* IN THE HIGH COURT OF DELHI AT NEW DELHI

% ***Reserved on: 12th March, 2026***

Pronounced on: 1st July, 2026

\+ **RFA No. 432/2024, CM APPL. 23191/2026**

1. **MENETA AUTOMOTIVE COMPONENTS PVT. LTD.**
Plot 49 & 66, Phase 5, Sector 53, HSIIDC,
Kundli, Sonepat, Haryana ….Appellant No.1

2. **THE MANAGING DIRECTOR**
Meneta Automotive Components Pvt. Ltd.
Suite No.3ll, Vardhwan Diamond Plaza
D.B. Gupta Road Paharganj
New Delhi. - 110055. ….Appellant No.2
Through: Mr. Sarthak Sharma, Ms. Vaishnavi Chitneni Advocates.

versus

SHACHINDRA TIWARI
C-8/ 8420, Vasant Kunj, New Delhi, 110070. …Respondent
Through: Mr. Rahul Malik, Advocate.

CORAM:
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. Regular First Appeal under Section 96 read with Order XLI Rule 1 of the Code of Civil Procedure, 1908 (*hereinafter referred to as 'CPC'*) has been filed on behalf of the Appellants against the Judgment dated 26.02.2024, whereby the Suit of the Plaintiff/Respondent for ***Declaration/ Cancellation of Termination Orders dated 23.10.2013 with consequential***

benefits of Rs.44,73,735/- along with interest @ 9% p.a. and costs of Rs 45,000/-, **has been decreed,** in favour of the Plaintiff.

2. The Plaintiff/Respondent had filed a *Civil Suit bearing CS ADJ No. 55587/2016* for *Declaration and Cancellation of Termination Orders dated 23.10.2013* issued by the Defendant/ Appellant terminating the employment of the Plaintiff/ Respondent *and for consequential benefits*.

3. **The brief facts of the case** are that the Defendant Company is a wholly-owned subsidiary of Meneta Holding A/S and is engaged in the business of manufacturing automotive components for leading automobile manufacturers across the world. Plaintiff joined the employment of the Defendant Company, Meneta Automotive Components Pvt. Ltd. on 02.07.2007 as its Managing Director and was given an Appointment Letter dated 12.07.2007.

4. The Plaintiff asserted that throughout his tenure, he discharged his duties with utmost diligence, sincerity, and professionalism, and to the complete satisfaction of the Defendant Company, without any negligence or dereliction of duty on his part. In recognition of the Plaintiff's dedicated services, valuable contributions and exemplary performance, his salary and other emoluments were revised and enhanced from time to time.

5. During the course of his tenure with the Defendant Company, the Plaintiff became aware of various irregularities and wrongful acts allegedly being committed by certain Directors and employees of the Company. The Plaintiff made efforts to oppose and prevent such acts, in the discharge of his duties. Consequent thereto, in or around May 2013, an anonymous letter was circulated amongst various managerial personnel of the Defendant

Company *containing allegations against the Plaintiff regarding the handling and sale of scrap generated during the Defendant Company's production operations.*

6. On 15.07.2013, the Plaintiff was verbally instructed by the officials of the Defendant Company, to proceed on leave for a period of four weeks, with immediate effect. Despite such instructions, the Plaintiff visited the workplace on 16.07.2013 and again on 17.07.2013 with the intention of resuming and discharging his duties; however, he was prevented from joining work.

7. Subsequently, the Plaintiff *became aware that various allegations of cheating and defrauding the Defendant Company pertaining to sale of scrap material had been levelled against him.* He duly responded and refuted the said allegations, during discussions with the concerned officials of the Defendant Company. However, despite his explanations and clarifications, the attitude of the Company's officials remained unchanged. Left with no clarity regarding his employment status and having been denied the opportunity to perform his duties, *the Plaintiff was constrained to await further instructions from the Defendant Company.*

8. Thereafter, the Defendant Company issued a *Show Cause Notice dated 09.10.2013* levelling allegations against the Plaintiff, including breach of trust, embezzlement, fraud, conspiracy, cheating, and other fraudulent activities. The Plaintiff responded to the Show Cause Notice *vide* his reply dated 15.10.2013 specifically denying each and every allegation levelled against him and gave his explanations.

9. Simultaneously, the Defendant Company lodged a *Complaint before the Police Station Kundli, Sonipat, Haryana and a FIR No. 416/2014 was registered under Section 408/ 420/ 467/ 468/ 471/ 120B Indian Penal Code.* Thereafter, a Complaint under Section 200 Code of Criminal Procedure was also filed by the Appellant before the Sonipat District Court, Haryana and is presently pending adjudication. The Plaintiff stated that the allegations contained therein, were entirely unfounded and were made with a view to tarnish his reputation and justify the arbitrary actions initiated against him.

10. Notwithstanding the Plaintiff's reply and explanation, the Defendant Company, vide letter dated 23.10.2013, termed the same as unsatisfactory and *terminated the Plaintiff's employment with immediate effect.*

11. In order to avoid unnecessary disputes and protracted litigation, the Plaintiff requested the Defendant Company to release his salary, allowances, and other service benefits accrued up to the date of termination, along with all retiral and consequential dues payable to him. As no action was taken by the Defendant Company, the Plaintiff was constrained to issue a reminder dated 25.03.2014 reiterating his claims. *However, vide letter dated 17.04.2014, the Defendant Company rejected the Plaintiff's request on the ground that he had been dismissed for misconduct*.

12. The Defendant Company further instituted multiple Complaints before various police authorities in Haryana and Chandigarh, alleging financial indiscipline and fraudulent conduct on the part of the Plaintiff. The Plaintiff submitted that all such Complaints were duly investigated by the concerned authorities and were ultimately closed, as no criminal offence or wrongdoing whatsoever was found to have been committed by the Plaintiff.

