[3300]

HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY, THE FIFTH DAY OF MAY
TWO THOUSAND AND TWENTY SIX

:PRESENT:

THE HONOURABLE SRI JUSTICE NAGESH BHEEMAPAKA

I.A.No. 1 OF 2026
IN
WP NO: 10858 OF 2026

Between

1. State of Telangana, Rep by its Prl. Secretary Revenue Department, Secretariat, Hyderabad.

2. The District Collector Medchal Malkajgiri District.

3. The Tahsildar Kukatpally Mandal, Medchal-Malkajgiri District

4. The Tahsildar, Balanagar Mandal, MedchalMalkajgiri District.

5. The Tahsildar, Quthbullapur Mandal, Medchal Malkajgiri District.

6. M/s Telangana Industrial Infrastructure Corporation (TGIIC) Represented by Executive Director, Gopireddy Veera Reddy, 6th Floor, Parisrama Bhavan, Fateh Maidan Road, Basheerbagh, Hyderabad.

...PETITIONERS
(Petitioner in WP NO: 10858 OF 2026
on the file of High Court)

AND

1. The Union of India, Rep by its Secretary, Ministry of Commerce and Industries Vanijya Bhavan, New Delhi

2. M/s. Indian Drugs and Pharmaceuticals Limited, Rep. by its Authorized Signatory, J. Raju, Estate Officer, IDPL, Balanagar, Hyderabad

...RESPONDENTS
(Respondents in-do-)

Counsel for the Petitioners: THE ADVOCATE GENERAL
Counsel for the Respondent No.1: SRI N BHUJANGA RAO DEPUTY SOLICITOR GENERAL OF INDIA
Counsel for the Respondent No.2: Ms. V. UMA DEVI

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to suspend the operation of the order dt.06.02.2008 in Case No.503 of 1992, of BIFR, in so far as directing the petitioner to withdraw the resumption proceedings dated 27.01.2008, pending disposal of WP No 10858 of 2026, on the file of the High Court.

The court while directing issue of notice to the Respondents herein to show cause as to why this application should not be complied with, made the following order.(The receipt of this order will be deemed to be the receipt of notice in the case).

ORDER

The State is before this Court challenging the Order dated 06.02.2008 passed by the Board for Industrial and Financial Reconstruction (BIFR) in Case No. 503 of 1992. By the impugned order, the BIFR directed the 2nd petitioner–District Collector, Ranga Reddy, to withdraw the resumption order dated 27.01.2008 and further directed that no coercive steps be taken until a decision on the rehabilitation of IDPL is made by BIFR.

2. Heard Mr. A. Sudhershan Reddy, learned Advocate General appearing on behalf of the petitioners/State; Mr. B. Narasimha Sharma, learned Additional Solicitor General of India appearing for respondent No.1–Union of India; and Mrs. V. Uma Devi, learned counsel appearing for respondent No.2–IDPL. Perused the record.

3. The brief facts of the case, as per the writ affidavit, are that, during 1961 to 1963, the State acquired vast extents of land in Kukatpally, Balanagar, and surrounding localities. At the request of the 2nd respondent–IDPL, the State Government issued G.O.Ms. No. 21, Industries & Commerce (IFR) Department, dated 24.01.1994, allotting Ac. 891-38 guntas and permitting the execution of a conveyance deed in favour of IDPL. The Commissioner of Industries executed a Conveyance Deed dated 08.02.1994, specifying certain terms and conditions, particularly restricting alienation, transfer, or leasing of the land for purposes other than those for which it was allotted.

3.1. However, upon noticing that IDPL had issued advertisements calling for quotations from private companies for leasing out its administrative building at Balanagar, the District Collector of the then Ranga Reddy District initiated resumption proceedings vide letter dated 27.01.2008, directing the 4th respondent–Deputy Collector & Tahsildar, Balanagar, to resume the land and hand it over to the then APIIC (now TGIIC, the 6th petitioner herein). Accordingly, physical possession of the land was resumed and handed over to APIIC (now TGIIC) through a Panchanama dated 28.01.2008.

3.2. While so, in 2016, it came to light that the BIFR, vide order dated 06.02.2008 in Case No. 503 of 1992, had passed the impugned order without issuing notice to the petitioners.

