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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
% ***Judgment reserved on: 08.07.2026***
Judgment pronounced on: 17.09.2026
Judgment uploaded on: 17.09.2026

\# **CNR No. DLHC010374502024**
\+ RFA(COMM) 240/2024
MARK SPLENDOUR NONWOVENS (P) LTD. .....Appellant
Through: Mr. Anjani Kumar Singh, Adv.

versus

RAKESH GUPTA .....Respondent
Through: Mr. A.K. Thakur, Mr. Rishi Raj, Mr. Ningthem Oinam, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MS. JUSTICE SHAIL JAIN

J U D G M E N T

SHAIL JAIN, J.:

1. The present Appeal has been filed under Section 13 of the Commercial Courts Act, 2015 (hereinafter also referred to as the “Act of 2015”), read with the provisions of the Code of Civil Procedure, 1908 (hereinafter also referred to as the “CPC”), assailing the Judgment and Decree dated 08th January, 2024 (hereinafter also referred to as the “impugned Judgment”), passed by the learned District Judge (Commercial Court)-02/West, Tis Hazari Courts, Delhi, in CS (COMM.) No.39/2020, titled ***Rakesh Gupta v. M/s Mark Splendour Nonwovens (P) Ltd.***

2. By way of the impugned Judgment, the learned Commercial Court decreed the suit instituted by the Respondent/Plaintiff for a principal sum of Rs.36,35,584/- (Rupees Thirty-Six Lakh Thirty-Five Thousand Five Hundred and Eighty-Four only), together with costs and interest at the rate of 18% per annum from 31st October, 2018 till institution of the suit, and *pendente lite* and future interest at the rate of 12% per annum from the date of institution of the suit till realisation.

BRIEF FACTS

3. The brief factual background leading to the filing of the present Appeal is set out hereunder:

A. The Appellant/Defendant, M/s Mark Splendour Nonwovens (P) Ltd., is a private limited company having its office/manufacturing unit at Chopanki, Bhiwadi, District Alwar, Rajasthan.

B. The Respondent/Plaintiff, Rakesh Gupta, is the proprietor of M/s G.G. Enterprises, situated at WZ-524, Basai Darapur, Near Fun Cinema, New Delhi-110015, and is engaged in the business of supply of different varieties of coating powder, including scrap.

C. The parties entered into commercial dealings in the year 2015. According to the Respondent/Plaintiff, goods were supplied to the Appellant/Defendant on credit against invoices raised from time to time. The Respondent maintained a Ledger Account in the regular course of business and the Appellant made part-payments towards the supplies.

D. The Respondent claimed that, after giving credit for all payments received from the Appellant, including the last payment of Rs.1,04,040/- (Rupees One Lakh Four Thousand and Forty only) made on 30th October, 2018, a sum of Rs.36,35,584/- remained outstanding as on 31.10.2018.

E. Upon failure of the Appellant to clear the outstanding amount despite requests, the Respondent issued a legal demand notice dated 22.06.2019. The amount remained unpaid and the proceedings for pre-institution mediation also did not fructify. Consequently, the Respondent instituted the commercial suit on 18.01.2020.

F. During the pendency of the suit, the opportunity of the Appellant to file its Written Statement was initially closed *vide* Order dated 27th September, 2021. The said Order was challenged before this Court and, vide Order dated 16.11.2022, the Appellant was granted an opportunity to file its Written Statement, pursuant whereto the defence of the Appellant came on record.

G. The Appellant disputed its liability. Its principal defence was that the Respondent had approached it at Bhiwadi with a proposal to supply material at a rate lower than the prevailing market rate. According to the Appellant, it had agreed to purchase only such material as conformed to the agreed specifications and was accompanied by the requisite Test Reports. It was pleaded that mere delivery of material at the Appellant’s premises did not amount to acceptance thereof.

H. The Appellant further alleged that the Respondent supplied scrap/waste powder without Test Reports and subsequently supplied material which did not conform to specifications. The Appellant claimed to have rejected goods worth Rs.34,15,742/- (Rupees Thirty-Four Lakh Fifteen Thousand Seven Hundred and Forty-Two only) and asserted that it was compelled to procure substitute material from the market at higher rates.

