

(2013) 07 SC CK 0100

In the Supreme Court Of India

Case No : Civil Appeal No. 4818 of 2013 (Arising out of SLP (Civil) No. 4706 of 2006) and Civil Appeal No. 4819 of 2013 (Arising out of SLP (Civil) No. 4773 of 2006)

National Textile Corpn. (UP) Ltd.

APPELLANT

Vs

Raja Ram Jaipuria and Others

RESPONDENT

Date of Decision : 01-07-2013

Acts Referred:

Industries (Development and Regulation) Act, 1951 — Section 18AA
Public Premises (Eviction of Unauthorised Occupants) Act, 1971 — Section 5, 7, 9

Citation : AIR 2013 SC 2783 : (2013) 5 ALJ 256 : (2013) 9 JT 249 : (2013) 8 SCALE 120 : (2013) 7 SCC 406

Hon'ble Judges : P. Sathasivam, J;J.S. Khehar, J

Bench : Division Bench

Advocate : Indira Jaising, ASG, Dushyant Dave and K.V. Vishwanathan, Sanjoy Ghose, Kaustubh Anshuraj, Anitha Shenoy, Shabyashachi Patra and Sanjeev K. Kapoor, Khaitan and Co., Rohit Kumar Singh, Mehul M. Gupta and Gautam Narayan, for the Appellant;

Final Decision : Dismissed

Judgement

P. Sathasivam, J.—Leave granted.

2. These appeals are directed against the final judgment and order dated 25.11.2005 passed by the High Court of Judicature at Allahabad in Misc. Writ Petition Nos. 25090 of 1994 and 30122 of 1996 whereby the High Court dismissed the petitions filed by the National Textile Corporation (U.P.) Ltd.-the Appellant herein.

SLP (Civil) No. 4706 of 2006

3. Brief facts:

(a) In the year 1921, the Swadeshi Cotton Mills Company Limited (SCMCL) was incorporated as a private company and converted into a public company in 1923

which was engaged in the business of activity of operating and managing textile mills. The SCMCL acquired property at Civil Lines, Kanpur, Uttar Pradesh on which an integrated complex popularly known as 'Swadeshi House' was constructed. The said House consisted of three buildings, viz., Bungalow No. 1 which was used prior to 1971 as the Registered Office of the SCMCL and after 1971 it was used for general meetings of the Board of Directors and also as a Guest House, Bungalow No. 2 was in the physical possession of the Managing Director of SCMCL and Bungalow No. 3 was the Administrative Block of the SCMCL.

(b) The Central Government, vide notification dated 13.04.1978, u/s 18AA of the Industrial Development Regulation Act, 1951, took over the management of six textile undertakings of the SCMCL including the Swadeshi Cotton Mills, Kanpur and the National Textile Corporation Limited, New Delhi (NTC), a Government undertaking, was appointed as the authorized representative under the said takeover. As a result of the takeover, the NTC took possession and custody of various properties belonging to the SCMCL including the Guest House and the Administrative Block. However, Bungalow No. 2 continued to be in the physical possession of Dr. Raja Ram Jaipuria, the then Director of the SCMCL (Respondent No. 1 herein).

(c) Aggrieved by the order dated 13.04.1978 of take over, the SCMCL filed Writ Petition No. 408 of 1978 before the High Court of Delhi. In the High Court, vide order dated 04.05.1978, a working arrangement between the parties was made out wherein Respondent No. 1 herein was permitted to continue the physical possession of the residential bungalow on the condition that the same will not be disposed of or alienated in any way to any outsider. Ultimately, by order dated 01.05.1979, the High Court upheld the notification dated 13.04.1978 but certain assets were excluded from the purview of the same including the 'Swadeshi House' and 'Shrubbery'-the residence of the Secretary of the SCMCL.