4. Learned Advocate General would essentially contend that the State Government has acquired the subject lands for public purpose and allotted them to the 2nd respondent–IDPL through a conveyance deed dated 08.02.1994 for the establishment and promotion of a pharmaceutical company. The 2nd respondent could use the subject lands as deemed fit for the purpose of pharmaceutical industry, but cannot alienate, transfer, or lease the subject lands for any purpose other than that for which they were allotted. However, the 2nd respondent violated the conveyance deed by issuing advertisements and calling for quotations from private companies for leasing out its administrative building at Balanagar. Therefore, the 2nd petitioner–District Collector passed the resumption order directing the 4th petitioner–Deputy Collector-cum-Tahsildar, Balanagar Mandal, to resume the subject lands and hand them over to the 6th petitioner–TGIIC.

4.1. The learned Advocate General further contends that a perusal of the impugned order dated 06.02.2008 reveals that the 2nd respondent–IDPL had been declared a sick industrial company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (for short, SICA). As the rehabilitation scheme failed, the company was ordered to be wound up on 04.12.2003. Subsequently, the appellate authority, i.e., the AAIFR, by order dated 29.09.2005, set aside the winding-up order and remanded the case to the BIFR for rehabilitation. Thereafter, the BIFR passed the impugned order dated 06.02.2008.

4.2. Learned Advocate General contends that the BIFR passed the impugned order without issuing notice to the petitioners and despite the fact that the subject lands had already been handed over to the 6th petitioner–TGIIC. It is further contended that the BIFR invoked Section 22(3) of the SICA, though it had no authority to direct withdrawal of the resumption proceedings dated 27.01.2008 for an indefinite period. At best, the BIFR could have suspended the proceedings for two years, extendable by one-year increments, subject to a maximum of seven years.

4.3. Learned Advocate General further submits that the impugned order was passed in 2008 without notice to the petitioners. Due to the abolition of the BIFR and the appellate authority, pending proceedings are to be transferred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016.

4.4. It is contended that in the absence of notice to the petitioners before passing the impugned Order due to which the petitioners could not be a party to the proceedings before BIFR at the relevant time, and due to the dissolution of BIFR and the appellate authority, and non-transfer of proceedings to the NCLT, and considering the fact that the subject lands have already been resumed and handed over to TGIIC, the petitioners have no alternative but to approach this Court by way of a writ petition, and if the impugned order dated 06.02.2008 is not suspended, pending disposal of the writ petition, irreparable prejudice would be caused to the State.

5. Learned counsel for the 2nd respondent, relying on the counter affidavit, contends that the petitioners were aware of the proceedings before the BIFR, as the Secretary to Government, vide proceedings dated 15.07.2008, referred to the pendency of the matter before the BIFR. It is contended that the petitioners were informed of the impugned order dated 06.02.2008 by the Commissioner of Land Administration vide proceedings dated 09.05.2008, and the petitioners have efficacious remedy under the Insolvency and Bankruptcy Code, 2016. It is therefore contended that the writ petition is liable to be dismissed on the ground of maintainability, inordinate delay and laches.

6. Having considered the respective contentions, at the outset, admittedly, the petitioners/State has acquired the subject lands for public purpose, and on the request of 2nd respondent-IDPL, the State transferred the lands to the 2nd respondent for establishment of a pharmaceutical industry through a Conveyance Deed dated 08.02.1994. Prima facie, the Conveyance Deed dated 08.02.1994 (at page 49 of the counter affidavit) shows that it was executed between the Governor of Andhra Pradesh and the 2nd respondent–IDPL, which is a Government of India undertaking. The deed records that the transferee (the 2nd respondent-IDPL) could utilize the land in a manner deemed fit for the purposes of the industry.

7. It cannot be disputed that the subject lands are acquired by the State for public purposes, and the lands were transferred by the State Government to the 2nd respondent-IDPL (which is a Central Public Sector Undertaking) for establishing a pharmaceutical industry, through the Conveyance Deed. The Conveyance Deed dated 08.02.1994 is thus a purpose-specific instrument, and cannot be equated with a sale deed between private individuals. In land transfers of this nature where the State conveys/transfers the land for a specific purpose through a Deed, the recitals in such Deed of Conveyance stating that the lands are free from encumbrances and that the transferor could use the lands as it deemed fit, would essentially connote/signify that there are no claims on the lands covered by the Conveyance Deed, and lands stand clear for use by the transferee for the intended purpose without any hindrance or obstructions from any quarter, and the transfer of lands with title through a conveyance deed by the State Government in favour of a Company/Public Sector Undertaking for the purpose of establishment of industry, cannot be equated to an absolute sale entitling such transferee to lease/sub-lease or sell such property in favour of third parties. Therefore, any contention that the 2nd respondent is the absolute owner or that the 2nd respondent has absolute rights, or that the 2nd respondent can act according to its own wishes with regard to the subject lands (akin to the rights accrued through sale deed between private individuals), or that the petitioners/State have no say in any eventuality of any act that may be performed by the 2nd respondent, cannot be countenanced. If such contentions are to be accepted, then the State being the transferor would be rendered helpless and a mute spectator for whimsical actions of the transferees of precious public land, defeating the very purpose for which the land was transferred/handed out/conveyed.

