidence on record to prove any mandate assigning a specific value to each component of the service rendered. In the absence of any such supporting material, Respondent's case rests solely on the Invoice and his testimony as PW-1 before the learned Commercial Court.

25. The entire sum of ₹13,50,000/-, which has been decreed in full, was claimed under a single consolidated Invoice covering all of the aforementioned assignments, out of which ₹10,00,000/- was stated to be for providing legal advice, vetting of Memorandum of Understanding and



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Withdrawal Letters during settlement proceedings, continuous legal consultation, drafting instructions, correspondence, and vetting of documents and emails. The remaining amount of ₹3,50,000/- was claimed for: (i) ₹2,00,000/- for drafting a statutory notice, meetings and discussions with the stakeholders and reviewing documents; (ii) ₹50,000/- each for drafting demand notices and reviewing documents related two entities; and (iii) ₹50,000/- for discussions and advisory on issues related to tax matters. The Invoice, however, does not furnish any itemized breakup or apportionment of charges for distinct service rendered. Further, no independent evidence has been brought on record by the Respondent to substantiate or justify the quantification of the claim as to number of hours spent for each of the assignments and whether the Respondent was assisted by any other lawyer in undertaking this assignment. The emails exchanged between the parties show that the Respondent had drafted withdrawal letter and Minutes of the Meeting in January 2020 and draft claim form in September 2020.

26. A perusal of the draft notices and Minutes of the Meeting shows that they were not substantial in nature to commensurate with the amount of fees demanded by the Respondent. Even the draft claim form was prepared by filling in details in the standard form that is prescribed under IBC. Although there is documentary evidence on record to show that work as mentioned in the Invoice was carried out by the Respondent, the amount of fees unilaterally quoted by the Respondent does not appear to be justified considering the nature of work undertaken by the Respondent.



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27. In the present case, no independent evidence has been brought on record by the Respondent to substantiate or justify the quantification of the claim. Though, the services are accepted to have been rendered, the charges thereon have never been agreed to throughout the process. In such circumstances, it was for the Respondent to produce evidence that support the quantification, which he failed to do so.

28. For previous assignments, the parties had executed written mandates stipulating professional fees of significantly lesser amounts. There is no cavil that the work as mentioned in Invoice was undertaken by the Respondent, however the Respondent has failed to prove the quantum of fees claimed. The Appellants consistently disputed the quantification of the amount, and the burden was on the Respondent to prove that the amounts mentioned in the Invoice were agreed upon by the Appellants.

29. In absence of any written communication, approval, confirmation or agreement from the Appellants accepting the amount of fee to be paid for the assignment in question, Ex. P1 to P3 merely indicated the nature of work undertaken such as drafting notices and vetting documents, but did not evidence any agreed fee or mandate from the Appellants. Thus, the entire case of the Respondent hinged upon unilateral determination of quantum of fees to be paid by the Appellants.

30. The learned Commercial Court has rightly rejected the Appellants' claim of having paid ₹50,000/- in cash for work related to the present dispute due to the absence of any supporting documentation. However, the Respondent's claim for the fees in absence of any documentary evidence of



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agreed mandate to substantiate the quantum of fees to be payable for the work detailed in Invoice has been allowed.

31. The reliance placed on Ex.P6 to Ex.P13 by the Appellants offers a more coherent narrative when viewed in conjunction with the deposition of DW1- Defendant No.2, Mr. Sanjay Kumar Gupta. These include materials evidencing the Respondent's prior professional dealings with M/s D.V. Equipment Pvt. Ltd., a sister concern of the Appellant company, under a mandate dated 31.08.2016 (Ex. P6), and payments made pursuant to legal notices raised under that engagement.

32. The testimony of PW-1 admitting that there was no written agreement/mandate between the parties regarding the fees to be paid for rendering services was sufficient to reject the claim of the Respondent. The justification that a written agreement/mandate was not required in the course of interactions between the parties was an insufficient basis to fasten liability upon the Appellants in the absence of any proof substantiating the amount claimed.

