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IN THE HIGH COURT OF DELHI AT NEW DELHI

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Judgment Reserved on: 13.05.2026

Judgment delivered on: 29.05.2026

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RFA(COMM) 487/2025, CM APPL. 51512/2025, CM APPL. 51514/2025, CM APPL. 58266/2025 & CM APPL. 9092/2026**M/S JAGDISH PRINTERS AND COMPUTERS SOLUTIONS PVT
LTD** Appellant

versus

MUKESH CHAND SINGAL & ANR. Respondents**Advocates who appeared in this case**

For the Appellant : Mr. Rajesh Yadav, Senior Advocate, with
Mr. Asutosh Lohia, Ms. Shradha Bhargava,
Mr. Arjun Bhalla, Ms. Harshita Malik, Ms.
Rishika Jain, Advs.

For the Respondent : Mr. Kuldeep Sehrawat and Dr. Monisha
Sehrawat, Advs. for R-1
R-1 in person

CORAM:**HON'BLE MR. JUSTICE V. KAMESWAR RAO****HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA****JUDGMENT****MANMEET PRITAM SINGH ARORA, J.**

1. This is a regular first appeal filed under Section 13 of the Commercial Courts Act, 2015, read with Section 96 and Order XLI of the Code of Civil Procedure, 1908 ['CPC'], against the judgment dated 15.04.2025 passed by



the learned District Judge (Commercial Court-01), North District, Rohini Courts, Delhi in CS(COMM) No. 81/2023 [‘impugned judgment’] directing a decree of eviction in favour of the plaintiff/Respondent no. 1 in respect of the property bearing no. H-257, DSIIDC Sector-3, Bawana, Delhi, a decree for recovery of arrears of rent along with interest and for damages, etc.

Factual Matrix

2. Respondent No. 1, i.e., the plaintiff, has set out its case as under: -
3. Respondent No. 1 was allotted an industrial plot admeasuring 150 sq. meters bearing no. H-257, DSIIDC Sector-3, Bawana, Delhi. The allotment is recorded in the name of Mukesh Chand Singhal, proprietor of Jagdish and Company, which is the sole proprietorship of Respondent No. 1 herein. Respondent No. 1 thereafter built a three-storey building on the said plot [‘suit property’].
4. On 26.04.2004, defendant no. 1/Appellant herein i.e., M/s Jagdish Printers and Computers Solutions Pvt. Ltd. was incorporated wherein Respondent No. 1 and Respondent No. 2 were the only directors and shareholders.
5. Respondent No. 1 initially let out the suit property to the Appellant on 01.05.2005 at a monthly rent of Rs. 62,500/-. The tenancy was renewed from time to time at different rental amounts. The Appellant lastly paid monthly rent at Rs. 55,000/- and rent was last paid for the month of December, 2022. While continuing to enjoy the use and occupation of the suit property, without any cause, stopped paying rent from 01.01.2023. The payment of rentals is duly evidenced by the TDS¹ certificates issued by the Appellant to Respondent No. 1 for the period 2011-12 to 2022-23 and the

¹ Tax Deducted at Source



financial statements of the Appellant for the corresponding financial years, which duly record payment of rentals to Respondent No. 1.

6. In view of the non-payment of rent, the tenancy was terminated through a legal notice dated 07.08.2023 by Respondent No. 1, which was duly served on the Appellant. Since the Appellant failed to vacate and pay the arrears of rent and damages, Respondent No. 1 instituted the underlying suit seeking to recover possession, a permanent injunction, and arrears of rent and damages. Respondent No. 2 was impleaded in his capacity as the Managing Director of the Appellant for seeking a decree of joint and several liability.

7. Summons were duly served on the Appellant and Respondent No. 2. Appellant elected to not file written statement and accordingly its defence was struck off. Respondent No. 2 filed its written statement, which was taken on record upon payment of costs.