I. In support of the alleged rejection, the Appellant principally relied upon its Ledger, exhibited as Ex. DW1/2 (Colly.), and a summary statement of allegedly rejected bills.

J. The Appellant also objected to the territorial jurisdiction of the learned Commercial Court. It pleaded that the Respondent had approached the Appellant at Bhiwadi; that the negotiations had taken place there; that the goods had been received at Bhiwadi; and that the contract had been concluded there. On this basis, it was contended that the Courts at Bhiwadi alone possessed territorial jurisdiction.

K. The Respondent, in support of his claim, entered the witness box as PW-1 and relied upon the invoices raised during the course of dealings, his Ledger Account, Bank Statement, legal notice and other documents. The Appellant examined Daya Singh, its Authorised Representative, as DW-1 and relied, inter alia, upon its own Ledger.

L. On completion of pleadings, the learned Commercial Court framed the following issues:

> *"1. Whether plaintiff is entitled to recovery of Rs.42,46,455/-? OPP*

2. *Whether this court lacks territorial jurisdiction to entertain the present suit? OPD*
3. *Whether the plaintiff is entitled to recovery of interest? If so, at what rate and from which period? OPP*
4. *Relief.”*

M. On the issue of territorial jurisdiction, the learned Commercial Court noticed the admission of PW-1 that he had visited the Appellant at Bhiwadi and that the negotiations had taken place there. It also noticed that the goods were received by the Appellant at Bhiwadi. The learned Commercial Court, however, held that these circumstances did not exclude its jurisdiction. It found that no place of payment had been fixed between the parties and, applying the principle that in the absence of an agreed place of payment the debtor must seek the creditor, held that part of the cause of action arose at the Respondent’s place of business at Basai Darapur, which fell within its territorial jurisdiction.

N. The learned Commercial Court also noticed that the invoices contained a clause stipulating that disputes would be subject to the jurisdiction of Courts at Delhi.

O. On the merits of the claim, the learned Commercial Court rejected the Appellant’s defence regarding rejection of goods. It found, *inter alia*, that the alleged requirement of Test Reports had not been established; the purchase orders in which the said condition was claimed to have been incorporated had not been produced; no written communication of rejection had been proved; the allegedly rejected goods had never been returned; and the alleged oral communication through Rajpal had not been proved by examining him as a witness.

4. The principal grounds urged by the Appellant in the present Appeal are as follows:

A. The learned Commercial Court erred in assuming territorial jurisdiction despite the Respondent admitting that he had visited the Appellant at Bhiwadi and that the dealings between the parties had originated there. According to the Appellant, no representative of the Appellant had visited the Respondent at Delhi and the contract stood concluded at Bhiwadi.

B. The Appellant contends that the mere fact that the Respondent/Plaintiff, being the supplier or creditor, carried on business at Delhi could not confer territorial jurisdiction upon the Courts at Delhi.

C. On merits, it is contended that the Respondent supplied scrap/waste powder without the requisite Test Reports and that the material subsequently supplied did not conform to the agreed specifications. It is asserted that goods worth Rs.34,15,742/- were rejected and that such rejected material was duly reflected in the Appellant's Ledger.

D. It is further contended that, owing to such defective supplies, the Appellant was compelled to procure material from the market at higher rates and consequently suffered losses. The learned Commercial Court is stated to have failed to appreciate the evidence in this regard.

5. *Per contra*, the Respondent supports the impugned Judgment. His case, in substance, is as follows:

A. The goods supplied to the Appellant were received and retained without any contemporaneous objection regarding quality, specifications or absence of Test Reports.

B. The Appellant failed to establish that furnishing of Test Reports was an agreed contractual condition or that any particular consignment was rejected and such rejection communicated to the Respondent within a reasonable time.

C. On the issue of territorial jurisdiction, the Respondent relies upon the fact that supplies originated from Delhi; that no different place of payment had been agreed; that payment was consequently payable to the creditor at his place of business; and that the invoices contained a clause subjecting disputes to the jurisdiction of Courts at Delhi.

