

GRASIM INDUSTRIES LTD. & ANR.

v.

M/S. AGARWAL STEEL
(Civil Appeal No. 5994 of 2004)

OCTOBER 20, 2009

**[MARKANDEY KATJU AND ASOK KUMAR
GANGULY, JJ.]**

Deeds and Documents:

Presumption as regards signatures of parties on a document – Agency agreement – Joint statement of account – Signatures of agent thereon – Agent stating that his signatures were only in lieu of a receipt – Arbitrator holding the signatures of agent to have been made under mistake – HELD: 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 – Therefore, the presumption would be even stronger in their case – There is no allegation of force or fraud – Therefore, it cannot be said that document in question was signed under some mistake – The view of the High Court on this question cannot be sustained – On this ground alone, the judgment of High Court set aside and matter remanded to it for expeditious disposal in accordance with law – All questions of law and fact, except the one decided in the instant order, shall remain open for the parties to be urged before the High Court – It is observed that there was no mistake in the document in question which the parties have signed – Interim order shall continue to remain in operation

A *till final disposal of the matter by High Court – Arbitration.*

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 5994 of 2004.

B From the Judgment & Order dated 14.5.2004 of the High Court of Madhya Pradesh at Jabalpur in First Appeal No. 357 of 2004.

WITH

C C.A. No. 7477 of 2004, 1733 of 2005.

Paramjit Singh Patwalia, Ankur Saigal, Gaurav Singh, Bina Gupta, Chandra Shekhar, Divesh Jain, Saurabh Upadhyay and Dr. S.K. Verma for the appearing parties.

D The following Order of the Court was delivered

O R D E R

Heard learned counsel for the parties.

E 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.

F 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
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H 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

- A 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
B 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.
C 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.

- D Appeal allowed. No order as to the costs.

CIVIL APPEAL NOS. 7477/2004 AND 1733/2005

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

R.P.

Appeals disposed of.