

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

CIVIL APPEAL NO(s). 5994 OF 2004

M/S. GRASIM INDUSTRIES LTD. AND ANR.

Appellant (s)

VERSUS

M/S. AGARWAL STEEL
(With office report)

Respondent(s)

WITH Civil Appeal NO. 7477 of 2004(With office report)
Civil Appeal NO. 1733 of 2005(With office report)

Date: 20/10/2009 These Appeals were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE MARKANDEY KATJU
HON'BLE MR. JUSTICE ASOK KUMAR GANGULY

For Appellant(s) Mr. Paramjit Singh Patwalia, Sr. Adv.
Mr. Ankur Saigal, Adv.
Mr. Gaurav Singh, adv.
Ms. Bina Gupta, Adv.

Mr. Chandra Shekhar, Adv.
Mr. Divesh Jain, Adv.
Mr. Saurabh Upadhyay, Adv.
Dr. S.K. Verma, Adv.

For Respondent(s) Mr. Chandra Shekhar, Adv.
Mr. Divesh Jain, Adv.
Mr. Saurabh Upadhyay, Adv.

Dr. S.K. Verma, Adv.

Mr. Paramjit Singh Patwalia, Sr. Adv.
Mr. Ankur Saigal, Adv.
Mr. Gaurav Singh, adv.
Ms. Bina Gupta, Adv.

UPON hearing counsel the Court made the following
O R D E R

C.A. No. 5994/2004

Heard learned counsel for the parties.

The appeal is allowed in terms of the signed
order. No order as to the costs.

C.A. Nos. 7447/2004 and 1733/2005

The appeals stand disposed of in terms of the
order in C.A. No. 5994/2004.

(Ajay Kr. Jain)
Court Master

(Indu Satija)
Court Master

(Signed reportable order is placed on the file)

REPORTABLE

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 5994 OF 2004

Grasim Industries Ltd. & Anr. Appellants

Versus

Agarwal Steel Respondent

WITH

CIVIL APPEAL NOS. 7477/2004 AND 1733/2005

O R D E R

Heard learned counsel for the parties.

This appeal by special leave has been filed against the judgment and order dated 14th May, of the High Court of Judicature at Madhya Pradesh at Jabalpur.

The facts in detail have been set out in the impugned judgment and hence we are not repeating the same here. Briefly stated the facts are that the appellant herein entered into an agreement with the respondent and appointed the appellant as a principal dealer for sale of its cement 'Vikram Premium Brand'. On 21.3.1997, the respondent became the consignment agent of the appellant company and in this behalf an agreement dated 1.5.1997 was signed between the parties. Disputes and differences arose between the parties under the said agreement dated 1.5.1997 and the same were referred to an arbitrator. A copy of the arbitration award dated 6.8.2000 is annexed as Annexure-P/10 to this appeal. In the award the arbitrator has rejected the plea of the claimant-respondent that the signature on Ex.D-8 dated 21.10.1997 were only in lieu of a receipt. The case of the appellant was that the document Ex.D-8 was a joint statement of account. The arbitrator held that the signatures on Ex. D-8, joint statement of account, were made by the parties. However, he held that the signature on behalf of the claimant-respondent was made under a mistake and hence the same was not binding. Accordingly, the

arbitrator re-examined each head of account and ultimately held the appellant liable to pay to the respondent a sum of Rs. 49.90 lakhs alongwith interest. Objections under Section 34 of the Arbitration and Conciliation Act, 1996 (hereinafter for short 'the Act') were filed by the respondent before the IXth Addl. District Judge, Jabalpur. By his order dated 25.6.2001, the learned Addl. District Judge held that the appellant was entitled to receive a sum of Rs. 62,000/- alongwith interest @ 18%. The said order of the learned Addl. District Judge was put in challenge before the High Court under Section 37 of the Act.

We are not going into the details of the impugned judgment except to note that in para 24 of the said judgment it has been stated that the arbitrator did not accept the claimant-respondent's plea that the signatures on Ex.D-8 were only in lieu of receipt. However, the arbitrator addressed himself to the facet whether the admission was erroneous or mistaken or it was conclusive proof of the matter.

In our opinion, when a person signs a document, there is a presumption, unless there is proof of force or fraud, that he has read the document properly and understood it and only then he has affixed his signatures thereon, otherwise no signature on a document can ever be accepted. In particular, businessmen, being careful people (since their money is involved) would have ordinarily read and understood a document before signing it. Hence the presumption would be even stronger in their case. There is no allegation of force or fraud in this case. Hence it is difficult to accept the contention of the respondent while admitting that the document Ex.D-8 bears his signatures that it was signed under some mistake. We cannot agree with the view of the High Court on this question. On this ground alone, we allow this appeal, set aside the impugned judgment

of the High Court and remand the matter to the High Court
for expeditious disposal in accordance with law.

All questions of law and fact, except the one
decided by us hereinabove shall remain open for the parties
to be urged before the High Court. We make it clear that we
are making our observation that there was no mistake in the
document Ex. D-8, which the parties have signed.

Interim order of this Court dated 23.9.2004, as
modified on 9.1.2006, shall continue to remain in operation
till final disposal of the matter by the High Court.

Appeal allowed. No order as to the costs.

CIVIL APPEAL NOS. 7477/2004 AND 1733/2005

In terms of our order in Civil Appeal No.
5994/2004, these appeals also stand disposed of.

.....J.
(MARKANDEY KATJU)

.....J.
(ASOK KUMAR GANGULY)

NEW DELHI;
OCTOBER 20, 2009