8. Issues were framed by the Trial Court on 26.07.2024. Respondent No. 1 and Respondent No. 2 led oral evidence.

9. *Vide* the impugned judgment, the Trial Court decreed the suit in favour of Respondent No. 1. A decree for recovery of Rs. 7,15,000/- towards arrears of rent at Rs. 55,000/- per month for the period 01.01.2023 till 31.01.2024 along with pendente lite and future interest at 6% per annum was passed against the Appellant. Respondent No. 1 was also awarded damages at the rate of Rs. 60,500/- per month from 01.02.2024 for a further period of three years and, if the premises were still not vacated till 31.03.2027, then an increase of 10% on Rs. 60,500/- until vacation of the premises, whichever occurs earlier, along with interest at 6% per annum on the amount of damages. Appellant and Respondent No. 2 were directed to clear all dues



within four [4] weeks.

In addition, Appellant and Respondent No. 2 were restrained from creating any third-party interest in the suit property.

10. Aggrieved by the impugned judgment, the Appellant has preferred the present appeal through Respondent No. 2. Respondent No. 2, i.e., the Managing Director, has not preferred any separate appeal.

Submissions by the Appellant

11. Mr. Rajesh Yadav, learned senior counsel for the Appellant, stated that Respondent No. 1 has failed to place on record any evidence to prove ownership/title in the suit property. He stated that Respondent No. 1 has also failed to place any rent agreement evidencing the alleged lease inter-se the Appellant and Respondent No. 1.

12. He stated that the Trial Court failed to consider that Respondent No. 1 suppressed material facts *qua* the suit property, such as that the same has been allotted on lease by Delhi State Industrial and Infrastructure Development Corporation [‘DSIIDC’] to the proprietorship firm Jagdish and Company. He stated that the Trial Court failed to appreciate that Respondent No. 1 failed to take any permission from DSIIDC for allegedly subletting the property, which shows that the suit property was never sublet to the Appellant but the same was occupied by the Appellant in its own right.

13. He stated that the Trial Court failed to appreciate that Respondent No. 1 had taken inconsistent stands regarding his title in the suit property and that the central issue, whether the leasehold rights allotted initially to proprietorship firm Jagdish and Company, stood transferred to the Appellant, i.e., Jagdish Printers and Computers Solutions Pvt. Ltd., remained unaddressed.



14. He stated that the Trial Court failed to appreciate that Respondent No. 1, while acting as a Director of the Appellant and being in-charge of its accounts, misused his position to divert substantial funds from the Appellant's accounts to his personal accounts under the guise of rent payments. The amounts allegedly paid as rent were inconsistent and varied in nature, as corroborated by the ledger entries on record.

15. He stated that the business of the sole proprietorship firm Jagdish and Company was taken over by the Appellant, as is evident from the transfer of TIN ['Tax Identification Number'] issued by the GNCTD² for collection and deposit of VAT³ and the ESIC⁴ Number issued by the competent authority from the proprietorship firm to the Appellant. He stated, therefore, that the allotment of the suit property made by DSIIDC in the year 2003 in favour of proprietor firm Jagdish and Company also stood transferred to the Appellant upon its incorporation in the year 2004 and take over of the business. He stated, therefore, the Appellant is the lessee of the suit property *qua* DSIIDC, and the Respondent No. 1 has no leasehold rights. He stated that the Appellant and Respondent No. 1 do not have a relationship of landlord and tenant. He stated that the proprietorship firm Jagdish and Company has ceased to exist, and all business of the erstwhile proprietorship firm is carried on by the Appellant.

16. He stated that the payment of rent by Appellant to Respondent No. 1 is impermissible under Section 188 of the Companies Act, 2013 ['Companies Act'], as it is a related party transaction. He also submitted that there is a statutory bar to this alleged transaction of landlord-tenant under

² The Government of National Capital Territory of Delhi

³ Value Added Tax

⁴ Employees' State Insurance Corporation



Section 47 of the Income Tax Act, 1961.

17. He stated that the issuance of the TDS certificates for the financial years 2011-12 to 2023-24 recording payment of rent is a matter of record, however, the same does not bind the Appellant as the accounts were being supervised by Respondent No. 1. He stated that the fact that suit property is not reflected in the balance sheet of the Appellant as the immovable asset of the company is also not binding on the Appellant. He stated that the fact that the payment of rent to Respondent No. 1 is recorded in the balance sheet of the Appellant also does not bind the Appellant.

18. He stated that it is a matter of record that the Appellant, despite service of summons and due opportunity to file a written statement, did not file any written statement, and its defence was struck off. He stated that the Appellant is relying upon the pleas raised in the written statement filed by Respondent No. 2 to impugn the judgment of the Trial Court.

