

HIGH COURT OF GUJARAT**GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS LIMITED*****Versus*****OFFICIAL LIQUIDATOR OF M/S GUJARAT NARMADA AUTO LIMITED****Date of Decision:** 25 March 2022**Citation:** 2022 LawSuit(Guj) 3086**Hon'ble Judges:** [Bhargav D Karia](#)**Case Type:** Company Application**Case No:** 20 of 2019**Subject:** Civil, Property**Acts Referred:**[Land Acquisition Act, 1894 Sec 44](#)**Final Decision:** Application disposed**Advocates:** [Nanavati Associates](#), [Bhagyodaya Mishra](#), [Saurabh M Patel](#), [Kunal Nanavati](#)**Bhargav D Karia, J.**

[1] Heard learned advocate Mr. Kunal Nanavati for Nanavati Associates for the applicant, learned advocate Mr. Saurabh M. Patel for respondent no.1 and learned advocate Mr. Bhagyodaya Mishra for respondent no.2.

[2] By this application, the applicant - Gujarat Narmada Valley Fertilizers and Chemicals Limited has prayed for the following reliefs :

"(A) Your Lordships may be pleased to direct the Official Liquidator of Gujarat Narmada Auto Limited to take necessary steps for dissolution of Gujarat Narmada Auto Limited under the provisions of the Companies Act, 1956.

(B) Your Lordships may be pleased to direct the Official Liquidator of Gujarat Narmada Auto Limited to remove the property being land admeasuring 84-88-00 (H-AreSq. Mtr.)bearing Revenue Block Number 200P (Old Revenue Survey Number 200/P, 201, 202, 203, 204P, 205, 206, 207, 208, 217P, 230, 232 & 233) of village Chanderia, Taluka Valia, Dist. Bharuch and Revenue Block Number 44(Old Survey

Number 46P, 49P, 55P , 93 & 94) of village Singla, Taluka Valia, Dist. Bharuch on which Factory of Gujarat Narmada Auto Limited was built upon from the liquidation estate of Gujarat Narmada Auto Limited (in liquidation).

(C) Your Lordships may be pleased to hold that M/s. Janak Raj Gupta & Company is not entitled to any lease hold Rights on the land admeasuring 84-88-00(H-Are Sq. Mtr.)bearing Revenue Block Number 200P (Old Revenue Survey Number 200/P, 201, 202, 203, 204P, 205, 206, 207, 208, 217P, 230, 232 & 233) of village Chanderia, Taluka Valia, Dist. Bharuch and Revenue Block Number 44 (Old Survey Number 46P, 49P, 55P, 93 & 94) of village Singla, Taluka Valia, Dist. Bharuch on which Factory of Gujarat Narmada Auto Limited was built upon.

(D) Your Lordships may be pleased to declare and hold that Janak Raj Gupta & Company has waived its right to claim leasehold rights in land admeasuring 84-88-00(H-Are-Sq. Mtr.)bearing Revenue Block Number 200P (Old Revenue Survey Number 200/P, 201, 202, 203, 204P, 205, 206, 207, 208, 217P, 230, 232 & 233) of village Chanderia, Taluka Valia, Dist. Bharuch and Revenue Block Number 44(Old Survey Number 46P, 49P, 55P , 93 & 94) of village Singla, Taluka Valia, Dist. Bharuch on which Factory of Gujarat Narmada Auto Limited was built upon .

(E) Pending the admission and hearing of the present application, Your Lordships may be pleased to direct the stay of the hearing initiated by the Official Liquidator of Gujarat Narmada Auto Limited (in liquidation).

(F) Pending the admission and hearing of the present application, Your Lordships may be pleased to direct the Official Liquidator of Gujarat Narmada Auto Limited (Company in liquidation) and / or its office, authorized representative not to create any encumbrances, transfer or assign the leasehold rights of the property being land admeasuring 84-8800(H-Are-Sq. Mtr.)bearing Revenue Block Number 200P(Old Revenue Survey Number 200/P, 201, 202, 203, 204P, 205, 206, 207, 208, 217P, 230, 232 & 233) of village Chanderia, Taluka Valia, Dist. Bharuch and Revenue Block Number 44(Old Survey Number 46P, 49P, 55P , 93 & 94) of village Singla, Taluka Valia, Dist. Bharuch on which Factory of Gujarat Narmada Auto Limited was built upon ;

(G) An ex-parte ad interim relief in terms of paragraph (E) & (F) above may kindly be granted in the interest of justice.

(H) Be pleased to pass such other and further orders as may be deemed fit and proper in the interest of justice."