QUESTIONS FOR CONSIDERATION

6. In view of the grounds urged in the Appeal, the following questions arise for consideration:

A. Whether the learned Commercial Court possessed territorial jurisdiction to entertain and try CS (COMM.) No.39/2020?

B. Whether the finding of the learned Commercial Court rejecting the Appellant's defence that goods worth Rs.34,15,742/- had been rejected for want of Test Reports and non-conformity with the requisite specifications calls for interference in the present first appeal?

ANALYSIS AND DISCUSSION

7. Having heard learned counsel for the parties and having perused the pleadings, the oral and documentary evidence and the impugned Judgment, this Court proceeds to examine the aforesaid questions.

TERRITORIAL JURISDICTION

8. The first objection of the Appellant is that the learned Commercial Court at Delhi lacked territorial jurisdiction since the Respondent had himself approached the Appellant at Bhiwadi, negotiations had taken place there, the goods were received there, and the contract stood concluded there.

9. The evidence does establish that the Respondent initially visited the Appellant's premises at Chopanki, Bhiwadi. PW-1 stated in cross-examination that he had met Rajpal at the Appellant's office at Bhiwadi, carried samples with him and commenced supply after approval of the samples.

10. The learned Commercial Court, therefore, correctly recognised that material components of the transaction arose at Bhiwadi. The question, however, is whether that circumstance necessarily excluded the territorial jurisdiction of the learned Commercial Court at Delhi.

11. Section 20(c) CPC permits a suit to be instituted before a Court within whose territorial limits the cause of action, wholly or in part, arises. In a contractual dispute, different components of the cause of action may arise at different places. The place where the contract was made, the place where it was to be performed and the place where

payment was expressly or impliedly payable are all relevant connecting factors.

12. In ***A.B.C. Laminart Pvt. Ltd. v. A.P. Agencies, Salem***[1], the Hon'ble Supreme Court, while considering Section 20(c) CPC in the context of contractual disputes, recognised that part of the cause of action may arise where money payable under the contract is expressly or impliedly payable. It was also recognised that where more than one Court otherwise possesses jurisdiction, the parties may agree to confine their disputes to one of such Courts.

13. In the present case, there is evidence connecting the performance of the transactions with Delhi as well. PW-1 stated that the goods were manufactured and supplied to the Appellant from his establishment at Delhi.

14. More importantly, DW-1, the Authorised Representative examined by the Appellant itself, admitted in cross-examination that the supplies were made by the Respondent to the Appellant from Delhi. He, however, qualified his answer by stating that the material was received at the Appellant's factory at Bhiwadi and that payments were released from Chopanki.

15. Thus, while the goods were admittedly received by the Appellant at Bhiwadi, the evidence led by both sides establishes that the supplies originated from Delhi. The place from which the goods were supplied may not, in every contractual dispute, by itself be

[1] (1989) 2 SCC 163

determinative of territorial jurisdiction. Nevertheless, on the facts of the present case, it forms one of the connecting circumstances in the course of the parties' commercial dealings.

16. The place at which payment was required to be made constitutes a further and significant connecting factor.

17. The learned Commercial Court found that none of the invoices specified a particular place at which payment was required to be made. The Appellant also failed to establish any separate agreement under which payment was required to be made at Bhiwadi or at any other specified place.

18. The learned Commercial Court relied upon the decision of this Court in ***Satyapal v. Slick Auto Accessories Pvt. Ltd. & Ors.***[2]**,** wherein the principle that the debtor must seek the creditor was applied in circumstances where no place of payment had been agreed upon.

19. The Appellant has specifically contended that the place of the Plaintiff/supplier/creditor cannot, by itself, confer territorial jurisdiction and that any such proposition would run contrary to Section 20 CPC.

20. There can be no quarrel with the proposition that the mere residence or place of business of a plaintiff does not, by itself, furnish territorial jurisdiction under Section 20(c) CPC. The relevance of the creditor's place in the present case, however, arises for a different

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[2] RSA No.40/2013, decided on 05.03.2014

reason. Where no place of payment has been contractually fixed, the obligation to make payment is ordinarily required to be performed at the place of the creditor. The performance of that contractual obligation forms part of the cause of action.