19. He also prayed that CM APPL. 9092/2026 filed under Order XLI Rule 27 CPC for bringing on record 13 additional documents be allowed.

Submissions by Respondent No. 1

20. Mr. Kuldeep Sehrawat and Dr. Monisha Sehrawat, learned counsel for Respondent No. 1, stated that only Respondent No. 2 filed its written statement. He stated that the Appellant's defence was struck off by the Trial Court *vide* order dated 26.07.2024. He stated, therefore, CM APPL. 9092/2026 cannot be entertained by this Court.

21. He stated that Respondent No. 1 was not required to prove its title of the suit property since the rent was regularly paid by Appellant to Respondent No. 1 till December 2022, which clearly proves that there existed a landlord-tenant relationship. He stated that it is settled law that, in



an eviction proceeding, the landlord is not required to establish ownership of the suit property. The landlord is only required to prove the existence of the landlord-tenant relationship and the valid termination of tenancy, which in the present case was on 07.08.2023.

22. He stated that Respondent No.1 never resigned as Director of the Appellant Company and became aware of the alleged resolution dated 17.10.2018 only after institution of the underlying suit, when the same was relied upon by Respondent No. 2. The continued involvement of Respondent No.1 in the affairs of the Company is further evident from the balance sheets for the financial years 2021-22 and 2022-23 which are duly signed by Respondent No. 1. He stated that in cross-examination, Respondent No. 2 admitted that apart from the resolution dated 17.10.2018 which purportedly records the resignation, there existed no separate resignation letter of Respondent No.1 in the records of the Appellant.

23. He stated that it is admitted that the equity shareholding of the Appellant Company was equally divided [50% each] between Respondent No.1 and Respondent No.2. He stated that the Appellant and Respondent No. 2 cannot claim that Respondent No. 1 deceitfully authorised certain false expenses, especially when both Directors (i.e., Respondent Nos. 1 and 2) had continuously signed the balance sheets and financial records of the Company since its incorporation in 2004, and no complaint regarding the same was ever raised.

COURT'S FINDINGS

24. This Court has heard the learned counsel for the parties and perused the record.

25. The operation of the impugned judgment was conditionally stayed



vide interim order dated 21.08.2025. The Appellant submitted that it has complied with the conditional stay and, as of 02.02.2026, a sum of Rs.19,48,286/- stands deposited with the Registry of this Court. This includes damages for the period until January, 2026. A tabulation was handed over in Court on 02.02.2026 to this effect, wherein the Appellant has stated that it has continued to make deposits of the damages of Rs. 60,500/- per month for each month thereafter also.

26. We may note, at the outset, that the Appellant, herein after service of summons by the Trial Court, elected not to file its written statement and consequently its right to file a written statement was forfeited, and its defence was struck off by the Trial Court *vide* order dated 26.07.2024. The Appellant has not challenged the said order in the memorandum of appeal, and therefore, the said order has attained finality.

In these facts, the Appellant's application CM No. 9092/2026 seeking to bring on record additional evidence cannot be entertained, as its defence stands struck off, and therefore, the application is hereby dismissed.

27. In the memorandum of appeal, the Appellant seeks to challenge the impugned judgment based on the defences raised by Respondent No. 2 in its written statement and on additional pleas which were not raised by Respondent No. 2 in its written statement before the Trial Court. For instance, the submission of the Appellant that the allotment of the suit property stood transferred in its favour upon taking over business of the proprietorship firm Jagdish and Company is a factual plea which was not raised by Respondent No. 2 in its written statement before the Trial Court. Once the defence of the Appellant stood struck off, the scope of challenge available to the Appellant is confined to the record of the Trial Court i.e., the



documents and plaint filed before the Trial Court. The Appellant cannot be permitted to circumvent the consequences of the order striking off its defence by introducing additional factual and legal pleas [which are mixed questions of fact and law] for the first time in this appeal.

28. In the present appeal, we shall examine the correctness of the impugned judgment only on the appreciation of the pleadings and evidence available on the record before the Trial Court. Since Respondent No. 2 is the Managing Director of the Appellant, the defences raised by him in the written statement shall also be considered.