13. The Plaintiff further submits that the Defendant Company acted in *gross violation of the principles of natural justice* while terminating his services. No fair, proper, or impartial enquiry was conducted, nor was the Plaintiff afforded an adequate opportunity to defend himself against the allegations levelled by the Defendant Company. It was contended that the termination of the Plaintiff's employment was thus arbitrary, predetermined, and contrary to settled principles of law governing disciplinary proceedings.

14. The Plaintiff had also submitted a Representation dated 25.03.2014 setting out his grievances and seeking redressal; however, the Defendant Company failed to consider the same. The Plaintiff submitted that he was deliberately victimised pursuant to a premeditated course of action undertaken by the Defendant Company, in complete disregard of the principles of fairness, equity, and natural justice.

15. Hence, the Suit was filed for the ***Declaration/ Cancellation of Termination Orders dated 23.10.2013 with consequential benefits of*** Rs.44,73,735/- along with interest @ 9% p.a. and costs in favour of the Plaintiff of Rs 45,000/- ,

16. **The Defendants in their Written Statement** took the preliminary objections that the Defendant No. 1 and 2, viz. its Managing Director and Meneta Automotive Components P. Ltd., arrayed in Memo of Parties, were non-existent persons. Moreover, *no cause of action was disclosed in the Plaint,* which was liable for rejection under Order VII Rule 11 CPC.

17. It was explained that Meneta Automotive Components Pvt. Ltd. (MACPL) does not have any Managing Director, at present. There is no post of Authorised Representative in MACPL, though the Written Statement was being filed on behalf of present Authorised Representative to bring out the relevant facts on record.

18. It was claimed that the *Suit was bad for non-joinder of Meneta Automotive Components Pvt. Ltd. (MACPL),* which is a Private Limited Company, having a separate legal entity from the persons named as the Defendant No. 1 and 2.

19. It was further asserted that the Suit was liable to be dismissed as MACPL had lawfully terminated the services of the Plaintiff, on account of his involvement in serious acts of misconduct, including alleged embezzlement of funds, criminal breach of trust, cheating, forgery, and other fraudulent activities committed during the course of his employment with the Defendant Company.

20. The Defendants had explained that it was 100% subsidiary of Meneta Denmark and was engaged in the business of manufacturing various automotive components such as automotive anti-noise shims, back plates etc., for the purpose of exporting them to various group companies and OEMs, in a number of countries.

21. The Defendant Company averred that the Plaintiff had been in its employment since the year 2007 and was posted at its Sonipat Unit, where he was entrusted with the responsibility of overseeing and managing the day-to-day affairs, operations, and functioning of the said unit.

22. According to the Defendant Company, after approximately six years of service, it came to light that the Plaintiff in active connivance and conspiracy with certain associates *had allegedly indulged in corrupt and illegal practices with a view to misappropriating and embezzling the funds* *and resources of the Company*. It was alleged that the Plaintiff and his associates had caused wrongful gains to themselves, by manipulating records and adopting various improper means.

23. The Plaintiff in connivance with other accomplices, introduced another Firm by the name *of M/s Guru Nanak Iron and Steel*, and *got the previous scrap buyers of MACPL i.e. M/s Taniesh Enterprises and M/s Bhawani Enterprises* excluded, for no legitimate cause or reasons, as part of his commercial conspiracy.

24. It was revealed that the Plaintiff along with Mr. Dharvendu Srivastav, had intentionally and deliberately not followed due process in introducing the said Firms and no profile/supporting documents were submitted at the time of introduction of these Firms, no background check was conducted thereby clearly violating the norms of MACPL.

25. The Defendant Company further alleged that the Plaintiff, along with his accomplices, had entered into a conspiracy to defraud the Company by creating a fictitious entity under the name and style of *M/s Sachi Traders*, which was allegedly awarded contracts for the purchase of scrap, at rates substantially below the prevailing market rates.

26. During the inquiry, it was revealed that the Plaintiff in active connivance with Mr. Yogendra Pal, had floated M/s Shachi Traders to defraud MACPL. The address of M/s Shachi Traders provided, was found to be false. It was also found that the Bank Account being operated by Shachi Traders in Vijaya Bank, Sonepat, was having credit entries only from *M/s Guru Nanak Iron & Steel and M/s V.K. Enterprises* (an entity owned by Mr. Yogendra Pal).

27. The Defendants asserted that it was evident that the Plaintiff and his accomplices, had deliberately and wilfully entered into a criminal conspiracy and had floated the Firm, M/s Shachi Traders in order to stage-manage the fair bidding process, whereas in reality, *M/s Shachi Traders, M/s Guru Nanak Iron & Steel and M/s V.K. Enterprises*, were in active connivance with each other indulging in cartelization of purchase scrap at lower rates and thereby, cheating the MACPL under the overall supervision and guidance of the Plaintiff.

28. It was observed that from September, 2012 to July, 2013, the aforesaid three entities quoted their prices with a difference of +/- Rs.0.20 per kg of each other, which again points out the conspiracy between the Plaintiff and his accomplices. The PAN No. which was used to obtain the CST/TIN No. for M/s Shachi Traders, belonged to one Mr. Deepak Kumar, brother of Mr. Yogendra Pal, an accomplice of the Plaintiff. His Mobile number had also been given in the PAN registration form. It makes it fittingly clear that M/s Shachi Traders was nothing, but a fictitious creation of the Plaintiff and his accomplices.

