

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. 11919-11920 OF 2025
(Arising out of SLP (C) Nos. 23014-23015 of 2023)

MADDIRALA VENKATESWARLU

... APPELLANT

VERSUS

GONUGUNTLA RAMESH NAIDU DIED BY HIS LRS

... RESPONDENTS

O R D E R

1. Leave granted.

2. The present appeals ensued from a suit for eviction filed by the landlord (appellant) against the tenants (respondents), dismissed by the Trial Court. The First Appellate Court allowed the appeal and decreed the suit. Being aggrieved, the tenants preferred second appeal which was allowed by the impugned judgment, setting aside the judgement in the first appeal restoring the judgment of the Trial Court. Challenging the same, the instant appeals have been filed.

3. The suit for eviction and delivery of possession of the premise, i.e., T Sundupalli Gram Panchayat Area of T

Sundupalli Village and Mandal, Cuddapah District to the extent of 80 square yards out of 1.24 cents with the boundaries as specified in the plaint was filed by the appellant. As contended, the suit property was purchased by landlord from the tenants paying Rs. 18,400/- by a registered deed of sale executed on 16.09.1998 and the possession was also handed over. Subsequently, the construction of a zinc sheet shed was completed on it and again parted on tenancy to the respondent.

4. On 15.09.1999, the suit property was leased out to the father of the respondent (defendant No.1) for a monthly rent of Rs. 1,300/- under an agreement. The defendant Nos. 1 to 3 started a hotel business and running the same. From May 2000, they stopped payment of the rent, however, the suit for eviction was filed due to non-payment of rent and arrears thereof.

5. In the written statement, the respondents have admitted the execution of sale deed for consideration of Rs. 18,400/- instead of Rs. 60,000/- as alleged. It was said, since the sale deed was executed in repayment of loan, however they have yet paid Rs.1,65,110/- in total. The respondents also denied

the landlord-tenant relationship and submitted that a decree of eviction ought not to be directed.

6. The Trial Court admitted the registered sale deed in documents but refused to admit the lease deed, *vide* order dated 19.09.2002. Finally, the suit was dismissed on 03.07.2006, *inter alia*, observing that the landlord-tenant relationship has not established and the notice under Section 106 of the Transfer of Property Act was not served.

7. Upon filing appeal, appellant also filed an application under Order XLI Rule 27 of the Code of Civil Procedure, 1908 (hereinafter "CPC") to take the lease deed on record by way of additional document. The First Appellate Court after impounding and on payment of deficit stamp duty admitted the said document. However, relying upon the oral testimony of the defendant concluded that in the absence of denial of ownership and having the lease deed executed, observed that the finding of not having landlord-tenant relationship by Trial Court is not correct. Consequently, the First Appellate Court decreed the suit, directing eviction of the tenant.

8. The respondents filed second appeal which was allowed by the High Court observing that allowing of the application under Order XLI Rule 27 of CPC was not justified. It was said that once the lease deed was not admitted by the Trial Court, without challenging the said order, the First Appellate Court was not correct to admit the said document and record the finding of proving the landlord-tenant relationship, setting aside the judgment of the Trial Court. As such the second appeal was allowed by the High Court against which the present appeals have been filed.

9. After hearing learned counsel for the parties and on perusal of the material placed and the facts which are not in dispute, the suit property was admittedly sold by defendant No.1 (Respondent No.1) to the plaintiff (appellant) *vide* registered sale deed dated 16.09.1998 on receiving the consideration of Rs.18,400/-. As per the recital, it is clear that the possession was handed over at the time of execution of sale deed. From pleadings, it is clear after purchase, the zinc sheet shed was constructed by the plaintiff, and after about one year of sale, a lease deed dated 15.09.1999 was executed inducting the respondent as tenant. Since the lease

deed was not duly stamped and registered, however the Trial Court denied to admit the same and to exhibit it in documents. Later, in absence of document of tenancy citing non-issuance of notice the suit was dismissed.