21. The Respondent is the proprietor of M/s G.G. Enterprises, whose business establishment at WZ-524, Basai Darapur, New Delhi falls within the territorial jurisdiction of the learned Commercial Court. In the absence of any agreed place of payment to the contrary, a material component of the contractual obligation was therefore performable within its territorial jurisdiction.

22. It is relevant to notice that the learned Commercial Court itself found that the Respondent's Axis Bank account, into which certain payments were credited, was maintained at Shastri Nagar and was not situated within the territorial jurisdiction of that particular Commercial Court. The finding regarding territorial jurisdiction therefore need not, and does not, rest merely upon the location of the bank account into which electronic payments were ultimately received.

23. There is yet another circumstance. DW-1 admitted in cross-examination that the invoices raised by the Respondent contained a clause stipulating that the Courts at Delhi would have jurisdiction.

24. It is settled that parties cannot, by agreement, confer jurisdiction upon a Court which otherwise does not possess it. However, where two or more Courts are otherwise competent on account of parts of the cause of action having arisen within their respective territorial limits, the parties may agree to confine their disputes to one such jurisdiction.

25. In the present case, the jurisdiction clause is therefore not being treated as the source of jurisdiction. A material part of the cause of action independently arose within the territorial jurisdiction of the learned Commercial Court, particularly because the contractual obligation to make payment was performable at the place of the creditor. The stipulation contained in the invoices operates as an additional circumstance supporting the parties' choice of Delhi as the contractual forum.

26. The fact that the contract was concluded and the goods were received at Bhiwadi may establish that the Courts at Bhiwadi also possessed jurisdiction, but it does not establish that their jurisdiction was exclusive.

27. Accordingly, upon an independent consideration of the pleadings and evidence, this Court finds no error in the conclusion of the learned Commercial Court that it possessed territorial jurisdiction to entertain the suit. Question A is accordingly answered against the Appellant and in favour of the Respondent.

REJECTION OF GOODS

28. The second and principal challenge on merits is founded upon the Appellant's assertion that goods worth Rs.34,15,742/- were rejected because they were not accompanied by Test Reports and did not conform to the agreed specifications.

29. The Appellant does not dispute receipt of the material supplied by the Respondent. Its defence is founded upon a subsequent event,

namely, rejection of a substantial portion thereof. The burden of establishing that defence necessarily lay upon the Appellant.

30. In order to succeed on this defence, it was incumbent upon the Appellant to establish, at the minimum:

A. that furnishing of Test Reports and conformity with identified specifications constituted agreed conditions governing the supplies;

B. that particular consignments supplied by the Respondent failed to satisfy those conditions; and

C. that rejection of such consignments was communicated to the Respondent within a reasonable time.

31. On the first aspect, the testimony of DW-1 is significant. In his affidavit, he stated that it had been agreed that only material accompanied by Test Reports and conforming to specifications would be accepted by the Appellant.

32. During cross-examination, DW-1 further stated that the requirement relating to Test Reports was contained in the purchase orders. When specifically called upon to identify the said term and the relevant purchase order from the judicial record, the witness, after examining the record, stated that no such purchase order was on record.

33. PW-1, on the other hand, denied that Rajpal had ever required the material to be accompanied by Test Reports. He further stated that no purchase orders were issued by the Appellant and that the orders

were placed verbally.

34. In these circumstances, the Appellant failed to establish by satisfactory evidence that furnishing a Test Report constituted an agreed and mandatory condition precedent to acceptance of the goods.

35. The record is equally deficient on the alleged non-conformity of the goods. The Appellant has not identified any contemporaneous material establishing the precise specifications allegedly agreed between the parties or demonstrating that any identified consignment failed to conform thereto.

36. The evidence relating to the alleged rejection assumes greater significance in this background.

37. DW-1 admitted in cross-examination that no letter had ever been written to the Respondent with respect to the rejected material. He also admitted that the allegedly rejected material was never returned to the Respondent.

38. DW-1 volunteered that the Respondent had been orally informed through Rajpal to collect the rejected material. However, DW-1 himself admitted that he had never met the Respondent and that the discussions with the Respondent were stated to have taken place through Rajpal. Rajpal was not examined as a witness.