29. During a detailed financial audit, MACPL found that quotations received from M/s Taniesh Enterprises, were very different to the earlier quotations received from the said Firm and were only made on plain paper; even the signatures of the Authorised Signatory did not match with the earlier quotations. One person, namely, Mr. Neeraj Malyan representing M/s V.K. Enterprises had come to the factory on 24.10.2011 and subsequently, the same person was recorded to have represented M/s Taniesh Enterprises on November 16, 2011, to submit bids on their behalf. It was also noted in the visitor's register that no one ever came to represent M/s Shachi Traders in person, thereby making it abundantly clear that the entire conspiracy was hatched by the Plaintiff, in connivance with the accomplices.

30. The Plaintiff and his accomplices had also manipulated the entire process of weighing of the scrap metal, of MACPL. Discreet enquiry with a labour contractor revealed that on more than one occasion, the weighing scale installed at Bahalgarh Plant showed weight of fully loaded trucks lower by over 5 MTs, as compared to the weighing done on independent weighing scales outside the Plant. The Plaintiff had deliberately fiddled with the plant weighing scale, in order to show lesser weight of scrap, thereby causing loss to MACPL and misappropriating the gains through his fake entity M/s Shachi Traders.

31. It was further claimed that in furtherance of the said conspiracy, the Plaintiff and his associates had made abrupt changes in the constitution of the Scrap Committee, fabricated quotations, manipulated the tendering process, *and thereby caused a financial loss of approximately Rs.1,37,59,660/- to the Defendant Company*.

32. The Defendant Company also alleged that the Plaintiff had committed *acts amounting to cheating and criminal breach of trust*, *in relation to the procurement of information technology equipment*, *by awarding the relevant contract to the highest bidder instead of the lowest bidder*, purportedly in violation of established Company norms and procedures. *According to the Defendant Company, such acts resulted in a financial loss of approximately Rs.20,50,667/-.*

33. Furthermore, MACPL requires forklifts for its regular factory operations. While being In-charge, the Plaintiff awarded the contract for supply of forklifts (3 ton diesel) on a monthly rental basis to one M/s BDH Logistics. The standard average rate in the market for hiring a forklift of similar specification for operating on a 24 Hour basis (amounting to 720 hours in a month) ranges from Rs.40,000/- to Rs.50,000/- per month, whereas the Plaintiff *mala fidely* awarded contract to M/s BDH Logistics at Rs.90,000/- per forklift (at the capped 420 hours per month), beyond which MACPL had to pay on a pro-rata basis. It was found that no proper tendering or even comparison of rates was carried out by the Plaintiff before awarding the contract. The Plaintiff awarded the contract to hire 5 forklifts and thus, inflated rates were paid to vendor from May 2012 to April 2013.

34. It is apparent that the Plaintiff was receiving undue benefit in the form of kickbacks/bribes from the forklift vendor for awarding the Contract at such high rates, much to the prejudice of MACPL. Later, the forklift vendor of M/s BDH Logistics was contacted and confronted wherein he immediately reduced the rates to Rs.66,000/- (24 hours running per day that amounts to 720 Hours per month) and Rs.52,800/- (12 hours of running per day that amounts to 360 hours per month). The Plaintiff thus, caused a loss of more than Rs.35,000/- per month by receiving kickbacks and misappropriating the money of MACPL.

35. The Defendants further asserted that he was in possession of telephonic voice recordings of conversation between the Plaintiff and his accomplice, Mr. Yogendra Pal, which clearly depicted that they were not limited to having professional work relationship, but the Plaintiff was granting undue favours to Yogendra Pal, in return of which, he was not only receiving kickbacks, but also supplied girls, etc.

36. It was further stated that a *Show Cause Notice dated 09.10.2013 was issued to the Plaintiff for explaining his conduct*. The Plaintiff *vide* Reply dated 15.10.2013, instead of satisfactorily answering the allegations, levelled counter-allegations against the Company and sought to justify his actions on untenable grounds.

37. The Defendant Company, upon consideration of the Plaintiff's Reply and the material available on record, ***terminated the services of the Plaintiff vide Termination Letter dated 23.10.2013,*** which action, according to the Defendant Company, was fully justified and in accordance with law.

38. It was further contended by the Defendant Company that, irrespective of the outcome of the criminal proceedings or police investigation, the Plaintiff's services were liable to be terminated on account of the acts of misconduct set out in the Show Cause Notice and the Termination Letter, and that the Plaintiff had no legal right to challenge the said termination.

39. Lastly, the Defendant Company relied upon the terms and conditions of the Appointment Letter dated 12.07.2007 and contended that in the event of any breach of discipline, misconduct, or violation of Company rules by the Plaintiff, his services were liable to be terminated forthwith without Notice and without payment of salary, in lieu of Notice. The Defendant Company accordingly, maintained that the termination of the Plaintiff's employment was valid, justified, and in strict conformity with the contractual terms governing his service.

40. In view of the aforesaid, it was prayed that the Suit of the Plaintiff be dismissed.

41. The Plaintiff in the Replication reaffirmed the assertions as made in the Plaint and denied the allegations made in the Written Statement.

42. From the pleadings, **the Issues were framed on 30.09.2014**, which are as under:-

> *1. Whether the suit is bad for non-joinder of Meneta Automotive Components Pvt. Ltd. as a separate entity? OPD*
>
> *2. Whether the services of plaintiff were illegally terminated by the defendants? OPD*
>
> *3. Whether the plaintiff is entitled to the relief of declaration as prayed for in para (i) of the prayer clause? OPP*
>
> *4. If so, whether the plaintiff is entitled for consequential relief, as prayed for in para (ii) of the prayer clause? OPP*
>
> *5. Relief*

43. The Plaintiff examined himself/ as *PW-1* and tendered his affidavit in evidence as *Ex.PW-1/A*, he deposed about the facts as narrated in the Plaint. He proved the letter of appointment, show cause notice, reply to show cause notice, termination letter and other documents as *Ex. PW1/1 to 1/9.*

44. ***PW-2* Mr. Sandeep Sharma**, Senior General Manager of the Defendant Company from 28.01.2010 to 27.03.2017, who tendered his affidavit in evidence as *Ex. PW-2/A.*

45. The Defendant Company examined its authorised representative **Mr. Mahendra Singh as *DW-1***, who tendered his affidavit in evidence as Ex. *DW-1/A.* He substantially reiterated the allegations contained in the Written Statement.

