



A.S.NO.501 of 2017

IN THE HIGH COURT OF JUDICATURE AT MADRAS

JUDGMENT RESERVED ON : 01 / 07 / 2025

JUDGMENT PRONOUNCED ON : 06 / 10 / 2025

**CORAM :
THE HONOURABLE MR. JUSTICE R.SAKTHIVEL**

**APPEAL SUIT NO.501 of 2017
and C.M.P.NO.15803 of 2017**

1. Food Corporation of India,
Rep., by its General Manager (TN),
Regional Office,
No.124, Greams Road,
Chennai-600 006.

2. Food Corporation of India,
Rep., by its Area Manager,
District Office,
“Immanuel Complex”
No.40, Thayumanavar Street,
Thirunagar, Vellore-632 06.

... Appellants/
Defendants

Vs.

1. E.S.T.Moorthy
2. E.S.T.Bakthavatchalam

... Respondents /
Plaintiffs

PRAYER: First Appeal filed under Section 96 read with Order XLI Rule 1 of Code of Civil Procedure, 1908 praying to set aside the Judgment and Decree dated December 23, 2016 passed in O.S.No.3891 of 2013 by the learned XV Additional Judge, City Civil Court, Chennai.

For Appellants : Mr.M.Imthias



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For Respondent : Ms.G.Narmada
Nos.1 and 2

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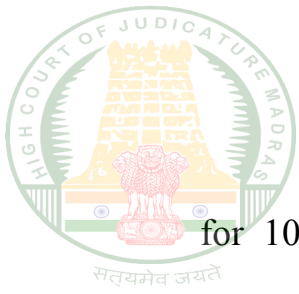
JUDGMENT

Feeling aggrieved by the Judgment and Decree dated December 23, 2016 passed in O.S.No.3891 of 2013 by the 'learned XV Additional Judge, City Civil Court, Chennai' ['Trial Court' for brevity and convenience], the defendants therein have filed this Appeal Suit under Section 96 read with Order XLI Rule 1 of 'the Code of Civil Procedure, 1908' ['CPC' for short].

2. For the sake of convenience, hereinafter, the parties will be referred to as per their array in the Original Suit.

PLAINTIFF'S CASE:

3. The first defendant advertised in the Indian Express on July 09, 2009, inviting offers for providing scientific godowns for storage of food grains in Tamil Nadu with a minimum capacity of 5000 Metric Tonnes (MTs). The plaintiffs responded to the notice, offering their godown at Rs.6/- per sq. ft. The godown is situated in Survey No.312/14 of Agoor Village, near Thiruttani Railway Station, and has a capacity of 5000 MTs. The plaintiffs claimed that the godown was constructed at the instance of the Food Corporation of India and had previously been occupied by them



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for 10 years till 1987. Terms of the lease were negotiated. Then the

defendants sent a letter dated August 21, 2009, requesting the plaintiffs to submit a No Encumbrance Certificate and extend the offer period for one month from September 1, 2009. The plaintiffs complied with the request and extended the offer period. The committee constituted by the defendants inspected the godown on November 07, 2009 and submitted a report recommending occupation subject to rectification of certain defects mentioned therein. The plaintiffs rectified the defects by spending a sum of Rs.1 lakh and informed the defendants that the godown was ready for occupation. Then a lease agreement was entered into on March 15, 2010 for a period of one year at a monthly rent of Rs.2.75/- per sq. ft and the same was registered as per the Registration Act, 1908. The entire expenses of Rs.15,100/- towards registration charges and stamp duty were borne by the plaintiffs. Despite the agreement, the defendants failed to occupy the godown and pay rent. On September 25, 2010, the plaintiffs sent a letter to the first defendant calling upon them to clear the rent arrears. But on October 30, 2010, the first defendant repudiating the claim terminated the agreement unilaterally with effect from November 30, 2010. The plaintiffs have kept the godown vacant even after receiving the termination letter



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with a hope that the defendants would occupy the godown at any moment, but the defendants did not. The defendants' termination of the agreement was illegal and caused the plaintiffs significant losses. Therefore, plaintiffs filed the Suit claiming

(i) Rs.9,86,370/- as rent for the lease period i.e., from March 15, 2010 to March 14, 2011 at the agreed rate of Rs.82,197.5/- per month,

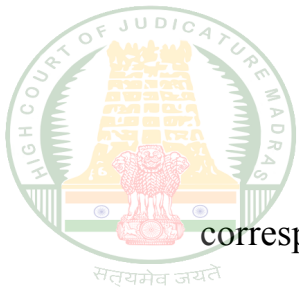
(ii) Rs.10,000/- towards stamp duty on lease deed,

(iii) Rs.5,100/- towards registration charges on lease deed,

totally Rs.10,01,470/- together with interest at the rate of 18% per annum from the date of Suit till actual realisation and for costs.