29. On the pleadings of Respondent Nos. 1 and 2, the following issues were framed by the Trial Court: -

“(i) Whether the plaintiff is entitled to decree for eviction as prayed for? ...
OPP

(ii) Whether the plaintiff is entitled to decree in the sum of Rs.7,15,000/- as prayed for? OPP

(iii) Whether the plaintiff is entitled to any interest and if so, at what rate, at what amount and for what period? ... OPP

(iv) Whether the plaintiff is entitled to Decree of damages and mesne profits, as prayed for? ... OPP

(v) Whether the plaintiff is entitled to decree for permanent and mandatory injunction, as prayed for? ... OPP

(vi) Relief.”

30. Issue No. (i) was significant as the Trial Court determined the fact of the existence of a relationship of landlord and tenant as well as termination of tenancy. The findings of the learned Trial Court are at paragraph nos. ‘8’, ‘9’ and ‘10’, which read as under: -

“8. The onus of proving this issue was on the plaintiff. The plaintiff in his examination in chief has proved on record documents showing that he has been receiving rent regularly from defendant no.1 in respect of the suit



property. The TDS certificates form 26AS issued by defendant no.1 for the year 2021-22 and 2022-23, Ex.PW1/8 and Ex.PW1/9 show that the plaintiff regularly received rent from defendant no.1 in respect of the suit property and tax was deducted at source by defendant no.1 on this amount. The defendant no.2 has claimed that the plaintiff being director of defendant no.1 manipulated the accounts. In this regard the written statement is relevant. The WS shows that even as per defendant no.2, the plaintiff resigned from the post of director w.e.f. 31.10.2018 and defendant no.2 was vested all the powers being authorized signatory of defendant no.1. In these circumstances, why the rent was continuously paid to the plaintiff even after his resignation w.e.f. 31.10.2018 has not been explained by defendant no.2. Defendant no.2 admitted in his cross examination that he is MBA from IMT Ghaziabad, U.P. since 2002. It cannot be said that defendant no.2 is illiterate and cannot understand the books of accounts. The rent was paid continuously to the plaintiff till December, 2022 and the same clearly proves that the plaintiff was the landlord of the premises as far as defendant no.1 is concerned. It is settled law that a landlord is not required to prove that he is the owner of the property. He is only required to prove the relationship of landlord and tenant and the termination of tenancy. The plaintiff has as such has proved that he is the landlord of the property. Otherwise also allotment of the plot to Jagdish & Company by DSIIDC is undisputed as well as that the plaintiff is its proprietor.

9. Further, PW1 has also proved on the record the audit sheets and balance sheets of defendant no.1 for the accounting year(s) 2021-22 and 2022-23 as Ex.PW1/14 and Ex.PW1/15. The same reflect that rent was paid to the plaintiff for the suit property continuously under the head other expenses. These were duly signed by defendant no.2 even after the resignation of plaintiff from the directorship of defendant no.1. These documents further proved the fact that plaintiff was the landlord as far as defendant no.1 is concerned. In this regard, the documents filed by defendant no.2 are also relevant. Defendant no.2 himself proved on record the allotment documents of the suit property available on the website of DSIIDC. Ex.DW2/2 (colly) filed by defendant no.2 shows that the plot on which suit property was constructed, was allotted to the plaintiff for his proprietor ship concerned Jagdish & Company. The statement of ground rent dues issued by DSIIDC Ex DW2/4, is in the name of Jagdish & Company. Most importantly, the balance sheet of defendant no. 1 shows that the property owned by it are NIL. If the plaintiff merged all his properties in the properties of defendant no. 1 as claimed by defendant no.2, then its balance sheet should reflect the same. The balance sheet of defendant no.1, further strengthen the case of the plaintiff that suit property was never vested with defendant no.1.

10. It was also argued for the defendant no.2 that plaintiff never received any salary and always manipulated the record to show that he received the rent. As already discussed, the plaintiff resigned as director of defendant



no.1 with effect from 31.10. 2018 when defendant no.2 took over the affairs of defendant no.1. Even thereafter, rent was continuously paid to plaintiff by defendant no.1. It clearly proves that suit property was let out by plaintiff to defendant no.1. The plaintiff was required to prove the relationship of landlord and tenant which has been duly proved. The tenancy was duly terminated through notice dated 07.08.2023, Ex. PW1/12. Otherwise also this suit itself is sufficient notice. The plaintiff was not required to prove that he is owner of the suit property. Title of plaintiff is not relevant as far as defendants are concerned. Defendant no.1 being a tenant has no right to question the ownership of plaintiff. Non production of rent agreement(s) is also not fatal to plaintiff's case as tenancy can be oral as well and will be month to month tenancy. In facts, issue no.1 stands duly proved by the plaintiff. The issue is decided accordingly.”