46. However, *DW-1* during cross-examination admitted that he had joined the Defendant Company only in the year 2016, nearly three years after the Plaintiff's termination in 2013, and therefore had no personal knowledge of the events in question. He further admitted that his testimony was based solely upon certain documents, namely a *Forensic Report* and a *Report prepared by Deloitte* and not on his own knowledge of the facts. *DW-1* also conceded that neither of the said Reports and that no supporting documents had been filed along with his evidence to substantiate the allegations of misconduct. He further expressed ignorance as to whether any domestic enquiry had ever been conducted against the Plaintiff.

47. **The learned District Judge** on appreciation of the documents and evidence, observed that **the Defendant had not disputed the Plaintiff's entitlement, *per se*, to a sum of Rs.44,73,735/-** towards his salary, service benefits, and other contractual dues. The sole defence raised by the Defendant was that the said amount was not payable, on account of the Plaintiff having been dismissed for misconduct. The Defendant Company had led no cogent, admissible, or reliable evidence to establish either the alleged misconduct of the Plaintiff or the alleged loss of Rs.1.70 Crores, claimed to have been suffered by the Company. The entire defence of the Defendant rested on the sole testimony of DW-1, which was purely hearsay and could not be relied upon to prove the allegations of misconduct levelled against the Plaintiff.

48. The learned District Judge held that the Defendant had failed to prove the allegations of misconduct forming the basis of the termination, and there remained no legal justification for withholding the aforesaid dues.

49. Accordingly, the learned District Judge ***decreed the suit in favour of the Plaintiff for a sum of Rs.44,73,735/-,*** along with interest @ 9% per annum from the date of institution of the suit until realization and costs of Rs. 45,000/- in favour of the Plaintiff.

50. Aggrieved by the judgement, Defendant/Appellant has filed the present Appeal.

51. **The grounds of challenge** are that the learned Trial Court had travelled beyond the pleadings and granted a relief which was neither specifically claimed nor quantified in the plaint. The Respondent had valued the suit at Rs.9,15,300/- and had paid court fees accordingly, whereas the learned Trial Court awarded a sum of Rs.44,73,735/- along with interest, despite there being no specific prayer, pleading, valuation, or evidence in support of such claim.

52. Reliance was placed upon the decisions of the Supreme Court in *Bachhaj Nahar v. Nilima Mandal & Ors.* AIR 2009 SC 1103 and *Bharat Amratlal Kothari v. Dosukhan Samadkhan Sindhi & Ors.* (2010) 1 SCC 234, to contend that a civil court cannot grant relief beyond the pleadings and prayers made by the parties.

53. It was further argued that the Respondent/Plaintiff had merely sought a declaration and a vaguely worded consequential relief for being treated as continuing in service with attendant benefits, without specifically claiming recovery of any quantified amount. According to the Appellant, the relief claimed was in the nature of reinstatement with back wages, a remedy unavailable to a Managing Director, employed under a private contract of service.

54. It was contended that the Suit *was barred by the proviso to Section 34 of the Specific Relief Act, 1963*, as the Respondent had failed to seek an appropriate consequential relief, rendering the suit for Declaration simpliciter, not maintainable. Reliance was placed upon the judgment of the Supreme Court in *Muni Lal v. Oriental Fire & General Insurance Co. Ltd.* AIR 1996 642 in support of the said contention.

55. The Appellant further submitted that even assuming the termination to be wrongful, the Respondent was not entitled either to reinstatement or to back wages, as a matter of right. Reliance was placed on the decision of the Supreme Court in *Rajasthan State Road Transport Corporation v. Phool Chand* 2018 18 SC 299 to contend that grant of back wages is not an automatic consequence of setting aside a termination order. It was asserted that the learned Trial Court erred in awarding Rs.44,73,735/- with interest, when no such relief had been specifically claimed by the Respondent.

56. The Appellant contended that the relationship between the parties was purely contractual and governed by the Appointment Letter dated 12.07.2007. Under *Clause 2* thereof, the employment was terminable upon three months' Notice or salary in lieu of Notice, whereas *Clause 2.1* permitted immediate termination in cases involving misconduct or breach of discipline. It was submitted that the Respondent's services were terminated strictly in accordance with the contractual terms after allegations of fraud, misconduct, and misappropriation of Company funds, had surfaced.

57. The Appellant further asserted that the learned Trial Court failed to appreciate that an internal investigation had been conducted, a Show Cause Notice had been issued, and upon the Respondent failing to furnish a satisfactory explanation, his services were terminated.

58. It was submitted that a subsequent *Forensic Investigation* conducted by Deloitte, revealed the Respondent's involvement in activities, causing losses of approximately Rs.1.70 Crores to the Appellant Company. According to the Appellant, the learned Trial Court failed to properly appreciate the evidence and legal submissions advanced on behalf of the Appellant, while adjudicating the dispute.

59. It was also urged that the learned Trial Court erred in awarding a monetary decree without assigning any cogent basis for arriving at the figure of Rs.44,73,735/-. The Trial Court improperly relied upon the Respondent's Demand letter dated 25.03.2014, to quantify the relief, despite the fact that neither the Plaint contained any pleading claiming the said amount nor was any corresponding court fee paid thereon. The Respondent, having valued the Suit at Rs.9,15,300/, could not have been granted a substantially higher amount by way of decree.

