* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on : 02.04.2026
% Pronounced on : 29.05.2026
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+ **FAO 79/2026 & CM APPL.15713/2026**

KARAN LUTHRA NOW DECEASED .....Appellant
Through: Mr. Rajesh Yadav, Senior Advocate with Mr. Rajiv Dewan, Mr. Ravnak Gupta, and Mr. Dhananjay Mehlawat, Advocates.

versus

M S KRISHNA ESTATE & ORS. .....Respondents
Through: Mr. J. Sai Deepak, Senior Advocate with Mr. Gaurav Jain, Mr. Atul Malhotra, Ms. Karuna Sharma, Mr. Anant Raj Kannojiya, Mr. Pramendra Singh, Mr. Devesh Chauhan, Ms. Akriti Chaturvedi, and Ms. Prerna Tiwari, Advocates for Respondent No. 2.
Mr. Gandharv Anand and Mr. Brian Bosses, Advocates for Respondent No. 3.
Mr. Rajesh Kumar Agnihotri, Advocate for GNCTD/Respondent Nos. 4 and 5.

+ **FAO 102/2026, CM APPL. 22182/2026, CM APPL. 33818/2026 and CM APPL. 33820/2026**

Reserved on : 26.05.2026

SAHIL LUTHRA .....Appellant

Through: Mr. Jayant Bhushan, Senior Advocate with Mr. Gandhari Anand, Mr. Brian Menry, Mr. Ashish, and Mr. Amartya Bhushan, Advocates.

versus

M/S KRISHNA ESTATE & ORS. .....Respondents

Through: Mr. J. Sai Deepak, Senior Advocate with Mr. Ashwani Kumar, Advocate for Respondent No. 1.
Ms. Karuna Sharma, Mr. Anant Raj Kannojiya, Advocates for Respondent No. 3.
Mr. Shahnawaz, Advocate for Applicant.

CORAM:
HON'BLE MR. JUSTICE MANOJ KUMAR OHRI

JUDGMENT

CM APPL. 33818/2026 (impleadment) and CM APPL. 33820/2026 (impleadment) in FAO 102/2026

1. It is informed that applications under Order 1 Rule 10 CPC are pending before the Trial Court and the same shall be considered in accordance with the law.

2. The present applications are disposed of in the above terms.

FAO 79/2026 & CM APPL.15713/2026 (stay)
FAO 102/2026 & CM APPL. 22182/2026 (stay)

1. The captioned appeals have been filed by the appellants/defendants, who are the legal heirs of late *Karan Luthra*, against an order dated 03.01.2026, whereby the application under Order 39 Rules 1 & 2 CPC filed

by the common respondent no. 1/plaintiff in both the present appeals was allowed, and the defendants were restrained from creating encumbrances, selling, alienating, parting with, and/or creating third party interests in regard to the subject properties during the pendency of the underlying suit. The parties hereinafter are referred to according to their status before the Trial Court.

2. While final arguments were heard and the judgment reserved in both the captioned appeals on different dates; in view of the parties as well as the impugned order being common, and the same questions of fact and law being raised, both the appeals are being disposed of *vide* this common judgment.

3. The impugned order came to be passed in the context of the underlying suit bearing no. CS DJ 816/25, wherein the plaintiff has claimed to be the owner of the subject properties, being 91 *Bighas* 08 *Biswas* of agricultural land situated in *Village Dera Mandi, Tehsil Hauz Khas (now Mehrauli)*, *New Delhi*, on the strength of four sale deeds statedly executed in 1998 by the late *Vinod Luthra,* brother of late *Karan Luthra*, in favour of the plaintiff organisation.

Late *Karan Luthra* had filed a suit in the year 2002 against late *Vinod Luthra*, the plaintiff organisation herein, as well as three other individuals, alleging that *Vinod Luthra* had illegally sold properties purchased by *Karan Luthra* to the said parties, and seeking cancellation of the concerned sale deeds. These included the deeds *qua* the subject properties in the present dispute. The parties to the suit filed by late *Karan Luthra*, including the plaintiff herein, managed to reach a settlement dated 19.07.2022 (which superseded an earlier settlement dated 28.05.2022) before the Mediation Centre, *Saket* Courts. On a joint application under Order 23 Rule 3 CPC being filed by the said parties, a compromise decree was passed on 21.07.2022 in terms of the said settlement. Accordingly, late *Karan Luthra* was declared the owner of the subject properties, and all claims of the plaintiff herein were declared to stand satisfied with nothing remaining to be paid to it. It was recorded that the plaintiff had given up all rights, title, and interest in the subject properties and possession of the same had been handed over to late *Karan Luthra*. It was further recorded that the plaintiff would execute sale deed(s) in favour of late *Karan Luthra* within 3 months of the date of decree.