DEFENDANTS' CASE:

4. The second defendant filed written statement and the same was adopted by first defendant. According to the defendants, the lease agreement was subject to the condition that rent would be payable only from the date of first deposit of food grains in the godown. No food grains were deposited in the godown, and therefore, no rent is payable. The plaintiffs are aware of this condition and had confirmed it in their



correspondence. On October 30, 2010, the defendants terminated the lease agreement with effect from November 30, 2010, as per the terms of the agreement. The Suit is not maintainable and lacks cause of action. Stating so, the defendants prayed for dismissal of the suit.

TRIAL COURT

5. Based on the above pleadings, the Trial Court framed the following issues:-

- 1. Whether the plaintiff is entitled to recover Rs.10,01,470/- towards rental income from the defendants as prayed for?*
- 2. Whether the lease agreement entered into between the parties has been terminated w.e.f. 30.11.2010 as alleged by the defendants?*
- 3. Whether the suit is not maintainable for want of cause of action?*
- 4. To what relief the plaintiff is entitled to?'*

6. At trial, on the side of the plaintiff, 1st plaintiff was examined as P.W.1 and Ex-A.1 to Ex-A.20 were marked. On the side of the defendants, one Mr. Ganesan, Manager, Food Corporation of India, District Office,



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Vellore was examined as D.W.1 and Ex-B.1 alone was marked.

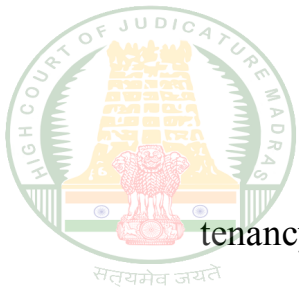
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7. After full-fledged trial, the Trial Court concluded that the defendants are liable to pay the rent irrespective of occupation and the plaintiffs are entitled to recover the Suit claim together with interest. Accordingly, it directed the defendants to pay a sum of Rs.10,01,470/- to the plaintiffs together with interest at the rate of 6% per annum from the date of filing of the Suit till date of realisation.

8. Feeling aggrieved, the defendants therein has preferred this Appeal Suit under Section 96 read with Order XLI Rule 1 of the CPC.

ARGUMENTS:

9. Mr.M.Imthias, learned Counsel for the appellants / defendants would invite the attention of this Court to Ex-A.13 – Lease Agreement and submit that the lease period commences from the date of first deposit of food grains. In other words, the plaintiffs are eligible for rent only from the date of first deposit of grains. But due to some operational constraints, the defendants were unable to occupy the godown and store grains in the near future. Further, as per the terms of Ex-A.13 – Lease Agreement, the



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tenancy can be terminated at the option of the lessee with one month notice. Accordingly, the first defendant terminated the tenancy vide termination letter dated October 30, 2010 with effect from November 30, 2010. As grains were never deposited, as per the terms of Ex-A.13 - Lease Agreement, the defendants are not liable to pay any rent to the plaintiffs. The Trial Court failed to consider the above facts. The Judgment and Decree of the Trial Court is erroneous and deserves to be interfered with. Accordingly, he would pray to set aside the Judgment and Decree of the Trial Court.

10. Per Contra, Ms.G.Narmada, learned Counsel for the respondents / plaintiffs would contend that as per Ex-A.13 – Lease Agreement, the lease period begins from March 15, 2010. The plaintiffs approached the defendants with the offer to lease the godown on July 15, 2009. Vide Ex-A.2 – Telegram, the defendants called upon the plaintiffs for negotiation of the terms of the Lease Agreement. After negotiation, a committee constituted by the defendants inspected the godown on November 07, 2009, suggested some works and approved the godown for occupancy subject to the completion of the aforesaid works vide Ex-A.19 –