60. The Appellant further submitted that even if the termination was assumed to be unlawful, the Respondent's entitlement, in law, could not exceed three months' salary in lieu of Notice, as contemplated under *Clause 2 of the Appointment Letter*. The learned Trial Court failed to appreciate that a private employment contract is not specifically enforceable and that damages, if any, are ordinarily restricted to the Notice period stipulated in the contract.

61. Reliance was placed upon the judgments in *Satya Narain Garg v. DCM Ltd. & Ors*. DE 7110 2011, *S.S. Shetty v. Bharat Nidhi Ltd.* AIR 1958 SC 12, and *Naresh Kumar v. Hiroshi Maniwa* MANU DE/3427/2015, to contend that an employee in the private sector, even if wrongfully terminated, is generally entitled only to compensation equivalent to the contractual Notice period and not to reinstatement, back wages, or damages beyond such contractual entitlement.

62. The Appellant also challenged the observations of the learned Trial Court, regarding the *Deloitte Forensic Report*. It was contended that the Trial Court had erroneously recorded that the Appellant had not relied upon the said Report during the course of arguments, whereas references thereto had been made repeatedly. Although the *Forensic Report* may not have constituted substantive evidence by itself, it formed the basis upon which the Appellant became satisfied regarding the Respondent's involvement in fraudulent activities and consequently initiated disciplinary action, lodged police complaints, and ultimately terminated the Respondent's employment.

63. It was submitted that the learned Trial Court failed to properly appreciate these circumstances, while passing the impugned Judgment and Decree. In view of the aforesaid grounds, ***a prayer is*** made that the impugned Judgment be set-aside and the Suit of the Plaintiff be dismissed.

64. The Appellant in support of his assertions, **submitted the Written Submissions,** wherein the similar contentions were raised.

65. The Respondent in support of his assertions **had submitted the Written Submissions,** wherein it was stated that the Ld. DJ has rightly appreciated the evidence and decreed the Suit in his favour.

Submissions heard and the record perused.

66. The admitted facts are that the Plaintiff joined the employment of the Defendant Company, Meneta Automotive Components Pvt. Ltd on 02.07.2007 ***as its Managing Director***, vide Appointment Letter dated 12.07.2007, *Ex.PW-1/1*.

67. The Defendant Company issued a *Show Cause Notice dated 09.10.2013*, *Ex.PW-1/3* wherein it was indicated that thorough internal investigation was conducted by the Company, which established on record, the deep-rooted connivances and involvement in polarisation of unethical employment practices and in polarizing such misdeeds, which were not only limited to committing financial frauds in clandestine manner with ulterior motive to deceive the company, but were also connected with the active involvement of the Plaintiff in immoral sexual activities exploited for sheer pleasure by two vendors of the Company, who were solely appointed by the Plaintiff with a well-designed and pre-mediated conspiracy, to abuse the powers and authority vested within the possession of the Plaintiff.

68. The reference was made to the audio recording between the Plaintiff and Mr. Yogendra Pal Lal, which squarely proved his misdeeds. All these acts along with the evidences, were gathered by the Company, through the process of internal investigations. It was also stated that during the due diligence exercised, the Plaintiff had caused huge losses to the Company, by selling the scraps on under values to his two favoured parties, namely, M/s

V.K. Enterprises and Shachi Traders. It was stated that more than 80% of the total scrap was sold to these vendors and the loss to the company was to the tune of INR 12.4 mn. The additional benefits were given under various contracts, few of which were:

i) *Contract of Fork Lift services to M/s BDH Logistics, causing loss of INR 1.4 mn.*

ii) Contract of Welding services to M/s Salil Kant causing loss of INR 1.3 mn.

iii) Contract for supply of Lubricants to M/s Bansal Petrochem causing loss of INR 0.65 mn.

iv) Contract of Freight Forwarding services to M/s OCL Shipping causing loss of INR 5.5. mn.

v) Contract for Bins/Rack/Trolleys/Fabrication etc. services to M/s OM Metal causing loss of INR 7.8 mn.

vi) *Contract for various job work services to M/s OM Enterprises causing loss of INR 1.8 mn.*

69. Further details were given about the alleged misdeeds and acts of cheating committed by the Plaintiff, causing a total financial loss of Rs.30 mn. The Plaintiff was asked to give an explanation to Show Cause Notice, *Ex.PW-1/3*, as to why his services should not be terminated and why the entire sum of gratuity payable under Gratuity Rules and Statutory Laws and *even the sum of superannuation benefits be not forfeited*, for the alleged wrongful loss caused to the Company and also because of his acts involving fraud and moral turpitude. Six days time was given to the Plaintiff to respond to the. The Defendant Company in the Show Cause Notice levelled allegations against the Plaintiff, including breach of trust, embezzlement, fraud, conspiracy, cheating, and other fraudulent activities.

70. *A detailed Reply dated 15.10.2013, Ex.PW-1/4* was given by the Plaintiff wherein the Plaintiff denied each and every allegation made in the Show Cause Notice and gave his detailed Reply claiming that he had not defrauded the Company or committed any offence of criminal conspiracy with the people allegedly named in the Show Cause Notice. It was *in extenso*, explained that he acted as per the norms and did not give any undue favour to any Company. The contract was awarded to M/s V.K Enterprises. As per the terms and conditions, many Companies/ persons were debarred from being part of the bidding process. Therefore, new Companies were introduced for sending the quotations and M/s Shachi Traders was one such Company. The complete process of inviting quotations in sealed envelopes was followed. The bids were opened in the presence of at least two of three officials and all the prices quoted by the companies/people, were compared and only the highest offer was awarded the contract for purchasing the scrap.

71. It was further explained that the Plaintiff/Appellant had noticed various discrepancies and contraventions by some officials of the Company. While he was in the middle of probing about them, the persons responsible for such contraventions, acted against the Plaintiff levelled baseless allegations on him by circulating unsigned Letter of allegation and by fabricating baseless and concocted stories against the Plaintiff.