8. It is to be noted that the impugned order dated 06.02.2008 does not indicate that the petitioners or the 2nd petitioner–District Collector were parties to the proceedings before the BIFR, or that at least notice was issued to the petitioners before passing the impugned Order. Further, while the impugned Order records that the 2nd respondent had no intention to lease the land, it also states that the respondent was leasing surplus buildings to generate revenue and had issued advertisements for leasing. These findings are internally contradictory.

9. As matters stand today, the SICA has been repealed (in 2016), and both the BIFR and AAIFR have been dissolved. There is no material on record to show that the proceedings were transferred to the NCLT under the Insolvency and Bankruptcy Code, 2016. Even under Section 22 of the erstwhile SICA, the BIFR could suspend land resumption for two years initially, extendable by one year at a time, up to a maximum of seven years. After this period, the proceedings could resume from the stage at which they were suspended.

10. In the present case, it remains undisputed that the petitioners were not even issued any notice before the impugned order was passed by the BIFR, and admittedly the petitioners were not parties to the BIFR proceedings. The seven-year period has also elapsed. The SICA has been repealed, and the BIFR and Appellate Authority were dissolved, and there is no material placed to show that the proceedings were transferred to the NCLT. Nearly two decades have passed since the impugned order, which was issued without notice to the petitioners.

11. The State acquired the subject land for public purposes and transferred it to the 2nd respondent–IDPL (a Central Government undertaking) for establishing a pharmaceutical company through a Conveyance Deed. The company failed to generate sufficient revenue even for its day-to-day operations and proceeded to lease its buildings to private entities by issuing advertisements and inviting quotations. This fact of leasing has been explicitly recorded in the impugned order dated 06.02.2008.

12. The recitals in the Conveyance Deed show that the State permitted the use of the land only for industrial purposes, specifically the pharmaceutical industry, by explicitly stipulating that the 2nd respondent–IDPL, as transferee, could use the land as it deemed fit for that purpose. The State did not specify in the Conveyance Deed that the 2nd respondent could lease out the subject land to generate revenue for day-to-day operations.

13. Therefore, although it is contended that the Conveyance Deed does not restrict the 2nd respondent from leasing out surplus buildings to third parties, it must also be noted that the Conveyance Deed does not expressly permit such leasing. The permission granted by the State to the 2nd respondent to use the subject land as it deemed fit for industrial purposes (i.e., the pharmaceutical industry) does not *ipso facto* include the right to lease the lands/buildings to third parties, which could potentially give rise to legal issues concerning the subject lands, thereby affecting the very objective for

which it was conveyed—namely, the establishment of a pharmaceutical industry.

14. This Court is unable to accept the contention that leasing buildings or property to third parties for generating income to meet day-to-day expenses would further the objective of establishing and running a pharmaceutical industry. If such an arrangement were contemplated as a normal course of business for establishment and running of the industry, the State would not have omitted to include an express clause permitting such leasing in the Conveyance Deed itself.

15. In view of the foregoing, this Court finds that the impugned order dated 06.02.2008 lacks adequate reasoning in directing withdrawal of the resumption order dated 27.01.2008. It was also passed without notice to the petitioners, who were not parties before the BIFR. Further, with the repeal of SICA, both the BIFR and AAIFR stand dissolved, and there is no material showing transfer of proceedings to the NCLT. The lands have already been resumed and handed over to the 6th petitioner–TGIIC through Panchanama on 28.01.2008. Therefore, this Court is of the considered opinion that there is prima facie case and balance of convenience in favour of the petitioners, and irreparable prejudice would result if the impugned order is not suspended.

16. Accordingly, there shall be an interim suspension of the impugned order dated 06.02.2008 passed by the BIFR, pending disposal of the writ petition, as prayed for.

Sd/- P.C.SULEKHA DEVI
ASSISTANT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Secretary, Union of India, Ministry of Commerce and Industries Vanijya Bhavan, New Delhi[By SPAD]
2. J. Raju, Authorized Signatory, M/s. Indian Drugs and Pharmaceuticals Limited, Estate Officer IDPL, Balanagar, Hyderabad[By SPAD]
3. One CC to THE ADVOCATE GENERAL Advocate [OPUC]
4. One spare copy

HIGH COURT

NBK, J

DATED: 05-05-2026

ORDER

I.A.No. 1 OF 2026
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WP NO: 10858 OF 2026

DIRECTION