COMAP No. 397 of 2025

RESERVED ON 8TH JUNE 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF JUNE , 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

COMMERCIAL APPEAL NO.397 OF 2025

BETWEEN:

1. TEAM THERMOFORMINGS AND ALLIEDS
A PARTNERSHIP FIRM REGISTERED
UNDER THE INDIAN PARTNERSHIP ACT,
HAVING ITS REGISTERED OFFICE AT PLOT NO.73,
SOMPURA 1ST STAGE, INDUSTRIAL AREA,
NELAMANGALA TALUK,
BANGALORE-562123.
REPRESENTED BY APPELLANT NO.2
AUTHORISED SIGNATORY.

2. MADINENI SURESH
R/AT 39, 3RD CROSS,
NEAR SRI KRISHNA TEMPLE,
GYANA JYOTHI NAGAR,
MALATHAHALLI,
BANGALORE - 560056.

...APPELLANTS

(BY SRI MAHESH A.S., ADVOCATE)

Digitally signed by C K LATHA
Location: High Court of Karnataka

AND:

M/S. ACETECH
A PARTNERSHIP FIRM REGISTERED
UNDER THE INDIAN PARTNERSHIP ACT,
HAVING ITS REGISTERED OFFICE AT
NO. B-226, 4TH CROSS, 1ST STAGE,
PEENYA INDUSTRIAL AREA,

BANGALORE - 560058.
REP. BY ITS PARTNER
MR. VIVECK JAYANT SHAH.

...RESPONDENT

(BY SRI HARIKRISHNA PRAMOD, ADVOCATE, FOR C/R)

THIS COMAP IS FILED UNDER SECTION 13(1A) OF COMMERCIAL COURTS ACT, PRAYING TO SET ASIDE THE IMPUGNED ORDER / JUDGMENT DATED 29.04.2025 PASSED IN COM. O.S.NO.321/2024 BEFORE THE HON'BLE LXXXIII ADDITIONAL CITY CIVIL & SESSIONS JUDGE, AT BENGALURU.

THIS COMAP HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS PRONOUNCED AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU ,CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

C.A.V. JUDGMENT

(PER: HON'BLE MRS. JUSTICE K.S. HEMALEKHA)

1. Impugning the judgment and decree dated 29.04.2025 passed in Commercial O.S No. 321/2024, by the learned LXXXIII Additional City Civil and Sessions Judge, Bengaluru [**Commercial Court**], the defendants have preferred the present Commercial Appeal.

2. By the impugned judgment and decree, the Commercial Court, decreed the suit in part and directed the defendants to pay a sum of Rupees One Crore to the plaintiff together with interest at the rate of 9% per annum from the date of suit till realisation,

holding that appellant Nos. 1 and 2 are jointly and severally liable for payment of the decreed amount.

3. The respondent - M/s ACETECH instituted a suit for recovery of Rupees One Crore against the appellant No. 1 - partnership firm and its partners, contending that under the lease agreement (Ex. P2) dated 01.08.2019, it had taken on lease an industrial property, bearing plot No. 73, Somapura Industrial Area, Nelamangala (schedule property) for a period of 36 months, commencing from 01.08.2019 to 31.07.2022, by paying a refundable security deposit of Rupees One Crore. The respondent asserted that no rent was payable in view of the security deposit arrangement and that the deposit was to be refundable upon vacating the premises. The respondent vacated the schedule premises on 30.06.2022, but despite repeated demands, the appellants failed to refund the deposit. It is averred that a cheque of Rupees One Crore dated 19.09.2023 issued by the appellants was dishonored with an endorsement, "payment stopped by the drawer", consequently the suit for recovery was filed.

4. The appellants admitted the receipt of Rupees One Crore but disputed the nature of the transaction. According to them, the amount was not a refundable security deposit, but an advance paid towards the proposed transaction for transfer of leasehold rights in

the KIADB industrial plot. They contended that the amount of Rupees One Crore had to be adjusted towards the sale consideration. Further, that the respondent withdrew from the proposed purchase, after the appellants incurred substantial expenses for transfer of leasehold rights and, after adjusting such expenses and rents for the respondent's occupation of the premises, only ₹ 55,00,000/- (Rupees Fifty Five Lakhs) remained refundable.

