* IN THE HIGH COURT OF DELHI AT NEW DELHI

% *Reserved on: 2nd February, 2026*

Pronounced on: 17th April, 2026

\+ **RFA 295/2020, CM APPL. 31581/2020 (stay), CM APPL. 39399/2025 (delay) and CM APPL. 3510/2026 (for modification)**

M/S A TO Z FACILITATORS PVT. LTD.

37/537, Main Vasant Kunj Road,
Mahipalpur, New Dlehi-110037
Through its Director Mrs. Alka Joon .....Appellant

Through: Mr. Siddharth Mittal, Mr. Abhijeet Varshney and Mrs. Shilpa Mittal, Advocates.

versus

URMILA BHATIA

W/o Sh. Prakash Bhatia 1801,
Tower 2, Challenger CHS,
Thakur Village,
Kandivali East, Mumbai-400101. .....Respondent

Through: Mr. Kamal Kant and Mr. Yogender Kumar, Advocates and Respondent via Video- Conferencing.

CORAM:
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. *Regular First Appeal* under Section 96 read with Order XLI Rule 1 & 2 of Civil Procedure Code, 1908 (*hereinafter referred to as 'CPC'*), has been filed on behalf of the Appellant against the Judgment and decree dated 30.06.2020 whereby the learned District Judge, New Delhi, has rejected the

Application of the appellant seeking grant of Leave to defend and decreed the Summary Suit of the Plaintiff/Respondent, for the Recovery of Rs.27,50,000/- along with the simple interest of 7% p.a.

2. The Plaintiff/Respondent, Ms. Urmila Bhatia had filed a *Civil Suit No. 276/2018 under Order XXXVII Rules 1 & 2 CPC, for Recovery of Rs.27,50,000/-*. The case of the Plaintiff was that she had joined the Defendant Company A to Z Facilitators Pvt. Ltd., as Director on 23.08.2016, which already had three Directors, *Mrs. Alka Joon, Mr. Rishi Dahiya and Mrs. Poonam Parmar.* The major role assigned to the Plaintiff, was to look after Mumbai region of the Defendant Company for Marketing, generating new clients, delivery of respective labour force and monitoring the market and client feedback. The Company had its Head Office in Delhi and provided all the reimbursement of Office expenses and salaries of the employees including other benefits and medical issues from the Head Office.

3. The arrangement with the Plaintiff was that the Company would provide salary of Rs.50,000/- per month along with 50% share of profits of Mumbai region.

4. As per the accepted proposal, the Plaintiff was to use her own premises, the rental being Rs.15,000/- per month.

5. She, worked in the Company, from 01.12.2016 till 31.12.2017. Her incidental charges towards incidental electricity charges were Rs.4,500/- per month, during this period.

6. A *Memorandum of Understanding* (for short 'MOU") was finalised between the Plaintiff and the Defendant in terms of which, all the existing clients of Plaintiff, were to become part of the Mumbai division and a

separate Bank Account was to be opened to keep a track of all the financial transactions of the Mumbai division. The Plaintiff accordingly, transferred all her existing clients to the Mumbai division.

7. The Company was brought into the market by the Plaintiff, due to her hard work. She was engaged in onboarding new clients, but she noticed that the activities from Delhi Head Office, were not as per the agreed terms. She talked to Delhi Office and stated that the clients were not satisfied with the performance of the Company and at the same time, the employed staff were also complaining about the "non deposit" of certain terminal benefits in their accounts, such as Provident Fund and ESIC payments.

8. Due to unknown reasons, the Defendant Company could not resolve the issues and the Plaintiff faced the heat of non-performance by the Defendant Company. Her salary as agreed per month along with the remuneration, was also withheld by the Defendant and not released till date. There were various e-mails written by the Plaintiff to the Respondent, but were ignored. It became an awkward situation for the Plaintiff, to handle various clients with different grievances.

9. The Plaintiff shared her intention to take legal action against the Company on which the Defendants sent one Profit and Loss statement of Mumbai Division, showing the profit of Rs.39,14,322/-. On scrutiny, the Plaintiff found that the actual profit was Rs.55,00,000/- (Approx.). The Defendant agreed and assured the Plaintiff to disburse her share in due course. Despite all the assurances, the Defendant failed to release the amount; instead they took the shelter by claiming that they had issued some petty payments to the Plaintiff.

10. To the utter shock and surprise, the Plaintiff noticed that the MOU executed between them, had not been signed by the Respondent Company and no new Bank Account had been opened for Mumbai Division separately. The Plaintiff claimed that the Company discontinued the services of the Plaintiff and Delhi Office deliberately raised Invoices for the services not provided by the Company. Various threatening e-mails were sent by the Defendant to the Plaintiff, for taking legal action against her despite the Company being in the fault.