[Emphasis Supplied]

31. In its written statement, Respondent No. 2 sought evidential proof of Respondent No.1's title the suit property. However, Respondent No. 2, despite being the Managing Director of the Appellant, never pleaded that the the suit property stood vested in the Appellant on the take-over of business of the proprietorship firm. Considering that the Appellant failed to file its own written statement, the Appellant cannot be permitted, for the first time in this appeal, to raise a plea regarding the alleged transfer of leasehold rights of the suit property from the proprietorship firm to the Appellant.

32. The Appellant does not dispute that the allotment of the suit property was made by DSIIDC in favour of Respondent No. 1, as the proprietor of Jagdish and Company on a leasehold basis. Jagdish and Company is a sole proprietorship firm and has no independent juridical identity separate from Respondent No. 1, and therefore, the allotment in the name of Respondent No. 1 as the proprietor of Jagdish and Company, in law, has the effect of making Respondent No. 1 the leaseholder *qua* DSIIDC. The said allotment was proved by Respondent No. 2 through the production of documents i.e., DW-2/2 downloaded from the website of DSIIDC.

33. Respondent No. 1 has duly proved that the Appellant has not claimed



any title rights in this suit property, in its balance sheets. This circumstance is relevant and shows that the Appellant has never considered the suit property as its self-owned asset. The Appellant is legally bound to make a disclosure of all of its assets, including immovable property owned by it, in its financial statements, and non-mention of the suit property evidences that the Appellant has never considered itself to be the title holder of the suit property. The Trial Court has rightly taken into consideration this admitted fact.

34. Even otherwise, any transfer of leasehold rights in the suit property from Respondent No. 1 as a proprietor of Jagdish and Company to the Appellant would require the consent of the paramount lessor DSIIDC and would have to be effected as per the terms of allotment and by following the due legal process governing the transfer of immovable property. The allotment of leasehold rights of suit property cannot be transferred from Respondent No. 1 to the Appellant merely on the basis of an inter-se understanding of transfer of business as sought to be alleged by the Appellant.

35. The submission of the Appellant that the TIN and ESIC number of the proprietorship firm Jagdish and Company has been transferred to the Appellant and therefore the transfer of the leasehold rights should also be presumed is without any merit. In our considered opinion, transfer of business would have no bearing on the leasehold rights held by Respondent No. 1 in the suit property. The transfer of TIN and ESIC number can only lead to a presumption of transfer of business, but not transfer of leasehold rights granted by DSIIDC in the suit property, which transfer can only happen with the written consent of DSIIDC and in the manner prescribed



under the law, which would include execution of transfer document.

36. In addition, Respondent No. 1 has demonstrated from the documents on record that the Appellant, in its books of accounts and financial statements, recorded payment of rentals to Respondent No. 1 on a monthly basis from 2011 until 31.12.2022 and also duly deducted and deposited TDS on the rental payments with the Income Tax Department. The Appellant is bound by the declaration made by it in its financial statements and its declarations made to the Income Tax Department as regards payment of rent. A corporate entity [such as the Appellant herein] cannot be permitted to resile from the contents of the financial statements submitted by it to the Registrar of Companies [‘RoC’] and the Income Tax Department, as the said financial statements are submitted in compliance with the relevant statutory provisions which entail that the said financial statements reflect the true and correct affairs of the company. The reliance placed by Appellant on Section 47 of the Income Tax Act is misplaced.

37. The Appellant has also raised the plea in the memorandum of appeal that the financial statements were manipulated by the Respondent No. 1; however, the said plea was not proved by Respondent No. 2 during evidence and therefore, cannot be accepted by this Court. This plea has rightly rejected by the Trial Court.