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Committee Report. The plaintiffs spent Rs.1,00,000/- and carried out the

modifications as evident from Ex-A.20 – Letter dated January 15, 2010

from second defendant to first defendant stating that all the suggested

works have been carried out and the godown is ready for occupancy, copy

of which letter was marked to the plaintiffs as well. Pursuant to Ex-A.20,

the plaintiffs issued Ex-A.11 - Letter dated February 6, 2010 to the first

defendant asking them to occupy the godown at the earliest. Then vide Ex-

A.12 – Letter from first defendant to second defendant copy of which was

marked to plaintiffs, stating that competent authority has approved to

occupy the godown and accordingly, the second defendant was instructed

to make necessary arrangements for storing food grains. Only after these

many due deliberations, Ex-A.13 – Lease Agreement was entered into on

March 15, 2010. As evident from the above communications, there was a

reasonable expectation that the defendants would occupy the godown

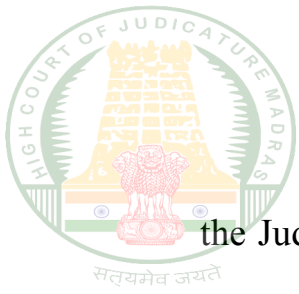
sooner. In any event, even while assuming that the lease period begins

from the date of first deposit of food grains, first deposit ought to have

been within a reasonable time period of not more than 15 days,

considering the fact that the entire lease period itself was only for a year.

The Trial Court rightly decreed the Suit. There is no need to interfere with



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the Judgment and Decree of the Trial Court. Accordingly, she would pray to dismiss the Appeal Suit and confirm the Judgment and Decree of the Trial Court. In support of her contentions, she would rely on the Judgment of this Court dated February 14, 2023 in ***The Area Manager, Food Corporation of India -vs- Kandasamy*** (A.S.Nos.967 and 948 of 2015).

DISCUSSION:

11. Heard on either side. Perused the evidence available on record.

The following points arise for consideration in this Appeal Suit:

- (i) Whether Ex-A.13 – Lease Agreement commences on March 15, 2010 as contended by the plaintiffs, or from the date of first deposit of food grains as contended by the defendants ?
- (ii) Whether the plaintiffs are entitled to rent for the entire lease period of one year i.e., from March 15, 2010 to March 14, 2011, when the lease was terminated with effect from November 30, 2010 ?
- (iii) Whether the plaintiffs are entitled to the expenditure of Rs.15,510/- incurred by them in registering Ex-A.13 – Lease Agreement viz., stamp duty and registration charges ?



Point No.(i)

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12. First, this Court deems fit to extract a portion of Clause i of Ex-

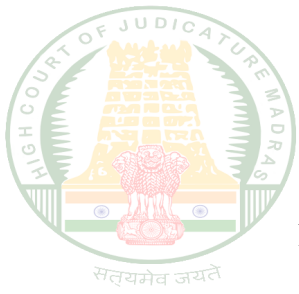
A.13 – Lease Agreement for ready reference hereunder:

"WHEREAS. It is agreed as follows:

The lessors hereby agree to let and the Lessee hereby agree to take on lease for an initial period of one year. from (15.03.2010 to 14.03.2011) the date of first deposit of Food grains and thereafter subject as herein after mentioned, on a monthly tenancy the godowns / premises described in the schedule hereto...."

[Emphasis supplied by this Court]

13. From a bare reading of the above, it is clear that the terms of Ex-A.13 – Lease Agreement is not clear; there is some ambiguity with regard to date of commencement of the initial lease period. The terms of Ex-A.13 could be interpreted in two ways. One to mean that the initial lease period begins from March 15, 2010 and ends on March 14, 2010. Another to mean that the lease period begins from the date of first deposit of food grains in the godown. Both interpretations are contradictory to each other. This ambiguity and contradictions forming the core of the dispute, makes it necessary for this Court to examine the intention of the parties in the light of facts of the case.