11. The *Plaintiff resigned from the Directorship of the Company on 19.02.2018, which was accepted on 24.02.2018.* Thereafter, it came to the knowledge of the Plaintiff that Mrs. Alka Joon, the Managing Director personally went to the clients of the Company and made derogatory remarks against the Plaintiff, which were totally false and misconceived. She also spread false news that the Plaintiff was trying to run away from the Respondent, by paying her committed share out of the profits.

12. The Plaintiff issued Legal Notice dated 16.03.2018, to pay her the promised salary and the share; however, no Reply was given. The Plaintiff claimed that on her several requests, the Defendant finally issued Cheque bearing No.160430 for Rs.27,50,000/-, against the outstanding liability. However, the cheque on presentation, was dishonoured for *insufficiency of funds*.

13. **The Plaintiff, thus, filed the Suit for Recovery of Rs.27,50,000/- along with 18% *pendent lite* and future interest, under Order XXXVII CPC.**

14. Summons for Appearance in the Suit under Order XXXVII CPC were served and the Defendant had entered appearance for Judgment under Order

XXXVII Rule 3 CPC was served in response to which, ***the Leave to Defend Application was filed by the Defendant/appellant.***

15. The defendant submitted in the Leave to Defend Application that the Suit under Order XXXVII CPC, was not maintainable. The cheque in question was never issued in discharge of any legal and enforceable liability, by the Defendant. In fact, the Plaintiff had misused a blank undated cheque.

16. It was admitted that the Plaintiff was appointed as a Director with the Defendant Company, to head its business activities at Mumbai region and MOU was drafted, but it never got signed by the Defendant and was kept for finalisation.

17. The Defendant was paying dues online to the Plaintiff, through Bank Account maintained with ICICI Bank. The Defendant never defaulted in paying the dues based on profits to the Plaintiff, at any point of time.

18. The business activities in Mumbai Region went on smoothly initially for one year, but thereafter, the Plaintiff started acting against the interest of the Defendant Company. She became dishonest on growing business activities of the Defendant. She incorporated a LLP in the name and style of *M/S On Dot Facility Management Services LLP* and started sending e-mails to the clients of the Defendant Company that its business activities at Mumbai region are going to be closed, which fact was told by some of the clients of the Defendant Company.

19. The Plaintiff was asked to explain her conduct, but instead of explaining, she demonstrated having no knowledge about the e-mails. The Defendant Company apprised its clients about the false propaganda being carried out by the Plaintiff as to the business activities of the Defendant at Mumbai region.

20. As per the Defendant, they were put to a loss of Rs.1.80 Crores p.a. besides the loss of goodwill to the tune of Rs.10 Crores. The Defendant Company was constrained to shut its business activities in Mumbai region w.e.f.31.01.2018, but they did not initiate any action against the Plaintiff, keeping in view the past relations and also, since the Plaintiff had tendered her apology and resignation. However, such apology turned out to be false as Legal Notice dated 16.03.2018 was sent by the Plaintiff, through her Counsel. She was contacted on phone and had agreed to withdraw the Notice.

21. The Defendant further asserted that during her tenure as a Director, she was handed over five blank cheques bearing No. 792550, 791551, 791552, 791533 and 791554, drawn on SBI, Vasant Kunj, New Delhi, in the month of September, 2017, to meet petty expenses and expenditure on account of salary of staff, etc. Out of these five cheques, two cheques bearing No. 791550 and 791553 for a sum of Rs.4,119/- and Rs.7,442/- respectively, were used for payment of wages to the staff. The remaining three cheques were still in the possession of the Plaintiff.

22. Aside from these five signed blank cheques, five more blank cheques bearing No. 160426, 160427, 160428, 160429 and 160430 were also issued to the Plaintiff to meet any kind of contingency. The Defendant claimed that one of these five cheques bearing No. 160430 was misused by the Plaintiff, who filled an amount of Rs.27,50,000/-. *The cheque was not issued in discharge of any legal liability. It was denied that the amount was due and payable by the Defendant Company to the Plaintiff.*

23. In the end, the Defendant claimed that the plaintiff had misused the blank and signed cheques, with a view to extort money from the Defendant.

The Plaintiff had also withheld valuable machines and equipments of the Defendant of approximately Rs.5,34,361/-, for which the Defendant had already filed an Application before the National Company Law Tribunal, New Delhi (for short 'NCLT') and the same is pending adjudication. The Defendant/Appellant thus, claimed that it has raised substantial defences and was entitled to unconditional Leave to Defend.

24. The **Leave to Defend Application was contested by the Plaintiff/Respondent,** who claimed that the defence raised by the Defendant, was illusory and practically moonshine and that the Defendant was not entitled to any Leave to Defend. She reiterated her claim as stated in the Plaint.