(d) Being aggrieved by the aforesaid judgment with regard to the validity and legality of the order of takeover, Swadeshi Cotton Mills, National Textile Corporation and Union of India preferred Civil Appeal Nos. 1629, 1857 and 2087 of 1979 respectively before this Court. This Court, vide judgment dated 13.01.1981 in Swadeshi Cotton Mills Vs. Union of India (UOI), held the said takeover invalid on the ground that no opportunity of hearing was given to the SCMCL before the takeover.

(e) On 19.04.1986, the Central Government promulgated the Swadeshi Cotton Mills Company (Acquisition and Transfer of Undertakings) Ordinance, 1986. Thereafter, on 30.05.1986, the said ordinance was replaced by the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986 (in short 'the Swadeshi Act'). As per Section 3 of the Swadeshi Act, every textile undertaking and the right, title and interest of the SCMCL in the said textile undertaking stood transferred and vested with the Central Government. The transferred undertakings were further transferred and vested in the NTC.

Several proceedings were instituted by the parties as a result of the acquisition of the undertakings of the SCMCL.

(f) One Mukesh Bhasin, a minority shareholder of Swadeshi Polytex Limited (SPL), filed a Civil Suit being No. 506 of 1987 before the High Court of Delhi at New Delhi praying for a declaration and injunction against the SCMCL on the ground that all the investments and assets vest with the NTC which is the rightful owner of the property after coming into force of the Swadeshi Act. In the said suit, he also sought an injunction against SPL from recognizing SCMCL and Swadeshi Mining (subsidiary of SCMCL) as the owners of the Swadeshi House.

(g) Swadeshi Cotton Mills and SCMCL also preferred a Writ Petition being No. 2214 of 1987 before the High Court of Judicature at Allahabad (Lucknow Bench) claiming that equity shares held by the SCMCL in SPL and Swadeshi Mining and other "excluded assets" should be declared to be exempted from the scope and ambit of the Swadeshi Act.

(h) The aforementioned Civil Suit No. 506 of 1987 and Writ Petition No. 2214 of 1987 were transferred to this Court and numbered as Transfer Case Nos. 14 and 13 of 1987 respectively. This Court, vide judgment dated 12.02.1988, in Doypack Systems Pvt. Ltd. Vs. Union of India (UOI) and Ors, , allowed Transfer Case No. 14 of 1987 and dismissed Transfer Case No. 13 of 1987 and held that the ownership and control of the SCMCL vests with the NTC. It was also held that Bungalow No. 1 and the Administrative Block, Civil Lines, Kanpur also vested in the Central Government.

(i) As the SCMCL failed to handover the possession of Bungalow No. 2 of Swadeshi House, the NTC filed Civil Misc. Petition No. 26004 of 1988 in Transfer Case No. 13 of 1987 praying for a direction to the SCMCL to handover the vacant possession of Bungalow No. 2. Vide order dated 03.08.1989, the petition was dismissed without any order with liberty to move the appropriate court. In view of the said order, the National Textile Corporation (U.P.) Ltd. (the Appellant herein), which was a successor-in-interest to the NTC preferred Criminal Complaint No. 1661 of 1991 against the Respondent herein and Ors. In the Court of Metropolitan Magistrate, Kotwali, Kanpur u/s 27 of the Swadeshi Act for possession of the said Bungalow. Vide order dated 18.02.1993, the said complaint got dismissed in view of the ruling given in Doypack (supra) that only Bungalow No. 1 and the Administrative Block vested with the Central Government.

(j) Being aggrieved by the order dated 18.02.1993, the NTC filed Criminal Revision No. 86 of 1993 before the Session Judge, Kanpur which also got dismissed vide order dated 30.10.1993 holding that the NTC failed to prove beyond doubt that the said Bungalow vested with Central Government with a direction to move the appropriate court in terms of the order dated 03.08.1989.