Now, in the underlying suit, the plaintiff (erstwhile partnership firm, presently being run as a sole proprietorship) has sought to collaterally challenge the said settlement and compromise decree by stating that the complete contents of the agreement between the parties were not made part of the same. As noted above, the Trial Court, *vide* the impugned order, restrained the defendants from creating third party interests in the subject properties during the pendency of the suit.

4. Mr. Rajesh Yadav, learned Senior Counsel appearing for the appellant/defendant in FAO 79/2026, while assailing the impugned order, contends that the plaintiff has not approached the Trial Court with clean hands and has suppressed material facts. It is stated that after the passing of the compromise decree on 21.07.2022 pursuant to the settlement dated 19.07.2022, late *Karan Luthra* preferred an execution petition wherein the plaintiff was duly represented through counsel. A statement of no objection

was given on behalf of the plaintiff to the appointment of a Local Commissioner ("LC") to execute the sale deeds. On 21.06.2024, a sale deed was executed in favour of the late *Karan Luthra* in terms of the compromise decree by the Executing Court. This deed explicitly mentions that the entire sale consideration stands paid and physical possession of the property has already been delivered. Neither *Karan Luthra* nor the plaintiffs assailed the compromise decree during the lifetime of *Karan Luthra*. However, following his demise on 23.08.2024 and over 3 years after passing of the compromise decree, the plaintiff filed an application in September 2025 seeking to set aside the said decree, and additionally filed the underlying suit in December 2025. In the underlying suit, an LC was appointed whose report explicitly verified that physical possession of the property rests with the defendants. The plaint, however, completely suppressed the fact that the sale deed dated 21.06.2024 was executed under the directions of the Executing Court. Though the plaintiff has claimed an additional oral understanding, the same was never a part of either the settlement or the compromise decree, and the suit remains completely silent on the crux of this alleged understanding.

5. *Per contra*, Mr. J. Sai Deepak, learned Senior Counsel appearing for the plaintiff in both appeals, submits that the Authorized Representative ("AR") of the plaintiff had executed a General Power of Attorney ("GPA") dated 05.07.2022 in favour of late *Karan Luthra*, authorizing him to deal with the subject properties on behalf of the plaintiff. It is argued that pursuant to the said GPA and as per an oral understanding between the parties, late *Karan Luthra*, even after the compromise decree was passed

recording that no further amounts had to be paid to the plaintiff, transferred further amounts totalling Rs.10,70,00,000/- to the plaintiff through RTGS/NEFT/CHEQUE *vide* eight transactions between 24.05.2022 and 26.04.2023. In addition thereto, late *Karan Luthra* is also stated to have issued six cheques in favour of the plaintiff for the part pertaining to the plaintiff's share in the future sale(s) of the subject properties. It was claimed that while late *Karan Luthra* complied with this understanding during his lifetime, his legal heirs refused to continue with the commitment following his demise, which necessitated the filing of the underlying suit.

6. Mr. Jayant Bhushan, learned Senior Counsel appearing for the appellant/defendant in FAO 102/2026, adopts the submissions made by Mr. Yadav and further contends that a written settlement, a subsequent compromise decree, and a formal transfer of title, all recording that no amounts remain to be paid to the plaintiff and extinguishing its rights in the subject properties, cannot be overridden by a vague oral agreement. It is submitted that the plaintiff's prayer for an interim injunction is entirely based on an alleged unwritten understanding, the exact nature, terms, and conditions of which have not even been clarified in the plaint. It is further submitted that the plaintiff has set up an entirely contradictory and unsustainable case; while the plaintiff has prayed for the cancellation of the GPA dated 05.07.2022 in the underlying suit, it is now seeking to project the very same document, and transactions purportedly carried out pursuant to the same, as supreme over a subsequent decree of the Court.

7. Mr. J. Sai Deepak, learned Senior Counsel for the plaintiff, reiterates that there was a broader oral understanding between the parties, as per which

late *Karan Luthra* was required to pay further sums to the plaintiff, and submits that there is no other plausible explanation for the RTGS/NEFT transactions made and cheques issued by the late *Karan Luthra* in favour of the plaintiff. He further submits that the concerned execution proceedings are an absolute nullity as they were filed before a Court which lacked territorial and pecuniary jurisdiction over the matter. It is also submitted that the counsel who appeared in the execution proceedings was never authorized to appear in the said proceedings or consent to the appointment of an LC for the execution of a sale deed in favour of late *Karan Luthra*.

8. I have heard the learned Senior Counsels for the parties and carefully examined the record.

9. Learned Senior Counsel appearing for the plaintiff has vehemently relied upon the GPA dated 05.07.2022 to substantiate the plaintiff's argument as to the existence of an oral understanding between the plaintiff and late *Karan Luthra*, pursuant to which certain funds were transferred. However, a perusal of the plaint reveals that the plaintiff has explicitly prayed for the said GPA to be declared illegal, *non-est*, *void ab initio*, and of no legal effect whatsoever. The plaintiff cannot be permitted to challenge a document as a nullity in its own pleadings and then simultaneously rely upon the very same document in appeal, especially to argue that it shall reign supreme over a written settlement duly signed by the plaintiff's AR, a subsequent compromise decree of the Court, as well as a sale deed reflecting a formal transfer of title.