5. The Commercial Court held that the appellants have admittedly received the sum of Rupees One Crore from the respondent. However, the lease agreement dated 01.08.2019 (Ex.P2) relied upon by the respondent was found to be unreliable because the stamp paper had been purchased subsequent to the date borne by the document and, in any event, being an unregistered lease deed for a term exceeding 11 months, it could not be relied upon to prove the lease transaction or alleged refundable security deposit. Nevertheless, the Commercial Court found that the appellants defence also failed. Further, held that the appellants admitted the receipt of Rupees One Crore and admitted that at least ₹ 55,00,000/- (Rupees Fifty Five Lakhs) was refundable. It is further held that the appellants failed to produce

any documentary evidence showing that they had incurred expenses with KIADB for transfer or re-transfer of leasehold rights, or that they had suffered any loss justifying retention of the balance amount. No documentary proof of payments allegedly made to the KIADB was produced, and adverse inference was drawn against the appellants. The Commercial Court further held that the appellants have not claimed any lawful set-off towards rent or expenses. Also, relied on the statement on admission in the evidence of DW1 that there had been an understanding to refund the entire amount of Rupees One Crore and that the cheque had been issued pursuant to the understanding. In the absence of proof of any legally sustainable deduction, the Commercial Court concluded that the appellants were liable to refund the entire sum of Rupees One Crore received from the respondent. While holding so, issue Nos. 1 and 3 were answered in favour of the respondent (plaintiff) and the suit was partly decreed by holding that the appellants (defendants 1 and 2) are jointly and severally liable to pay the sum of Rupees One Crore along with interest at the rate of 9% per annum.

6. Learned counsel appearing for the appellants contends that the Commercial Court decreed the suit, despite holding that the lease agreement (Ex. P2) dated 01.08.2019, which formed the very

foundation of the respondent's claim, was an unreliable and inadmissible document. Once Ex. P2 was discarded, there remains no credible material to evidence that the amount of Rupees One Crore was paid as a refundable security deposit under a lease transaction. It is contended that the respondent had in fact agreed to acquire the leasehold rights in KIADB industrial plot and paid the sum of Rupees One Crore as an advance sale consideration towards the proposed transfer of leasehold rights and related expenses. Also relies upon the WhatsApp communication between M.Suresh and Vivek Shah, wherein the respondent allegedly referred to the amount of Rupees One Crore as an "advance". It is submitted that after incurring substantial expenditure towards transfer of leasehold rights in favour of the respondent, only ₹ 55,00,000/- (Rupees Fifty Five Lakhs) remained refundable, which appellants always have been willing to pay.

7. The learned counsel appearing for the respondent/plaintiff submits that the appellants have at all times admitted receipt of Rupees One Crore from the respondent and have also admitted the issuance of cheque dated 19.09.2023 towards the payment of the said amount. The respondent vacated the premises on 30.06.2022 and handed over possession, yet the appellants failed to refund the amount received by them. It is submitted that

subsequent to the dishonour of cheque dated 19.09.2023 issued by the appellants, clearly establishes the existence of a liability. It is stated that the contention of the appellants namely that the amount of Rupees One Crore constituted an advance sale consideration towards proposed transfer of leasehold rights, has remained mere assertion unsupported by any documentary evidence and that the appellants have failed to produce any material evidencing expenditure allegedly incurred before the KIADB, any agreement authorising forfeiture or retention of the amount or any lawful adjustment thereof. Hence, it is submitted that the appellants having admitted the receipt of the amount and their obligation to refund at least a substantial portion thereof, the appellants cannot be permitted to retain the entire amount on basis of unsubstantiated claims.

8. The undisputed facts on record discloses that a lease agreement dated 01.08.2019 was entered into between the respondent and the appellant No.1, a partnership firm represented through its partners, in respect of the schedule premises commencing from 01.08.2019 and ending on 31.07.2022. It is also not in dispute that a sum of Rupees One Crore was paid by the respondent to the appellants. Though, the appellants dispute the nature of the payment and contend that the amount was not a

refundable security deposit under the lease transaction but was an advance towards proposed transfer of leasehold rights in a KIADB industrial plot, the receipt of said amount is unequivocally admitted.