39. The Appellant also relied upon a summary Ledger Statement of allegedly rejected bills, Ex. DW1/P1. DW-1 stated that a copy thereof had been handed over to the Respondent when the material was rejected. However, he was unable to recall either the date or time

when the document was allegedly furnished. His testimony does not disclose any contemporaneous acknowledgment or other material corroborating its delivery to the Respondent.

40. The Appellant further relied upon its Ledger, Ex. DW1/2, in support of the alleged rejection. Even if the entries therein are taken at their highest and assumed to correctly reflect the Appellant's books of account, they establish only the entries made by the Appellant in its own records. Such unilateral entries, without supporting evidence, cannot by themselves establish that the goods were in fact rejected or, more importantly, that such rejection was communicated to the Respondent.

41. Section 42 of the Sale of Goods Act, 1930 is relevant in this regard. The provision contemplates, *inter alia*, that a buyer is deemed to have accepted the goods where, after delivery, the buyer retains them beyond a reasonable time without intimating the seller that they have been rejected.

42. The present case is not one where the Appellant denies receipt of the goods. The material was admittedly delivered to and retained by the Appellant. The allegedly rejected material was never returned. The alleged Test Report condition itself remained unproved. No reliable contemporaneous communication establishing rejection of identified consignments was proved.

43. The Appellant has also asserted that it was compelled to procure substitute material from the market at higher rates. However, no documentary material has been pointed out to this Court establishing

such replacement purchases or correlating them with any particular consignment supplied by the Respondent.

44. Viewed cumulatively, therefore, the Appellant failed to establish the essential factual foundation of its defence. The alleged Test Report condition was not proved, the agreed specifications were not established, non-conformity of any identified consignment was not demonstrated by satisfactory independent material, and rejection was not proved to have been reliably communicated to the Respondent.

FIRST APPELLATE APPRAISAL

45. Since the present proceedings constitute a first Appeal, this Court is required to examine the findings returned by the learned Commercial Court upon an independent appreciation of the evidence on record. Questions of fact as well as law are open for reconsideration.

46. Having undertaken the aforesaid exercise, this Court finds itself in agreement with the ultimate conclusion reached by the learned Commercial Court. The conclusion does not rest merely upon deference to the view taken by the learned Commercial Court. It follows independently from the evidence on record, particularly the admissions made by DW-1, the absence of the purchase orders relied upon by him, the absence of reliable contemporaneous evidence establishing rejection, and the admitted retention of the goods.

47. The last payment of Rs.1,04,040/- has consistently been stated by the Respondent in his evidence to have been made on 30.10.2018.

The Memorandum of Appeal also proceeds on the same date. The present Appeal shall therefore be considered on that basis.

48. Once the defence regarding rejection of goods worth Rs.34,15,742/- fails, the Memorandum of Appeal does not disclose any specific ground challenging the computation of the outstanding principal amount of Rs.36,35,584/- or asserting that any further payment or adjustment was omitted from consideration.

49. The learned Commercial Court was therefore justified in holding the Respondent entitled to recover the principal sum of Rs.36,35,584/-. Question B is accordingly answered against the Appellant and in favour of the Respondent.

50. It may further be noticed that no specific ground or submission has been urged challenging the award of pre-suit, pendente lite or future interest. No separate determination on the rate or period of interest is therefore called for in the present Appeal.

CONCLUSION

51. The Appeal thus fails on both grounds on which the impugned Judgment and Decree have been assailed. The learned Commercial Court possessed territorial jurisdiction to entertain the suit and the Appellant failed to establish its defence that goods worth Rs.34,15,742/- had been validly rejected.

52. The present Appeal is, accordingly, dismissed and the impugned Judgment and Decree are affirmed. The Respondent shall be entitled to the decretal amount together with interest in terms of the

impugned Judgment and Decree.

53. The amount deposited by the Appellant with the Registry of this Court, together with the interest accrued thereon, if any, shall be released in favour of the Respondent, subject to due verification, and shall stand adjusted towards satisfaction of the decree.

54. The Appellant shall satisfy the balance decretal liability, if any, after giving effect to the aforesaid adjustment, within four weeks from today.

55. There shall be no order as to costs in the present Appeal.

SHAIL JAIN, J.

ANIL KSHETARPAL, J.

SEPTEMBER 17, 2026
Adi/MM