10. It is also worth noting that only two out of the eight RTGS/NEFT transactions sought to be relied upon by the plaintiff as proof of the alleged

oral understanding between the parties were executed after the settlement dated 19.07.2022 or the compromise decree dated 21.07.2022. Furthermore, the execution proceedings instituted by late *Karan Luthra* pursuant to the said compromise decree concluded with the execution of a sale deed dated 21.06.2024 in his favour by an LC on behalf of the plaintiff. The said deed, too, explicitly records that the entire sale consideration stands paid and physical possession of the property has already been delivered. No amounts whatsoever have been shown to have been transferred by late *Karan Luthra* to the plaintiff thereafter.

11. The crux of the alleged understanding between the parties has not been pleaded by the plaintiff in its suit. It has been vaguely stated that further sums were required to be paid by late *Karan Luthra*, however, the plaintiff has failed to state the specific terms or proportions of this alleged unwritten agreement in the plaint. Notably, no evidence has been produced to establish that there even was any sale of the subject properties at the relevant time these transactions were executed.

12. Indisputably, the settlement dated 19.07.2022 records that no amounts remain to be paid to the plaintiff, that possession of the subject properties had been handed over to late *Karan Luthra*, and that the plaintiff was required to execute sale deed(s) in the favour of late *Karan Luthra*. The subsequent compromise decree was passed on a joint application under Order 23 Rule 3 CPC being filed by the parties. The same was accompanied by the affidavits of all the parties concerned, including an affidavit by the AR of the plaintiff, and the Court had also separately recorded the statements of all the parties. Execution proceedings were filed thereafter and

the same counsel who had appeared for the plaintiff at the time of the compromise decree also represented them in the execution proceedings. The counsel had also filed a *vakalatnama* on behalf of the plaintiff in the said execution proceedings. Consent was given for the appointment of an LC to execute a sale deed in favour of late *Karan Luthra*. This entire gamut of facts does not find mention in the plaint. A plea has now been raised that the execution proceedings are rendered a nullity due to the unauthorised appearance and unauthorised consent of the concerned counsel. Concededly, no complaint or remedial proceedings have been initiated against the said counsel before the Bar Council or otherwise for the alleged unauthorized representation. The plaintiff's stand appears to be a complete afterthought.

13. It has also been submitted on behalf of the plaintiff that the Executing Court lacked the requisite territorial and pecuniary jurisdiction over the matter. However, the record shows that the plaintiff participated in the execution proceedings through counsel without any timely demur, allowed the process to reach its conclusion, and permitted the registration of the sale deed to be completed on 21.06.2024.

14. Though an application to set aside the compromise decree has now been filed, the same was done only in September 2025, years after the execution stood satisfied and after the demise of *Karan Luthra* on 23.08.2024, and right before the filing of the underlying suit. The same is stated to be pending consideration before the concerned Court.

15. Unquestionably, the compromise decree dated 21.07.2022 stands satisfied, and the sale deed dated 21.06.2024 stands executed in favour of the predecessor-in-interest of the defendants, and actual physical possession

of the land firmly rests with them as verified by the LC's report dated 22.12.2025 in the underlying suit.

16. On consideration of an application under Order 39 Rules 1 & 2 CPC, the applicant must concurrently establish a *prima facie* case, a balance of convenience, and irreparable loss. If the GPA dated 05.07.2022 is a nullity according to the plaintiff's own prayer, it cannot simultaneously form the foundation of its *prima facie* case. The balance of convenience skews entirely in favour of the defendants, as the settlement dated 19.07.2022, the compromise decree dated 21.07.2022, as well as the sale deed dated 21.06.2024 record that all claims of the plaintiff stood satisfied, possession was delivered to late *Karan Luthra*, and no more amounts were to be paid to the plaintiff. Furthermore, an interim injunction is an equitable remedy requiring a party to approach the Court with clean hands. By completely suppressing the execution proceedings and the registered sale deed dated 21.06.2024 from its plaint, the plaintiff disentitled itself from equitable relief. This Court is of the considered opinion that a discretionary interim injunction cannot be granted based on a complete mystery, and a vague, un-pleaded oral agreement cannot displace a registered title deed at an interlocutory stage.

17. Considering all the above, the present appeals are allowed, and the impugned order is set aside.

18. Needless to add, the findings in the present judgment have been made merely for the disposal of the present appeals. Nothing stated herein shall be construed as a comment on the merits of the case, and the Trial Court shall proceed with the matter uninfluenced by the same.

19. The present appeals, along with the pending applications, are disposed of in the above terms.

(MANOJ KUMAR OHRI)
JUDGE

MAY 29, 2026
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