33. A careful examination of the entire record of the Suit show that the amount claimed by the Respondent is disproportionate to the work actually carried out as evident from the documentary evidence produced on record, especially considering the fees previously paid for similar services to the Respondent. Invoices raised in prior instances including for drafting of notices and claim forms under the IBC reveal significantly lower charges for substantially identical tasks. This stark inconsistency in billing without any demonstrated enhancement in the scope, complexity, or urgency of work



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rendered undermines the Respondent's assertion that the fee of ₹13,50,000/- was settled or agreed upon.

34. Without any evidence of renegotiated terms or any contemporaneous acceptance by the Appellants, the inflated demand cannot be said to reflect a fair or agreed consideration for services rendered.

35. In the absence of evidence supporting quantification, the only recourse available is to apply the benchmark of fees previously charged by the Respondent for identical service. As there is no evidence indicating that the fee claimed by the Respondent was mutually agreed upon by the parties, the Respondent has failed to prove the quantification of the claim. The learned Commercial Court, nonetheless, proceeded to decree the entire amount without any material on record to justify how the figure was arrived at, and thus, committed an error.

36. Accordingly, the conclusion arrived at by the learned Commercial Court is unsustainable in the absence of any cogent proof by the Respondent to prove his claim. The evidentiary burden in a suit for recovery lies squarely upon the Plaintiff, and in the present case, that burden remains inadequately discharged by the Respondent being the original Plaintiff. The learned Commercial Court erred in decreeing the full claim without the Respondent having led any evidence to establish the quantum. The absence of such material proof has rendered the decree unsustainable in law.

37. However, considering the fact that the Respondent had provided the services to the Appellants, based on the documentary evidence on record the following fee is quantified for payment to the Respondent:



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**Modification of the quantification of claims:**

| Entity/ Matter                                               | Fee Component                                                                                    | Amount                                          | Basis                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jaiprakash Associates Ltd. and Jaypee Cement Corporation Ltd | 2 demand notices at ₹12,500/- each + advisory for settlement, meetings, and drafting of document | ₹25,000/- + ₹50,000/- + ₹50,000/- = ₹1,25,000/- | Notices valued as per Bill No. 101 dated 26.03.2019; advisory valued by referring to Bill No. 110 dated 15.11.2019 (₹1,00,000/- for IBC advisory, taking into account the absence of a written mandate, ₹50,000/- advisory per entity, and also since the documents claimed to have been drafted by the Respondent other than the notices exist) |
| Kesoram Industries Ltd.                                      | 1 demand notice at ₹12,500/- + consultation and document review                                  | ₹12,500/- + ₹30,000/- = ₹42,500/-               | Notices valued as per Bill No. 101 dated 26.03.2019 and Advisory valued at a fixed rate of ₹30,000/-                                                                                                                                                                                                                                             |
| Prakash Industries Ltd.                                      | 1 demand notice at ₹12,500/- + consultation and document review                                  | ₹12,500/- + ₹30,000/- = ₹42,500/-               | Notices valued as per Bill No. 101 dated 26.03.2019 and Advisory valued at a fixed rate of ₹30,000/-                                                                                                                                                                                                                                             |
| Tecpro Systems Ltd.                                          | 1 claim form drafting + liquidation consultation                                                 | ₹12,500/- + ₹30,000/- = ₹42,500/-               | Claim form valued on the basis of valuation given to Notices; Advisory valued at a fixed rate of ₹30,000/-                                                                                                                                                                                                                                       |
| General Tax Advisory (VAT/CST/GS T)                          | General advisory on taxation matters                                                             | ₹30,000/-                                       | Advisory valued at a fixed rate of ₹30,000/-                                                                                                                                                                                                                                                                                                     |
| Total Fee Assessed: ₹2,82,500/-                              |                                                                                                  |                                                 |                                                                                                                                                                                                                                                                                                                                                  |

38. Accordingly, the Impugned Judgment and Decree are modified to the extent of the amount payable to the Respondent. It is directed that the



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Appellant No. 1 shall pay a sum of ₹2,82,500/- (Rupees Two Lacs Eighty Two Thousand Five Hundred only) along with simple interest @6% per annum from the date of Invoice till actual realisation of the amount. Let the decree sheet be drawn accordingly.

**TEJAS KARIA, J**

**VIBHU BAKHRU, J**

**MAY 30, 2025**

*'SMS'*