14. The advertisement inviting offers for providing godown on lease

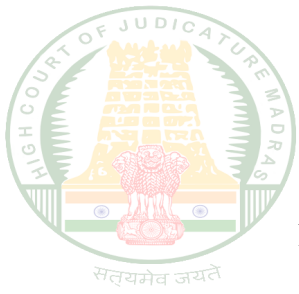
was published by the defendants on July 9, 2009, and the plaintiffs approached the defendants with their offer on July 15, 2009 vide Ex-A.1 – Offer Letter. Then on July 21, 2009, vide Ex-A.2 – Telegram, the defendants called upon the plaintiffs for a meeting scheduled to be held on July 23, 2009 to negotiate the terms of the lease. Following the negotiations, the defendants constituted a committee to inspect the plaintiffs' godown. Accordingly, the committee inspected the godown on November 7, 2009, suggested a few works and certified that the godown is suitable for occupancy subject to the completion of the suggested works vide Ex-A.19 – Committee Report. The plaintiffs spent Rs.1,00,000/- and carried out the suggested works. The same is evident from Ex-A.20 – Letter dated January 15, 2010 from second defendant to first defendant with copy marked to plaintiffs, which states that all the suggested works have been carried out and the godown is ready for occupancy. Pursuant to Ex-A.20, the plaintiffs issued Ex-A.11 - Letter dated February 6, 2010 to the first defendant asking them to occupy the godown at the earliest. Then as it could be seen from Ex-A.12 – Letter, copy of which was marked to plaintiffs, the first defendant has communicated the second defendant that



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competent authority has approved to occupy the godown and accordingly, the second defendant was instructed to make necessary arrangements for storing food grains there. These elaborate formalities, procedures and negotiations took place before the parties entered into Ex-A.13 – Lease Agreement on March 15, 2010.

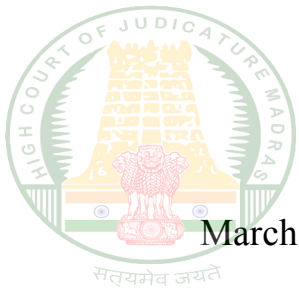
15. As rightly contended by the learned Counsel for the respondents / plaintiffs, from the communications between the plaintiffs and the defendants including the internal communications copy of which were marked to the plaintiffs, especially Ex-A.12 – Letter wherein first defendant had instructed the second defendant to take necessary steps to store food grains in the godown as necessary permissions from competent authority has been obtained, it can be reasonably presumed that the defendants were planning to occupy and store grains in the godown sooner. Thus, it does not appear like the parties had any intention to commence the lease period from a farther date, upon the first deposit of food grains. In any event, the intention of the parties could have only been that the lease period begins within a short span, probably within 15 days, when the grains are first deposited in the godown.



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16. To be noted, the godown has been alerted to meet the needs of the defendants and the plaintiffs have submitted necessary documents such as Encumbrance Certificate. Vacant possession and enjoyment has also been handed over to the defendants on the date of Ex-A.13 i.e., on March 15, 2009 itself. Plaintiffs have pleaded that they have vacated their tenant / Civil Supplies Department who were in occupation of a part of the godown to provide the complete 5000 MTs capacity of storage to the defendants. It is also to be noted that the initial lease period was itself only one year. In such a scenario, Postponing the commencement of the lease period indefinitely or for a long period of time until the food grains are first deposited, is an improbable case and could not have been the intention of the parties. No common prudent person would make alterations and handover vacant possession just to postpone the lease period indefinitely. Furthermore, no contra intention or contra terms could be gathered from a comprehensive reading of Ex-A.13 – Lease Agreement.

17. In short, the date of commencement of the lease period is March 15, 2009, or in the any event, within a short span of time upon the first deposit of food grains. As the grains were never deposited in the godown, this Court considers the date of commencement of the least period as



March 15, 2009. The findings of the Trial Court in this regard are right and

warrants no interference by this Court. **Point No.(i) is answered accordingly in favour of plaintiffs and against the defendants.**

Point No.(ii)

18. It is worthwhile to refer to the below extracted portion of Clause i of Ex-A.13 – Lease Agreement:

"...It is agreed that the tenancy hereby created shall be determinable (subject of clause III hereof) at the option of the Lessee at any time by his giving to the Lessors one month's notice in writing."

19. From the above extract, it is clear that the lessee has every right to terminate the contract with one month prior notice. In this case, when the plaintiffs addressed the defendants vide their letter dated September 25, 2010, calling upon them to clear the rent arrears, the defendants replied on October 30, 2010, rejecting the plaintiffs' claim of rent arrears and terminating Ex-A.13 – Lease Agreement with effect from November 30, 2010 citing operational constraints. Thus, the defendants have terminated the lease from November 30, 2010 duly with one month prior notice. The plaintiffs have pleaded that even after the termination, they were hopeful that the defendants would occupy the godown and hence,