25. The ***learned District Judge*** observed that there was no dispute about the Plaintiff having worked for the Defendant Company, while looking after the business activities at Mumbai Office. It was also not disputed that she was entitled to a salary and a profit share, being one of the Directors. The service of the Legal Notice dated 16.03.2018 was duly served upon the Defendant, who chose not to respond to it. Even before sending the Legal Notice, the plaintiff had been sending e-mails seeking clearance of her dues. It was thus, concluded that the defence raised by the Defendant, cannot be accepted that the cheque had been misused by the Plaintiff. Relying on the presumption on Section 139 of the Negotiable Instrument Act (*hereinafter referred to as 'N.I. Act'*), it was held that no triable issue was raised and the **Leave to Defend Application was dismissed, while the Suit of the Plaintiff, was decreed.**

26. Aggrieved by the decree, **the present first Appeal has been preferred**. The ***grounds of challenge*** are that sub-Rule 3(5) of Order

XXXVII makes it abundantly clear that the Leave to Defend can only be denied in the circumstances when there is no substantial defence or it is vexatious. The learned District Judge in reaching the conclusion in favour of the Plaintiff/Respondent, made various assumptions and presumptions and did not consider that the claim of the Respondent, was not supported by any document, while the Appellant was able to show the legal conduct of the Plaintiff.

27. It has not been considered that the Plaintiff did not place on record the alleged MOU or even the Statement of Account, could show that in fact, the profit of Rs.55,00,000/- was made by the Appellant Company. Further, the Profit and Loss Account of the Appellant Company, clearly reflects that they had made a profit of around Rs.26,00,000/- from which Rs.14,00,000/- was still recoverable from the clients. The Plaintiff has already received Rs.8,00,000/- in excess, which is far more than a share.

28. It has not been appreciated that the MOU was not finally signed, but was only a draft Agreement. Even otherwise, MOU clearly provided that the Respondent/Plaintiff was not entitled to any salary, which is also clear from the e-mails annexed by the Plaintiff herself.

29. Furthermore, MOU provided that the plaintiff would not carry on any similar business. The learned District Judge has accepted the averments made by the Plaintiff as gospel truth and observed that there was no dispute in regard to the salary and profit sharing being the Director. It is erroneously observed on presumption that there was no dispute that the Plaintiff was entitled to salary and profit sharing between the Director. In fact, it was never admitted that the Plaintiff was entitled to salary. *Moreover, her own e-mails reflect that she was entitled to only profit sharing.*

30. Furthermore, five blank undated cheques had been issued to meet the expenses, wages and any kind of exigency etc. in July, 2017. All these cheques had been used by the Plaintiff to pay the salary of the staff in July, 2017.

31. Moreover, the averments of the Plaintiff itself show that the cheque was not towards any liability but in fact, she had committed cheating and forgery by misappropriating the blank cheque. It is difficult to comprehend why cheque in the series issued in July, 2017, would be issued for settlement of account ,in late 2018. *Prima facie*, it all proves illegality on the part of the Respondent and shows a valid defence on the part of the Appellant. The defences raised are real and the Appellant is entitled to Leave to Defend the Suit.

32. Reliance is placed on *Sunil Enterprises M/s vs. SBI Commercial & International Bank Ltd.*, 1998 (5) SSC 354 and *IDBI Trusteeship Services Limited vs. Hubtown Limited*, 2017 (1) SCC 568 wherein it was held that where the Defendant is able to satisfy that there is a good defence to the claim on its merits, the Plaintiff is not entitled to a Judgment rather the Defendant must be given an unconditional Leave to Defend. Similar observations have been made in the case of *Sudin Dilip Talaulikar vs. Polycap Wires Pvt. Ltd*., Civil Appeal No. 5528/2019, decided on 15.07.2019.

33. In the end, it is contended that the learned Trial Court has failed to consider that the Plaintiff had approached the Court with unclean hands, by supressing various facts. The Complaint before *the NCLT has been filed against the oppression and mismanagement committed by the Plaintiff* and the damages for the illegal acts of the Plaintiff, have also been claimed.

34. The Criminal Complaint preferred by the Respondent/Plaintiff mentioned three cheques of total amount of Rs.27,50,000/-, whereas the Suit is based on a single cheque of the said amount. *A prayer is, therefore, made that the Impugned Order be set-aside and the Leave to Defend the Suit, may be granted.*

Submissions heard and the record perused.

35. It is not in dispute that the Plaintiff/Respondent was employed in M/s A to Z Facilitators Pvt. Ltd. as a Director on 23.08.2016. It is also not in dispute that there was a draft MOU prepared between the parties, but admittedly, the same neither was signed by the Appellant Company nor was the terms finalised.