10. In appeal at the first instance, First Appellate Court directed for impounding of the lease deed. Thereafter, vide order dated 10.01.2007, the application under Order XLI Rule 27 of the CPC was allowed exhibiting the lease deed as Exhibit-A5 and admitted the said lease deed in evidence. Those findings have been set aside by the High Court. However, for appreciating the issue of taking the additional evidence on record, at the appellate stage, it is necessary to refer the provision of Order XLI Rule 27 which is reproduced as under:

"27. Production of additional evidence in Appellate Court.— (1) *The parties to an appeal shall not be entitled to produce additional evidence, whether oral or documentary, in the Appellate Court. But if –*
 (i) *the Court from whose decree the appeal is preferred has refused to admit evidence which ought to have been admitted, or*
 (ii) *the party seeking to produce additional evidence, establishes that notwithstanding the exercise of due diligence, such evidence was not within his knowledge or could not, after the exercise of due diligence, be produced by him at the time when the decree appealed against was passed, or*

*(b) the Appellate Court requires any document to be produced or any witness to be examined to enable it to pronounce judgment, or for any other substantial cause,
the Appellate Court may allow such evidence or document to be produced, or witness to be examined.
(2) Wherever additional evidence is allowed to be produced by an Appellate Court, the Court shall record the reason for its admission."*

On a plain reading of the above, it is clear that in an appeal preferred against the judgment of a Court refusing to admit a document in evidence, although it ought to have been admitted, the Appellate Court may allow such evidence. In case Appellate Court considers that production of document or examination of witness is necessary to pronounce the judgment, such Court may allow the document or evidence to be produced. In case the First Appellate Court allows the additional evidence to be produced assigning reasons, it may be admitted by the Court.

11. In the present case, serious objection has been raised that even after refusing to admit the document by the Trial Court *vide* order dated 19.09.2002, without its challenge, application under Order XLI Rule 27 of the CPC ought not to be allowed. In this regard, it is not in dispute, after the judgment dismissing the suit for ejectment, an appeal was preferred. During pendency, the lease deed, which was not

duly stamped, was directed to be impounded. After payment of deficit stamp duty, the First Appellate Court admitted the said document on record, however, based on the subsequent event the application of additional evidence was allowed. In the above facts in our view, the argument as advanced by respondents cannot be countenanced and the First Appellate Court was justified in accepting the lease deed in additional evidence and to admit the same as Exhibit-A5.

12. Simultaneously, it is necessary to refer, the registered sale deed executed by the respondent in favour of the appellant, which is not disputed by them. The contents of the same clearly indicate, at the time of execution of sale deed, possession was handed over by the respondent to the appellant. In the written statement, it has not been explained how the defendants have re-entered in the premises after handing over of possession at the time of sale deed. In fact after construction of the zinc sheet shed by defendants, the re-entry in the premises was in furtherance to the lease deed. Therefore, the lease deed was a relevant document and the First Appellate Court has rightly admitted the same by way of additional evidence after impounding.

13. After accepting the lease deed in documents, it is required to be seen upto what extent it is admissible in evidence. In this regard, this Court in **Bidyut Sakar and Anr. v. Kanchilal Pal (Dead) through LRs and Anr., 2024 SCC OnLine SC 2603** categorically held that a document, though initially inadmissible for want of proper stamping, can be admitted into evidence once the deficiency of stamp duty and penalty, if any, are duly paid. The relevant part is quoted hereinbelow: -

"24. Section 42 of the Stamp Act provides that when duty and penalty, if any, leviable in respect of any instrument has been paid under sections 35, 40 or 41 upon endorsement by the Collector that such duty has been paid, instrument shall thereupon be admissible in evidence.

25. In the present case, the agreement to sell dated 29.03.1999 was found by the Trial Court to be insufficiently stamped. Consequently, the matter was referred to the Collector for determination of proper stamp duty and any applicable penalty. As per the provisions of Section 42 of the Stamp Act, such a document can only become admissible in evidence after deficiency in stamp duty and the penalty, if any, have been assessed by the Collector, and the requisite amounts have been paid. Once the deficiency and penalty are cleared, the Collector is required to certify the document by endorsement, indicating that the required duty and penalty have been paid. Only

upon such certification can the document be admitted into evidence and acted upon legally."