(k) Aggrieved by the same, the NTC preferred Writ Petition No. 25090 of 1994 before the High Court of Allahabad. In the meantime, the NTC filed Contempt

Petition No. 75 of 2005 in Transfer Case No. 14 of 1987 before this Court alleging violation of the judgment in Doypack (supra) but the same got dismissed vide order dated 03.02.2006 on the ground of omission to disclose about the instant proceedings. Vide order dated 25.11.2005, the High Court dismissed the above said writ petition.

(l) Being aggrieved by the order of the High Court, the Appellant herein has preferred this appeal by way of special leave.

SLP (Civil) No. 4773 of 2006

(m) On 26.10.1989, the NTC also moved an application under Sections 5 and 7 of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 (in short 'the PP Act') for eviction of the Respondent herein from the said Bungalow on the ground that in Doypack (supra), it has already been held that the Swadeshi House (which also includes Bungalow No. 2) vested with the NTC and there is no question as to the title of the Respondent herein. During the pendency of the proceedings before the Estate Officer, Shri Rajaram Jaipuria (Respondent No. 2 herein) removed certain valuables from the Bungalow No. 2. The NTC moved an application for restraining the Respondents herein for the same before the Estate Officer which was allowed vide order dated 02.05.1993.

(n) Being aggrieved, M/s Ganesh Synthetics Pvt. Ltd (Respondent No. 16 herein), a related entity of SCMCL, preferred a Writ Petition being No. 16091 of 1993 before the High Court. The High Court, by order dated 11.05.1993, restrained the Respondents from removing any article kept in Bungalow No. 2. Vide order dated 05.08.1994, the Estate Officer rejected all the preliminary objections filed by the SCMCL. The Respondents herein preferred an Appeal being No. 228 of 1994 u/s 9 of the PP Act before the District Court, Kanpur.

(o) Vide order dated 01.05.1996, the above said appeal was allowed holding that Doypack (supra) had not addressed the issue relating to Bungalow No. 2. Being aggrieved, the NTC preferred Writ Petition being No. 30122 of 1996 before the High Court. The High Court, vide order dated 25.11.2005 dismissed the said petition.

(p) Being aggrieved by the order of the High Court, the Appellant herein has preferred this appeal by way of special leave.

4. Heard Ms. Indira Jaising, learned Additional Solicitor General for the Appellant, Mr. Dushyant Dave, learned senior counsel for the contesting Respondents and Mr. K.V. Vishwanathan, learned senior counsel and Mr. Gautam Narayan, learned Counsel for the newly impleaded parties - Kanpur Builders and Ministry of Textiles respectively.

5. It is the definite case of the Appellant-NTC that Swadeshi House was and has always consisted of an integrated complex comprising of three buildings, viz., Bungalow No. 2 (used as the personal residence of the Directors), Bungalow No. 1 (used as Guest House of the Company) and an Administrative Block besides

Servants' Quarters and adjacent land and because of Section 3 of the Swadeshi Act, every textile undertaking and the right, title and interest of the SCMCL in the said textile undertaking stood transferred and vested with the Central Government and further transferred and vested in the NTC. Among the properties owned by the SCMCL, now we are concerned only about the ownership of Bungalow No. 2.

6. On the other hand, it is the case of the Respondents that the properties of SCMCL, Kanpur, vested with the Central Government, did not include Bungalow No. 2 as the same was always the property of the SCMCL and not of its Kanpur Mills. It is their assertion that the land on which the SCMCL is constructed was purchased in the year 1921 and the building was constructed soon thereafter. The said land and house were not purchased/constructed from the profits generated by the SCMCL, Kanpur but from the shareholders' fund(s) arranged otherwise. It is also their assertion that the said land, viz., Bungalow No. 2, was never vested in the Appellant as decided by this Court in Doypack (supra). It is also brought to our notice by the Respondents that Bungalow Nos. 1 and 2 have been recorded by the Kanpur Municipality as separate premises ever since the said two bungalows were constructed. It is also pointed out that at present Bungalow No. 1 is numbered as Premises No. 16/15 and Bungalow No. 2 is numbered as Premises No. 16/14, Civil Lines, Kanpur and both are separate premises having separate boundaries.