36. According to the Plaintiff, she was entitled to a monthly salary of Rs.50,000/- and also to 50% share in the profits of the business conducted at the Mumbai Office. The Defendant/Appellant had categorically denied that the Plaintiff/Respondent was entitled to any salary of Rs.50,000/-, as was asserted by her. In fact, the Company Resolutions have been placed on record, which reflect the appointment of the Respondent as a Director. Though the Plaintiff/Respondent claimed that she was entitled to a salary of Rs.50,000/-, but no document to this effect has been placed on record. It is a disputed fact as to whether the Plaintiff/Respondent was entitled to a salary of Rs.50,000/- per month, in addition to the share in the profits of the business at Mumbai.

37. The second aspect which is of significance, is that the Appellant had taken a specific defence that five cheques including the impugned cheque, had been issued to the Plaintiff, in addition to five earlier cheques given in

September, 2017, to meet any kind of contingency, petty expenses, wages etc.

38. The Defendant had claimed that five blank cheques bearing no. 791550, 791551, 791552, 791553 and 791554, out of which two cheques numbers 791550 and 791553 were utilised for giving the amount of Rs.4,119/- and Rs.7,442/- respectively, towards the wages of the staff while the three cheques of the first five cheques, remained unutilised.

39. Thereafter, the five more blank signed Cheque Nos. 160426, 160427, 160428 and 160429 were utilized by the Plaintiff for payment of staff wages. However, the last cheque bearing No. 160430, i.e., the cheque in question, which was duly signed and remained in the possession of the Plaintiff, was allegedly filled in by her for an amount of ₹27,50,000/- with an oblique motive to extort money from the Defendant Company. The said cheque was not issued in discharge of any legally enforceable liability, and no amount is due or payable by the Defendant Company to the Plaintiff.

40. The Defendant has placed on record the cheque details as under:

Blank Cheque Issued for salary Purpose

State Bank of India

A to Z Facilitators Pvt. Ltd.

Date(Issued)	Cheque No.	Particular	Amount	Clear from Bank	Remarks
19-07-2017	160426	Salary - Yogesh	9600	Cancelled	Send Blank cheque
	160427	Salary - Shambhu Jadhav	1600	26-07-2017	Send Blank cheque
18-07-2017	160428	Salary - Navin Vitna	6013	21-07-2017	Send Blank cheque
	160429	Salary - Shishira Gouda	10400	19-07-2017	Send Blank cheque
	160430	-			Send Blank cheque

Courier These Blank Cheque to mumbai on 7th July, 2017

Filled Case against ch no. 160430 issued in the name of Urmila Bhatia for Rs. 27,50.000/-

Blank Cheque Issued for salary Purpose

State Bank of India

A to Z Housekeeping solutions Pvt. Ltd.

Date(Issued)	Cheque No.	Particular	Amount	Clear from Bank	Remarks
	791550	Salary - Shahji Laxmi	4119	19-10-2017	Send Blank cheque
	791551				Send Blank cheque
	791552				Send Blank cheque
	791553		7442	28-02-2018	Send Blank cheque
	791554				Send Blank cheque

Courier These Blank Cheque to mumbai on 12th October, 2017

41. This chart indicates how four of the five cheques, had been utilised for disbursing the salaries of the four employees. One of the cheque No. 160426 issued to its salary of Yogesh, got cancelled, while one cheque i.e. the impugned cheque bearing No. 160430, was retained by the Plaintiff.

42. It is also pointed out that in the Police Complaint, the Plaintiff had referred to three cheques totalling to the sum of Rs.27,50,000/-, while the Suit is based on one cheque bearing No. 160430 for Rs.27,50,000/-, which clearly shows the different stand taken by the Plaintiff in different proceedings.

43. Furthermore, the Plaintiff had asserted that there were profits of about Rs.55,00,000/- while according to the Plaintiff, the profits were only of about Rs.25,00,000/- out of which, Rs.14,00,000/- were yet to be recovered. *These are all again disputed facts to establish whether the Plaintiff was entitled to the cheque amount, as claimed by her.*

44. In the end, it may also be mentioned that there are various e-mails and WhatsApp conversations exchanged between the parties, which reflect certain payments had been made to the Respondent.

45. All these disputed facts, are required to be proved in evidence. The Appellant has been able to show substantial grounds for defending the Suit. The learned District Judge thus, fell in error in dismissing the Leave to Defend Application. The Impugned Order is hereby, set-aside and ***the Leave to Defend is granted.***

46. The parties are directed to appear before the learned District Judge New Delhi on 06.05.2026 and the learned District Judge shall proceed with the trial, in accordance with Law.

47. **The Appeal is accordingly, allowed**. The pending Applications are disposed of, accordingly.

(NEENA BANSAL KRISHNA)
JUDGE

APRIL 17, 2026/RS