72. He denied each and every allegation made in the Show Cause Notice and sought the withdrawal of Show Cause Notice and also to end the forced leave and allow him to discharge his duties as before.

73. The Appellant after consideration of the Company records, was satisfied by the alleged misconduct of the Plaintiff *and terminated his services, vide Termination Letter dated 23.10.2013, Ex.PW-1/5*. It was stated that the services of the Plaintiff stood terminated on account of his conduct and misdeeds as mentioned in the Show Cause Notice. It was further stated that since the termination was on account of negligent conduct causing damage and loss to the Company and for offences involving moral turpitude, the entire gratuity and superannuation benefits were forfeited under Section 4(6) of Payment of Gratuity Act; Clause 11 of the Meneta Automotive Components Pvt. Ltd. Employees Group Gratuity Assurance Scheme Rules and Clause 12 of the Meneta Automotive Components Pvt. Ltd. Superannuation Scheme Rules, as a penalty of wrongdoing.

74. There is no challenge that the services of the Plaintiff, who was appointed in 2007 as Managing Director was terminated *vide* Letter dated 23.10.2013, *Ex.PW-1/5*. The basic claim of the Defendant for termination, was the allegations of embezzlement, misconduct and acts of moral turpitude.

75. The Appellant, in order to prove the averments and the allegations, examined only one witness, *DW-1* Sh. Mahender Singh, who admittedly joined the Company in the year 2016, nearly three years after the Respondent's termination. He admitted during cross-examination, that he had no personal knowledge of the facts in issue and that his testimony was based upon reports and records. He further admitted that no documents had been produced along with his affidavit, to substantiate the allegations made therein.

76. The Defendants had made serious allegations as had been detailed in the Show Cause Notice. *DW-1*, Sh. Mahender Singh while having deposed about these acts, as mentioned above, was unable to prove even a single act of misconduct or of embezzlement.

77. *The learned District Judge was therefore, justified in holding that the testimony of DW-1 was essentially hearsay and incapable of independently proving the alleged misconduct.*

78. The Defendant/Appellant had placed much reliance was placed on the ***Forensic Investigation Report*** prepared by Deloitte. However, the said Report was never proved, in accordance with law. Neither its author nor any representative of the Auditing Agency, was examined. No witness connected with its preparation, was produced. A document merely forming part of the record, does not become evidence unless duly proved. *The Trial Court was therefore, justified in declining to place reliance upon the unproved report.*

79. The record further revealed that multiple Complaints lodged by the Appellant before various police authorities, culminated in closure reports. Even *FIR No.416/2014* registered at Police Station Kundli, Haryana, admittedly resulted in a Closure report, a fact which was not seriously disputed by the Appellant's witness.

80. The Appellant thus, failed to place any cogent evidence on record, to establish either the alleged misconduct or the alleged loss of Rs.1.70 crores said to have been caused by the Respondent.

81. The Defendants having failed to establish any misconduct in the discharge of duties by the Plaintiff, the question which arises, is whether the termination of the Plaintiff, was justified. In this regard, it would be relevant to refer to the appointment Letter, *Ex.PW-1/1*. ***Clause 2 and 2.1*** **of the Appointment Letter, *Ex.PW-1/1*, read as under:-**

> *2. Your service with the Company are terminatable by either party giving three months notice to the other in writing or three month's basic salary in lieu of notice. Either party need not assign any reason for such termination.*
>
> *2.1 However, in case of breach of disciplinary rules of the Company or misconduct, your service is terminable with immediate effect. In such an event no notice period or salary in lieu of notice is applicable.*

82. As has been discussed at length, *no breach of disciplinary rules of the Company or misconduct was established by the Defendants* and ***thus, the claim for immediate termination with immediate effect with no notice period or salary in lieu of notice, as stipulated in Clause 2.1, was not applicable.***

83. In terms of ***Clause 2 of the Appointment Letter,*** the services could be terminated by giving three months' Notice in writing or basic salary of three months in lieu of Notice. Either party was not required to assign any reason, for such termination.

84. The service of the Plaintiff has been terminated *vide* Letter dated 23.10.2013, *Ex.PW-1/5*. Even if it is held that there was no misconduct proved, but under *Clause 2* of the terms of the Appointment Letter, the Defendant Company was well within its right, to terminate the services of the Plaintiff, either by giving a three months' notice or basic salary for three months in lieu of notice.

85. Supreme Court in the case of *S. S. Shetty vs. Bharat Nidhi Ltd*., AIR 1958 SC 12, which was followed by this Court in the case of *Shri Naresh Kumar vs. Shri Hiroshi Maniwa & Ors*., 2015 SCC OnLine Del 13315, held that "*Even if there is illegal termination of an employee by a private employer, at best the employee is entitled to the salary for the notice period.*"

86. *The learned District Judge in the impugned Judgment, has rightly noted that the termination of the Plaintiff even though, not justiciable on the ground of misconduct, it was well within the terms of the Appointment Letter;* ***the termination being without giving a Notice of three months, entitled the Plaintiff to a basic salary of three months*****.**

87. The ***next challenge*** raised by the Appellant is that the learned Trial Court travelled beyond the pleadings and *granted a decree for Rs.44,73,735/- together with interest*. It was asserted that the Respondent had not specifically quantified the said amount in the prayer clause of the plaint. Moreover, the Suit was valued at Rs.9,15,300/- for the purposes of court fees and jurisdiction, thereby indicating that there was no prayer for *Rs.44,73,735/- together with interest*. According to the Appellant, such a decree is contrary to the settled principle that *a court cannot grant a relief beyond the pleadings and prayers of the parties.*

88. The learned District Judge while categorically observing that the entitlement of the Plaintiff was three months basic salary, misdirected itself in again, reappreciating that no misconduct could be proved by the

Defendants and the termination was held illegal and the Plaintiff was held entitled to all the consequential benefits. These observations are self-contradictory, in so much as having held that respondent was only entitled to salary in lieu of three months Notice, he proceeded to grant additional amounts.