(emphasis supplied)

14. Since the lease deed was stamped but unregistered, in such a situation up to what extent the said lease deed can be looked into for the purpose of evidence by the court. In **K.B. Saha and Sons Private Limited v. Development Consultant Limited, (2008) 8 SCC 564**, this Court clarified that while an unregistered document affecting immovable property cannot be received as evidence of the transaction itself, but it can be admitted for collateral purposes, such as the nature of possession. The relevant portion is quoted hereinbelow: -

*"27. Section 49 clearly provides that a document purporting to be a lease and required to be registered under Section 107 will not be admissible in evidence if the same is not registered. **Proviso this section, however, as noted hereinabove, provides that an unregistered lease deed may be looked into as evidence of collateral facts...**"*

This Court went on to hold as follows: -

"34. From the principles laid down in the various decision of this Court and the High Courts, as referred to hereinabove, it is evident that:

- 1. A document required to be registered, if unregistered is not admissible into evidence under Section 49 of the Registration Act.*

2. Such unregistered document can however be used as an evidence of collateral purpose as provided in the proviso to Section 49 of the Registration Act.

3. A collateral transaction must be independent of, or divisible from, the transaction to effect which the law required registration.

4. A collateral transaction must be a transaction not itself required to be effected by a registered document, that is, a transaction creating, etc. any right, title or interest in immovable property of the value of one hundred rupees and upwards.

5. If a document is inadmissible in evidence for want of registration, none of its terms can be admitted in evidence and that to use a document for the purpose of proving an important clause would not be using it as a collateral purpose."

In such circumstances, once lease document duly impounded and admitted on record after paying deficit stamp duty, the Appellate Court was right to rely upon the same for collateral purpose, and those findings are in accordance with the law. In consequence the contrary finding recorded by the High Court is liable to be set aside.

15. In the facts, in our view, the lease document i.e., Exhibit-A5 produced before the First Appellate Court clearly demonstrates that the respondent was inducted as a tenant with effect from 15.09.1999, approximately after one year of the

purchase. Oral evidence on record establishes that the respondent continued to pay rent up to April 2000; however, from May 2000, the payment of rent was stopped. As such, the lease document demonstrates that the capacity of the respondent was as tenant in the suit premises. In view of the foregoing, the findings recorded by the Trial Court as well as the High Court denying the landlord-tenant relationship cannot be sustained, though the findings of the First Appellate Court was based on evidence. In our view, the First Appellate Court was justified to admit the document and relying upon the same to recognize the landlord-tenant relationship and grant decree of eviction due to non-payment of rent and the arrears while decreeing the suit.

16. In view of the above discussions, the present appeals succeed and are hereby allowed. The impugned judgment dated 14.07.2023 passed by the High Court stands set aside and the judgment of the First Appellate Court is restored. As such, the suit is decreed *in toto* with costs throughout. The amount of rent, if any, deposited by the respondent and lying with the Court shall be permitted to be withdrawn by the appellant.

17. Pending applications, if any, shall stand disposed of.

....., J.
[J.K. MAHESHWARI]

....., J.
[VIJAY BISHNOI]

New Delhi;
September, 17, 2025.

ITEM NO.21

COURT NO.4

SECTION XII-A

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

Petition(s) for Special Leave to Appeal (C) Nos. 23014-23015/2023

[Arising out of impugned final judgment and order dated 14-07-2023 in SA No. 1339/2007 14-07-2023 in CRP No. 6026/2018 passed by the High Court of Andhra Pradesh at Amravati]

MADDIRALA VENKATESWARLU

Appellant(s)

VERSUS

GONUGUNTLA RAMESH NAIDU DIED BY HIS LRS

Respondent(s)

[TO BE TAKEN UP IMMEDIATELY AFTER FRESH MISCELLANEOUS MATTERS]

Date : 17-09-2025 These appeals were called on for hearing today.

CORAM : HON'BLE MR. JUSTICE J.K. MAHESHWARI
HON'BLE MR. JUSTICE VIJAY BISHNOI

For Appellant(s) : Mr. Anand Sanjay M Nuli, Sr. Adv.
Mr. Suraj Kaushik, Adv.
Mr. Abhishekh K, Adv.
Mr. Nanda Kumar, Adv.

For Respondent(s) : Ms. Jayasree Narasimhan, AOR

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

1. Leave granted.
2. The appeals succeed and are allowed in terms of the signed order. Pending applications, if any, shall stand disposed of.

(GULSHAN KUMAR ARORA)
AR-CUM-PS

(NAND KISHOR)
ASSISTANT REGISTRAR

(Signed order is placed on the file)