7. In view of the above, it is relevant to mention the following provisions of the Swadeshi Act:

(i) In Section 2(c) of the Swadeshi Act, there is a reference to a registered office of the SCMCL being at "Swadeshi House".

(ii) The expression "textile undertakings" has been defined in Section 2(k) to mean the following six textile undertakings of SCMCL:

(a) the Swadeshi Cotton Mills, Kanpur;

(b) the Swadeshi Cotton Mills, Pondicherry;

(c) the Swadeshi Cotton Mills, Naini;

(d) the Swadeshi Cotton Mills, Maunath Bhanjan;

(e) the Udaipur Cotton Mills, Udaipur;

(f) the Rae Bareli Textile Mills, Rae Bareli;

(iii) Section 3 of the Swadeshi Act transfers and vests the right, title and interest of the SCMCL "to every such textile undertaking" in the Central Government and thereafter in the National Textile Corporation (NTC).

(iv) Section 4 of the Swadeshi Act defines the effect of "vesting" as under:

(1) The textile undertakings referred to in Section 3 shall be deemed to include

all assets, rights, lease-holds, powers, authorities and privileges and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash on hand, reserve funds, investments and books debts pertaining to the textile undertakings and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of the Company in relation to the said undertakings whether within or outside India, and all books of accounts, registers and all other documents of whatever nature relating thereto.

(v) Section 8 of the Swadeshi Act provides a compensation of Rs. 24,32,00,000/- to be paid to the SCMCL.

(vi) Section 27 deals with Penalties as under:

27. Penalties

Any person who:

(a) having in his possession, custody or control any property forming part of any of the textile undertaking wrongfully withholds such property from the National Textile Corporation; or

(b) wrongfully obtains possession of, or retains any property forming part of, any of the textile undertaking; or shall be punishable with imprisonment for a term which may extend to two years and with fine which may extend to ten thousand rupees.

shall be punishable with imprisonment for a term which may extend to two years and with fine which may extend to ten thousand rupees.

8. Learned ASG has brought to our notice that several proceedings were instituted by the parties as a result of the acquisition of textile undertakings of the SCMCL. Two significant proceedings are:

(1) "A civil suit instituted by one Mukesh Bhasin on 26.02.1987 before the High Court of Delhi. In paragraph 3 (xix) of the said suit, the Appellant made the following submissions:

(xix) The Swadeshi House in an integral part of the Kanpur Undertaking and includes substantial area of land and building. The Plaintiff reasonably and bona fide believes that the said House was built in 1921 as a part of the textile undertaking of Defendant No. 3 for the benefit and use of its business, which at that time consisted only of the Kanpur Textile Undertaking.

In the said suit, the following prayer was sought:

(a) that the Defendant No. 1 is the rightful owner of 10 lakhs equity shares of Defendant No. 2 held by Defendant No. 3 and 17,18,000/- equity shares held by Defendant No. 4 in Defendant No. 2 and Swadeshi House at Kanpur and all the rights, title and interest attached therewith are assets and investments

pertaining to and relate to the textile undertaking of Defendant No. 3 and they vest in Defendant No. 1 w.e.f. 1.4.1985 and Defendant Nos. 3 & 4 be restrained by a decree of permanent injunction from dealing with them in any manner whatsoever.

(b) Defendant No. 2 should also be restrained by permanent injunction from recognizing Defendant Nos. 3 & 4 as owners of the aforesaid shares and Swadeshi House.

(2) The other was a petition instituted by the Swadeshi Mining and Manufacturing Company Ltd. ("SMMCL"), a subsidiary of SCMCL. In the said petition, being the civil W.P. No. 2214 of 1987 instituted on 03.04.1987 in the High Court of Allahabad (Lucknow Bench), SCMCL was Petitioner No. 2.