89. In this context, it would be relevant to refer to the prayers made in the Plaint by the Plaintiff, which read as under:-

> "i. *Pass a Decree of declaration in favour of the Plaintiff and against the defendants, declaring termination Order dated 23/10/2013 Null and Void.*
>
> *ii. Pass a decree of Consequential relief(s) to treat the petitioner on duty along with all financial and no financial benefits with retrospective effect*."

90. From the perusal of the Prayer Clause, it is evident that the consequential benefits sought by the Plaintiff were of reinstatement, back wages and all the consequential benefits from the date on which he was put on forced leave. The *consequential relief was not in respect of the salary in lieu of the Notice period or all other benefits like gratuity, leave encashment, LTC and such other reliefs*.

91. It has been rightly agitated by the Defendants/Appellants that the Plaintiff had not quantified his relief in the Plaint, which was limited only to the consequential benefits on reinstatement. The reinstatement itself had been declined rightly, by noting that the Plaintiff was appointed as a Managing Director and it being a contractual appointment in terms of the Companies Act, there could be no reinstatement of the Plaintiff in the Company as the Managing Director. The Plaintiff could not have been granted further benefits, though stated in his Demand letter, but was never mentioned in the Plaint or the evidence.

92. For the sake of arguments, the reference be made to the Demand letter dated 25.03.2014 *Ex.PW-1/6*, wherein in Plaintiff had explained his summary of demand, as under:-

SUMMARY	
Description	Amount
Salary, till October 23rd	11,81,416.26
Balance yearly allowance till Oct. 2013	30,43,302.22
Super annuation	11,67,174/-
Leave encashment	5,20,000/-
Gratuity	4,22,500/-
LTA for 2012	1,30,000/-
LTA for 2013	1,08,333/-
Notice pay @ three months basic	3,90,000/-
Variable till Oct. 13	2,50,000/-
Grand Total	44,73,725.8/-

93. *It has been contended on behalf of the Defendants that the Plaintiff had failed to explain the demand, as made by him.* There is no explanation in regard to the dues towards his salary till 23rd October, Balance yearly allowance till October, 2013, Superannuation, LTA for 2012 and 2013 and for variables till October, 2013. There is not an iota of evidence to explain that the Plaintiff was entitled to any of these amounts, as claimed by him. There is no suggestion given to *DW-1* in regard to the outstanding dues.

94. Learned ADJ, while granting this relief of Rs.44,73,735/- has relied upon the Judgment of Supreme Court in the case of *Kedar Lal Seal and Another vs. Hari Lal Seal*, 1951 SCC 1189, wherein the Supreme Court held that Courts ought not to reject a legitimate claim on a mere technicality of pleadings where the substance of the matter is before the Court and no prejudice is caused to the opposite party. Similarly, in *Bhagwati Prasad v. Chandramaul*, AIR 1966 SC 735, the Supreme Court held that where parties have gone to trial fully aware of the controversy involved *and evidence has been led thereon*, relief may be granted notwithstanding deficiencies in pleadings.

95. In *S.K. Parthasarathy Naidu v. K. Rama Naidu* AIR 2001 MAD 399, relying upon *Firm Srinivas Ram v. Mahabir Prasad* AIR 1951 SC 177, it was observed that courts should not shut their eyes to realities and compel parties to institute fresh proceedings, when the entire material necessary for granting relief is already available on record. Likewise, *in Makhan Lal Ghose v. Mahaluxmi Bank Ltd*. 1966 SCC OnLine Cal 77, it was held that if a party fails to prove its entire case but succeeds in establishing entitlement to a particular relief on the evidence available, the Court may grant such relief as justice demands.

96. Further, the judgment in *Mohd. Shafi vs. Misra Begum*, 1996 LawSuit (J&K) 133, reiterates the principle embodied in Order VII Rule 7 CPC that a civil court retains the power to grant general, ancillary and consequential reliefs flowing from the same cause of action, *provided such relief is not* *inconsistent with the pleadings and no prejudice is caused to the opposite side.*

97. These judgements consistently held that the powers of the Court to grant consequential relief borne out from the record and the evidence led by the parties, is not circumscribed by hyper-technicalities of not being specifically claimed, but these judgement do not support the cause of the plaintiff. In the present case, without giving any explanation of the outstanding dues or even claiming it in his Plaint, the same could not have been granted to the Plaintiff.

98. Appellant had also made reference to the judgments of *Kalyan Singh Chouhan vs. C. P. Joshi*, (2011) 11 SCC 786; *Trojan and Company vs. RM. N. N. Nagappa Chettiar*, (1953) 1 SCC 456; *Om Prakash Gupta vs. Ranbir B. Goyal*, (2002) 2 SCC 256; and *Bachhaj Nahar vs. Nilima Mandal and Ors.*, (2008) 17 SCC 491, wherein Supreme Court held that '*as a rule relief not founded on the pleadings should not be granted'*.

99. Likewise, in the case of *Rajendra Tiwary vs. Basudeo Prasad and Another*, (2002) 1 SCC 90, Supreme Court *held that relief, larger than one claimed by the Plaintiff in the Suit, cannot be granted.*

100. As has been discussed above, relief granted by learned ADJ in regard to salary and emoluments, was on relief, which was not claimed by the Plaintiff / Respondent in his Plaint. Therefore, relief was granted completely beyond the relief claimed in the Plaint and also not established from the evidence of the parties, which was confined to reinstitution and restoration of his salary and emoluments, on re-appointment.