38. Further, the submission of the Appellant that the transaction of lease was contrary to Section 188 of the Companies Act would not have any effect on the findings returned by the Trial Court under Issue No. (i) and the relief sought in the suit, which pertain to eviction and payment of arrears of rent. The Appellant has admittedly occupied the suit property, and since it is not the owner of the property, it is liable to pay rent and/or damages for its use



and occupation. Moreover, Respondent Nos. 1 and 2 are the only shareholders and directors of the Appellant. Therefore, the knowledge and consent of these two shareholders are evident from the record, and this lease transaction is therefore not in violation of Section 188 of the Companies Act.

39. In these facts, we therefore concur with the findings returned by the Trial Court at Issue No. (i) that Respondent No. 1 and the Appellant had a relationship of landlord and tenant, which was terminated *vide* legal notice dated 07.08.2023, and the said findings therefore warrant no interference. The said findings are duly borne out from the documents brought on record by Respondent Nos. 1 and 2, as well as the admissions of Respondent No. 2.

40. The aforesaid findings of the learned Trial Court also establish and fulfil the ingredients for the grant of a decree of eviction, namely:

- (i) existence of a relationship of landlord and tenant,
- (ii) the rate of rent is more than Rs. 3500/- per month, and
- (iii) the tenancy has been duly terminated

All these ingredients have been proved by Respondent No. 1 in the facts of this case, and therefore, the decree of eviction has been rightly passed by the Trial Court.

41. With respect to findings on Issue No. (ii), the Trial Court held that Appellant was in arrears of rent at Rs. 55,000/- per month from 01.01.2023 till 31.01.2024, which amounts to Rs. 7,15,000/-. The Appellant has not addressed any arguments on this issue. The Trial Court observed that Respondent No. 1, i.e., PW-1, had categorically asserted the relevant facts in its evidence affidavit dated 05.12.2024 [at paragraph nos. 6 and 7], and there was no cross-examination of the witness on this aspect. It also noted that the



payment of rent of Rs. 55,000/- per month till 31.12.2022 is duly recorded in the financial statement of the Appellant for the financial year ending 31.03.2023. In our considered opinion, the said findings do not merit any interference as they are based on the financial statement of the Appellant itself.

42. The Trial Court at Issue No. (iii) awarded interest at 6% per annum for pendente lite and future interest. The Appellant has not addressed any arguments, and we find no ground for interfering with this award of interest, which is reasonable.

43. The Trial Court at Issue No. (iv) has awarded damages at Rs. 60,500/- per month w.e.f. 01.02.2024 for a period of three years and thereafter increase of 10% from 01.02.2027 on the damages of Rs. 60,500/- and so on and so forth. The rate of Rs. 60,500/- per month has been determined by increasing the last paid monthly rent of Rs. 55,000/- by 10%. While deciding this issue, the Trial Court declined the claim of Respondent No. 1 for damages of Rs. 20,000/- per day. The Appellant has not addressed any arguments on this determination of damages. We find that the rate of damages fixed by the Trial Court is reasonable and requires no interference. We also find no ground to interfere with the award of interest at the rate of 6% on the said damages.

44. The Trial Court at Issue No. (v) has granted a permanent injunction restraining the Appellant and Respondent No. 2 from creating any third-party interest in the suit property and granted a mandatory injunction to clear all dues mentioned in paragraph '18' of the impugned judgment. The said reliefs are consequential and have been rightly granted. The Appellant has, in any event, not addressed any arguments on this relief.



45. In view of the aforesaid findings, we find no merit in the grounds of appeal. The judgment and decree passed by the Trial Court are upheld. The Appellant and Respondent No. 2 are directed to ensure due compliance with the reliefs granted and directions issued at paragraph nos. '18' and '19' of the impugned judgment.

46. The Registry is directed to release the entire amount deposited by the Appellant with this Court to Respondent No. 1 within two [2] weeks upon Respondent No. 1 furnishing the details of its bank account to the Registry.

47. The appeal is hereby dismissed. Pending applications stand disposed of. The interim order stands vacated.

48. The digitally signed copy of this order, duly uploaded on the official website of the Delhi High Court, www.delhihighcourt.nic.in, shall be treated as a certified copy of the order for the purpose of ensuring compliance. No physical copy of order shall be insisted by any authority/entity or litigant.

MANMEET PRITAM SINGH ARORA, J

V. KAMESWAR RAO, J

MAY 29, 2026/rhc/aa