The aforementioned Civil Suit No. 506 of 1987 and Writ Petition No. 2214 of 1987 were transferred to this Court and numbered as Transfer Case Nos. 14 and 13 of 1987 respectively. This Court, vide judgment dated 12.02.1988 in Doypack (supra) allowed Transfer Case No. 14 of 1987 and dismissed Transfer Case No. 13 of 1987.

9. Both the parties adverted to various paragraphs in Doypack (supra) in extenso. As a matter of fact, basing reliance on Doypack (supra), learned ASJ submitted that Bungalow No. 2 of Swadeshi House, Kanpur vested with them. In the light of the assertion and claim of both the sides, we have gone through the entire judgment in Doypack (supra). It is also to be noted that the said judgment was scrutinized by various courts in earlier legal proceedings initiated by the Appellant herein and all such proceedings were dismissed by the courts including this Court. A thorough analysis of the judgment in Doypack (supra) shows that the issue as to whether Bungalow No. 2 of the Swadeshi House vested in Appellant or not was neither considered nor decided by this Court in the said case. This is clear from the plain reading of first paragraph of the judgment itself which reads as under:

1. What falls for consideration in all these matters is a common question of law, namely, whether equity shares in the two companies i.e. 10,00,000 shares in Swadeshi Polytex Limited and 17,18,344 shares in Swadeshi Mining and Manufacturing Company Limited, held by the Swadeshi Cotton Mills, vest in the Central Government u/s 3 of the Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986 (hereinafter referred to as "the said Act"). The other subsidiary question is whether the immovable properties, namely the bungalow No. 1 and the Administrative Block, Civil Lines, Kanpur have also vested in the Government. The question as to one more property known as Shrubbery property whether it has been taken over or not is still to be argued and is not covered by this judgment.

10. From the above, the questions which formed the subject matter of Doypack (supra) were as under:

(a) Whether equity shares in the two companies, i.e., 10,00,000 shares in Swadeshi Polytex Limited and 17,18,344 shares in Swadeshi Mining and Manufacturing Company Ltd. Held by the Swadeshi Cotton Mills, vest in the Central Government u/s 3 of the Swadeshi Cotton Mills Company Ltd. (Acquisition and Transfer of Understandings) Act, 1986 (hereinafter referred to as "the Act").

(b) Whether the immovable properties, namely, the Bungalow No. 1 and the Administrative Block, Civil Lines, Kanpur have also vested in the Government.

The abovementioned questions, after detailed reasonings, were answered by this Court in paragraph Nos. 69 and 70 as under:

69. We therefore, reiterate that the shares are vested in the Central Government. Accordingly the shares in question are vested in NTC and it has right over the said 34 per cent of the shareholdings.

70. In the aforesaid view of the matter we hold that the 10,00,000 shares in Swadeshi Polytex Limited and 17,18,344 shares in Swadeshi Mining and Manufacturing Company Limited held by the Swadeshi Cotton Mills vested in the Central Government under Sections 3 and 4 of the Act.

71. We are further of the opinion that in view of the amplitude of the language used, the immovable properties, namely, the bungalow No. 1 and the Administrative Block, Civil Lines, Kanpur have also vested in NTC.

11. A bare reading of the judgment in Doypack (supra) makes it clear that the issue regarding vesting of the Bungalow No. 2 of Swadeshi House, Kanpur was not considered by this Court in the said judgment. Hence, the very same contention of the Appellant is liable to be rejected.

12. As the SCMCL failed to handover the possession of Bungalow No. 2 of Swadeshi House, the NTC filed Civil Misc. Petition No. 26004 of 1988 in Transfer Case No. 13 of 1987 praying for a direction to the SCMCL to handover the vacant possession of Bungalow No. 2. The said application was disposed of by this Court on 03.08.1989 which reads as under:

CMP No. 26004 of 1988: There will be no order on this CMP. This will not prejudice the right of parties to move the appropriate courts in accordance with law.