101. The only consequential benefit which can be granted to the Plaintiff, in the light of the finding on termination of the services, is three months' basic salary of ***Rs.3,90,000/-,*** for the Notice period.

102. The Defendants/Appellants have admitted that no gratuity was paid by them to the Plaintiff, on account of his alleged misconduct, in terms of the Gratuity Act. The Appellant, however, failed to prove the allegations of misconduct, fraud, embezzlement, criminal breach of trust, cheating, forgery, or financial impropriety levelled against the Respondent. Therefore, he cannot be denied *his gratuity of Rs.4,22,500/-.*

103. ***In the light of aforesaid discussion the Plaintiff is, therefore, entitled to the sum of Rs.8,12,500/-.***

104. An ***Application CM APPL.23191/2026 under Order XLI Rule 27 read with Section 151 of*** *CPC has been filed on behalf of the Respondent, for leading additional evidence, on the date of conclusion of arguments in this Appeal.*

105. It was submitted in this Application that during the final arguments on 12.03.2026, specific queries were raised by this Court in respect of the quantum of amount awarded by the learned Trial Court on the basis of computation thereof and had sought clarification from the Respondent, if such documentary foundation existed for supporting these figures.

106. The Respondent undertook a diligent search and submitted that after due diligence he found the records namely: *(i) Statutory Auditory Reports of the Appellant Company for the relevant financial period and (ii) an e-mail dated 19.12.2011 issued by officials of the Appellant Company, reflecting the outstanding dues payable to the Respondent.*

107. These documents clearly established and corroborate the existence, acknowledgement and computation of the amount forming part of the decretal liability and therefore, these documents are necessary for just and effective adjudication of the present Appeal.

108. Respondent has further stated that he was unable to move this Application earlier, as at no stage, whether in pleadings, evidence before the learned Trial Court or even in the grounds of Appeal, the veracity of the amount claimed by the Respondent, was disputed.

109. Appellant throughout had been claiming that the amount was not payable on account of alleged misconduct, but had not questioned the computation or existence of such dues as incorrect. The e-mail dated 19.12.2011 addressed by Ms. Jonna Therkelsen to the Respondent Mr. Sachindra Tiwari along with the attachment, detailed the remuneration structure, which recorded that the annual remuneration payable to the Respondent was INR 63,02,682/- out of which INR 19,00,000/- constituted the variable component from 01.07.2011 onwards. The communication further reflected the actual release of variable remuneration to the Respondent i.e. INR 5,62,500/- for the year 2010, INR 2,50,000/- for the quarter ending September, 2011 and INR 2,50,000/- for the quarter ending in December, 2011.

110. Therefore, this e-mail unequivocally confirmed the annual fixed salary component excluding the variable portion, which was Rs.44,02,682/- comprising of aggregate of all salary heads including Basic Pay, House Rent Allowance, Child Allowance, Leave Travel Allowance (LTA), Medical Travel Allowance (MTA), Kit Allowance, Superannuation Contribution, Provident Fund Contribution, Vehicle / Driver Allowance, Gratuity Component, Books and Periodicals Allowance, Uniform Allowance, Washing Expenses, Gift Vouchers, Entertainment Allowance, Meal Expenses and Mediclaim.

111. Respondent's remuneration was formally revised vide Letter dated 26.06.2012 issued by Mr. Johnny Haakonsson, Chairman of the Appellant Company, wherein the annual remuneration was enhanced to INR 70,00,000/- per annum, out of which INR 22,00,000/- was designated as variable pay, w.e.f. 01.07.2012.

112. It was further submitted that the remuneration structure of Respondent for the Financial Year 2012-13, stood independently corroborated from the Statutory Audit Report prepared by M/s. Hari Bhakti and Company, C.A., being the statutory auditors of the Appellant Company, which is a public document.

113. In a view of the aforesaid, the Respondent may be permitted to adduce additional evidence in order to justify that the learned Trial Court has rightly decreed the Suit of the Plaintiff / Respondent.

114. The ***first and foremost aspect*** which emerges, is that the Respondent in order to prove and substantiate his salary, emoluments and entitlements, should have led evidence before the learned Trial Court. This is nothing, but to fill in the lacunae or the gaps, which as per the submissions of the Respondent himself, came to his knowledge when specific question was put to the Respondent during the course of arguments by this Court.

115. The ***second aspect*** which needs to be mentioned, is that the question is not of the Respondent getting the salary or emolument, as has sought to be established from these documents, but the question was whether the Respondent was entitled to the same, even though his services were terminated vide Letter dated 23.10.2013.

116. It has been held above, that irrespective of the Respondent getting salary and variables, but he was not entitled to the same, in view of termination of his service by the Appellant Company. Once his service termination was held to be valid, the question of payment of salary and emoluments, as granted by the learned ADJ, was erroneous. As has been held above, the evidence of the salary or emoluments of the Respondent is not relevant, in the light of termination of his service. It has been held above that the only entitlement of the Respondent was not of salary, but only of basic salary for the period of three months, in view of the Notice of termination.

117. These documents, even if considered, would not be of any assistance to the Respondent and are also not material and relevant to the present Appeal, since the question was not of Respondent's entitlement to these emoluments, but question was whether he was entitled to any of these amounts as claimed by him, in view of termination of his service vide Letter dated 23.10.2013. The documents sought to be submitted by way of this Application, are not necessary for the disposal of the present Appeal,

118. The Application being without merit, and is dismissed.

Conclusion:

119. ***The Appeal of the Defendants/Appellants, is therefore, partly allowed and the decree is reduced to Rs.8,12,500/- along with the interest***

@9% p.a. The requisite court fee, if payable, be paid within four weeks. The pending Application(s), if any, also stand disposed of.

(NEENA BANSAL KRISHNA)
JUDGE

JULY 01, 2026/RS