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kept the godown vacant. The defendants cannot be made to pay rent for

the plaintiffs' hopes, when they have duly and expressly terminated the

lease. As held under Point No.(i), the lease period commences from March

15, 2010 and therefore, the plaintiffs are eligible for payment of agreed

rent at the rate of Rs.2.75/- per sq. ft. by the defendants for the period of

about 8.5 months between March 15, 2010 and November 30, 2010. In

Kandasamy's Case [cited *supra*] relied on by the learned Counsel for the

respondents / plaintiffs, the Food Corporation had not terminated the lease

and hence, this Court found that the lessors are entitled to rent for the full

lease period. In this case, as stated *supra*, the defendants terminated the

lease duly with one month prior notice with effect from November 30,

2010. Hence, *Kandasamy's Case* is distinguishable on facts and not

applicable to the instant case. The Trial Court has failed to note the

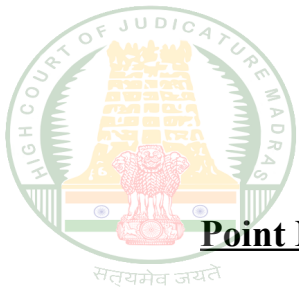
termination of the lease by the defendants duly as per Ex-A.13 – Lease

Agreement, and is not justifiable in directing the defendants to pay the

agreed rent for the entire lease period of 12 months. **Point No.(ii) is**

answered accordingly partly in favour of the plaintiffs and partly in

favour of defendants.



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Point No.(iii)

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20. The plaintiffs have claimed the stamp duty charges of Rs.10,000/- and the registration charges of Rs.5,100/- spent on Ex-A.13 – Lease Agreement. Clause xii of Ex-A.13 – Lease Agreement reads that *“The necessary stamp duty if any required under law for these presents shall be borne by the Lessors”*. Hence, the stamp duty is upon the plaintiffs. There is no specific mention of registration charges, which is closely related and similar to stamp duty. When there is no express mention such charges shall be borne by the defendants / lessee in Ex-A.13, the plaintiffs who completely rely on Ex-A.13 to claim arrears of rent, cannot seek to reimburse the same from the defendants. To be noted, Ex-A.13 was acted upon and possession was handed over. Ex-A.13 being for an initial lease period of one year would not be valid without due registration. In these circumstances, this Court is of the considered opinion that the plaintiffs are neither entitled to the registration charges nor to the stamp duty paid by them for registering Ex-A.13 – Lease Agreement. The Trial Court failed to consider Clause xii of Ex-A.13 and the fact that there terms to the effect that the registration charges shall be borne by the defendants / lessee, and erred in granting Rs.15,100/- towards stamp duty



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and registration charges. The plaintiffs are not entitled to the same. **Point**

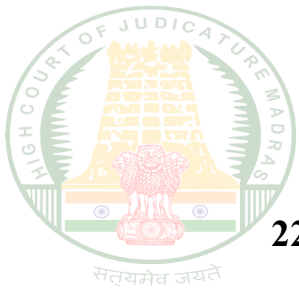
No.(iii) is answered accordingly in favour of defendants and against the plaintiffs.

21. The Trial Court had awarded interest at the rate of 6% per annum on its Decree amount. Considering the fact that the transaction is a commercial transaction, as well as the other facts and circumstances of the case, this Court is of the view that interest at the rate of 12% per annum would be just and reasonable. The arrears of amount is a clearly quantifiable amount and the defendants would be liable to remit the same from the very next moment of termination, unless there exist a contract to the contrary. This means, the defendants would be liable to pay interest from the date of termination i.e., from November 30, 2010. However, as the plaintiffs have sought for interest only from the date of Suit till realisation, this Court is inclined to award 12 % interest per month from the date of Suit till the date of realisation.

CONCLUSION:

22. Resultantly, the Appeal Suit stands partly allowed. The Judgment and Decree of the Trial Court is modified as hereunder:

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22.1. The defendants are directed to pay a sum of Rs.6,98,678.75/-, which is the arrears of rent at the agreed rate of Rs.82,197.50/- for the lease period between March 15, 2010 and November 30, 2010, along with interest at the rate of 12 % per annum from the date of Suit till realisation.

22.2. The plaintiffs shall be entitled to proportionate costs for the Original Suit.

22.3. Keeping in mind the facts and circumstances of the case, there shall be no order as to costs in this Appeal Suit. Consequently, connected Civil Miscellaneous Petition is closed.

06.10.2025

Index : Yes
Speaking Order : Yes
Neutral Citation : Yes
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To

The XV Additional Judge,
City Civil Court, Chennai.

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R. SAKTHIVEL, J.

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PRE-DELIVERY JUDGMENT MADE IN
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