From the above order, it is clear that this Court did not decide the issue relating to Bungalow No. 2 of the Swadeshi House and had left it open to the Appellant to agitate the question of title as regards the said Bungalow by moving before the appropriate court in accordance with law. It is brought to our notice that such proceedings were never initiated by the Appellant herein.

13. It is useful to point out that despite the dismissal of Civil Misc. Petition No. 26004 of 1988 in T.C. No. 13 of 1987, the Appellant herein again moved before this Court by filing Contempt Petition No. 75 of 2005 in Transfer Case No. 14 of

1987 alleging violation of the judgment in Doypack (supra). It was alleged by the Appellant in the said contempt petition that since the contemnors therein have sold Bungalow No. 2 to one Kanpur Builders Ltd., they have violated the judgment in Doypack (supra) and, therefore, they are liable to be punished for contempt. The Director of the said Kanpur Builders Ltd. Was also impleaded as Contemnor No. 3 in the said contempt petition. By order dated 03.02.2006, this Court, dismissed the said contempt petition. After several rounds of litigation, as discussed in the paragraphs (supra), the Appellant filed Writ Petition No. 25090 of 1994 before the High Court of Allahabad. By judgment dated 25.11.2005, learned single Judge of the High Court dismissed the writ petition filed by the Appellant herein holding that u/s 27 of Act 30 of 1986 a complaint could only have been filed by the Appellant if the property had vested in them. It was further held by the High Court that,

...that a complaint u/s 27 of Act 30 of 1986 could only have been filed by the Petitioner if the title of the property in dispute was clearly in their favour. Both the Courts below have correctly assessed the facts and circumstances of the case and have rightly come to the conclusion that in the absence of having any clear title in their favour the complaint u/s 27 was misconceived and, therefore, rightly dismissed.

14. In addition to the above said proceedings, the Appellant herein initiated further proceedings for their eviction under Sections 5 and 7 of the PP Act. Similarly, after rounds of litigation, the claim of the Appellant herein got rejected and finally the Appellant herein filed Writ Petition No. 30122 of 1996 before the High Court. The High Court, vide order dated 25.11.2005, also dismissed the same and held as under:

...the learned District Judge has also rightly come to the conclusion that Bungalow No. 2 has not vested with the Petitioner. This, the learned Judge has said on the basis of the judgment of the Hon'ble supreme Court as referred in the case of Doypack Systems Pvt. Ltd. Vs. Union of India (UOI) and Ors, wherein the only vesting of Bungalow No. 1 and Administrative Block has been upheld. It had been left open to the Petitioner to file a civil suit for declaration of his title over Bungalow No. 2. No suit was filed by the Petitioner. There is no order giving a declaration of title in favour of the Petitioner.

15. Taking note of all the above said applications/petitions, as mentioned in paragraphs (supra), it is abundantly clear that the Appellant herein have time and again filed various proceedings on the premise that Bungalow No. 2 formed part of the Swadeshi House but failed in all the attempts. It is not in dispute that all the proceedings went against the Appellant herein.

16. All the above details, various orders and decisions by different courts negated the claim of the Appellant and the same issue is now again sought to be raised by the Appellant in the present proceedings. We are satisfied that in view of categorical decision of this Court in Doypack (supra), rejection of

subsequent application filed by the Appellant for clarification/modification, direction to approach the Civil Court, initiation of proceedings under the PP Act which ended in dismissal, dismissal of complaint u/s 27 of the Swadeshi Act, were passed by various courts which undoubtedly go against the claim and stand of the Appellant. It is also brought to our notice by the newly impleaded parties that they had purchased the said property in a bona fide manner with clean title of the property vested in the SCMCL, therefore, they are entitled for the same. It is made clear that we have not expressed any thing about the said issue.

17. In view of the above, we are in entire agreement with the orders passed by the trial Court as well as the High Court, consequently, both the appeals fail and are accordingly dismissed. There shall be no order as to costs.