9. We are unable to accept the submission of the learned counsel appearing for the appellants that once the lease agreement (Ex. P2) is discarded from consideration, there remains no credible evidence to establish that the amount of Rupees One Crore was paid under the lease transaction and consequently the suit ought to fail. Even assuming that the lease agreement (Ex. P2) is excluded from consideration, what remains undisputed is, the payment of Rupees One Crore by the respondent to the appellants and subsequent issuance of cheque by the appellants towards payment of the said amount. Exhibit P3 refers to the return memo of the cheque under which the cheque was returned under the heading "payment stopped by the drawer". Exhibit P4 is the bank account statement of the respondent to show the payment of Rupees One Crore to the appellant No. 1 by way of bank transfer. The issuance of cheque itself constitute a significant admission that the amount was repayable and a legally recoverable liability subsisted.

10. No doubt, the law is well settled that a plaintiff must succeed on the strength of his own case and cannot derive advantage from

the weakness of the defence. In this regard, the appellants placed reliance on the decisions of the Supreme Court in ***Ratnagiri Nagar Parishad vs Gangaram Narayan Ambekar and Others***[1], ***Ramchandra Sakharam Mahajan vs Damodar Trimbak Tanksale (dead) and Others***[2] and ***R.V.E. Venkatachala Gounder vs Arulmigu Viswesaraswami and V.P. Temple and Another***[3]. The proposition laid therein is distinguishable and not applicable to the present facts.

11. As in the present case, there is no dispute with regard to the transfer of a sum of Rupees One Crore by the respondent to the appellants. The flow of funds from the account of the respondent to the account of the appellants is admitted. Equally, as stated supra, the issuance of the cheque by the appellants is not in dispute. The real controversy is not as to whether the amount was received, but as to the nature and character of the transaction. While the respondent asserts the amount was paid on refundable security deposit under the lease arrangement, the appellants contend that it was an advance paid towards a proposed transfer of leasehold rights. Once the receipt of money is admitted, the

[1] (2020) 7 SCC 275

[2] (2007) 6 SCC 737

[3] (2003) 8 SCC 752

burden shifts on the appellants to establish the nature of transaction pleaded by them and thus, while appreciating the evidence in entirety, this Court cannot lose sight of the defence set up by the appellants themselves. Significantly, no material has been produced evidencing the payment of transfer charges, expenses allegedly incurred before KIADB, or any contractual stipulation authorizing forfeiture or retention of the amount. In this regard, the decision of the Supreme Court in ***Anita Rani vs Ashok Kumar and Others***[4] squarely applies, wherein it was held that when a defendant admits receipt of money, but pleads that the payment was gratuitous, the burden lies on the defendant to prove such a plea. In the present facts, the appellants having admitted receipt of the amount, it was incumbent upon them to substantiate their defence by cogent evidence, which they failed to do so.

12. Further, as held in ***Uttam Singh Duggal and Company Limited vs United Bank of India and Others***[5], a decree may be founded on admissions that are clear, unambiguous, unconditional and unequivocal. Likewise, ***Nagindas Ramdas vs Dalpatram Ichharam and Others***[6] recognizes that admissions in pleadings

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[4] MANU/SC/1267/2021

[5] (2000) 7 SCC 120

[6] AIR 1974 SC 471

constitute the best proof of the facts admitted and, by virtue of Section 58 of the Evidence Act (Section 53 of Bharatiya Sakshya Adhiniyama, 2023), facts admitted need not be proved. In the circumstances, the admission as to receipt of Rupees One Crore and the admission as to issuance of the cheque constitute foundational facts requiring no further proof. Therefore, notwithstanding the dispute surrounding the lease agreement (Ex. P2) or the precise nature of the underlining transaction, the respondent/plaintiff was entitled to a decree, the appellants having failed to discharge the burden cast upon them to establish the defence set up in the written statement.

13. The evidence on record indicates that the appellants themselves acknowledged their obligation to refund the amount by issuing cheque in favour of the respondent. In the absence of any proof that the amount stood lawfully adjusted towards transfer expenses or any other enforceable claim, the appellants cannot be permitted to retain the said sum merely by describing it as an advance for the proposed transaction. Therefore, even accepting the defence version at its highest, the appellants have failed to establish any legal basis for withholding the amount received from the respondent. The Commercial Court was therefore justified in concluding that the respondent is entitled to recover the said sum.

We are of the considered opinion that there is no infirmity or illegality in the order passed by the Commercial Court warranting any interference.

14. For the foregoing reasons, we find no merits and the appeal is accordingly dismissed.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

CKL