[3] Brief facts of the case are that the land admeasuring 848800 sq. mtrs situated at land Revenue Block No.200P (Old Revenue Survey No. 200/P, 201, 202, 203, 204P, 205, 206, 207, 208, 217P, 230, 232 and 233) of village Chanderia, Taluka Valia District Bharuch and Revenue Block No. 44 (Old Survey No. 46P, 49P, 55P, 93 and 94) of village Singla, Taluka Valia, District Bharuch (here-in-after referred to as the land in question) was acquired by the State Government under the provisions of the Land Acquisition Act, 1894 (For short "the Act, 1894") for establishing engineering, automobiles and other public utility projects of the applicant company in the year 1987.

[4] The applicant company thereafter leased the land in question to its wholly owned subsidiary i.e. Gujarat Narmada Auto Limited (Company in Liquidation) on 20th October, 1987 for a period of 99 years after obtaining necessary permission from the Government of Gujarat under section 44 of the Act, 1894.

[5] Gujarat Narmada Auto Limited (Company in Liquidation) was ordered to be wound up by this Court by order dated 2nd August, 1995 in Company Application No.82 of 1995. The Official Liquidator thereafter acquired the properties of the Company in Liquidation including the leasehold property.

[6] It appears that pursuant to the orders passed by this Court on 9th May, 2003 and 23rd January, 2004 in Official Liquidator's Report No.42 of 2003, the sale of the leasehold rights of the land in question was confirmed in favour of the respondent no.2 - M/s. Janak Raj Gupta & Co. for consideration of Rs. 5.41 crores on the terms and conditions of the sale as specified in the said orders.

[7] As per the terms and conditions of sale at clause-30, it is mentioned that land in question is to be transferred in the name of respondent no.2 with leasehold rights with annual lease rent amounting to Rs. 60,000/- per annum to be paid to the applicant.

[8] On receipt of full consideration of the sale of the leasehold rights, possession of Plant and Machinery along with other movables and land in question was handed over to the auction purchaser - respondent no.2 on 29th May, 2003 in presence of the officials of the applicant by the Official Liquidator. The land in question thereafter is under the physical possession of respondent no.2 with effect from 29th May, 2003. The entire sale proceeds received from the sale of assets of the company in liquidation were transferred by the Official Liquidator to the Applicant Company being sole secured creditor of the Company in Liquidation in terms of various orders passed by this Court from time to time and the payment was also made to the workers of the Company in Liquidation as per various orders passed by this Court. The applicant company also issued a certificate dated 21st May, 2003 in favour of the respondent no.2.

[9] It appears that the State Government by letter dated 13th October, 2004 granted permission for execution of the lease deed for the remaining period of lease in favour of the respondent no.2, however, the Deed of Assignment for the land in question could not be executed.

[10] The sanction granted by the Revenue department of State of Gujarat for assignment of leasehold rights in favour of respondent no.2 was subject to fulfilling the conditions of order of land acquisition which provided that the said land to be used for the purpose of setting up of Automobile industry or allied industry and it also provided that in case respondent no.2 would commit any failure, violation or breach to do so, the approval would stand automatically withdrawn.

[11] In view of above facts, when the State Government has already granted conditional sanction for execution of the Deed of Assignment in the year 2004 and reiterated the same in the year 2018, it is between the applicant company and the auction purchaser to abide by the terms and conditions of such sanction letter of the State Government. This Court has already passed an order confirming the sale of leasehold rights in favour of respondent no.2 and therefore, no further action can be taken by this Court for any dispute with regard to the leasehold rights of respondent no.2 with that of the applicant company who is a lessor and owner of the land in question. Such disputes have to be sorted out before the competent authority including the Civil Court and no further orders are required to be passed under the provisions of the Companies Act, 1956 for the prayers made by applicant with regard to the direction to the Official Liquidator to remove the land in question from liquidation or to hold that respondent no.2 is not entitled to any leasehold rights in view of order dated 9th May, 2003 passed by this Court as the Official Liquidator is only required to comply with such order.

[12] It also appears from the record that it is for the respondent no.2 to abide by the terms and conditions stipulated by the State Government granting sanction of the leasehold rights in the year 2004 and therefore, it is for the applicant company to take necessary action against respondent no.2 in accordance with law for breach of any of the conditions of the sanction granted by the State Government stipulating conditions for execution of the Deed of Assignment pursuant to the order passed by this Court on 9th May, 2003.

[13] In view of above facts, this application is not entertained and is accordingly disposed of.