# IN THE HIGH COURT OF JUDICATURE AT BOMBAY

## ORDINARY ORIGINAL CIVIL JURISDICTION

## WRIT PETITION NO. 3004 OF 2025

1. Nandlal Balkishan Sahjwani, age. 79
   Flat no. 22, 2nd floor, Mona Lisa, Boman
   Petit Road, Mumbai Maharashtra 400 036
2. Shakuntala Balkishan Sahjwani
   alias Chandni Nanik Lulla, age. 78
   A2 Cosmos Society, 12/14, Boat Club Road,
   Pune, Maharashtra 411 001 … Petitioners

*Versus*

1. Municipal Corporation of Greater Mumbai
   Mahapalika Marg, Fort, Mumbai,
   Maharashtra 400 001
2. Deputy Municipal Commissioner (IMP.)
   Municipal Corporation Of Greater Mumbai
3. The Assistant Commissioner (Estates)
   Municipal Corporation of Greater Mumbai,
   4th Floor Annex Building, MCGM Head
   Office Mahapalika Marg CST, Mumbai
   Maharashtra 400 001
4. Asst. Assessor & collector, G-South ward,
   Municipal Corporation Of Greater Mumbai
5. Laxmi Rajkiran Grover
   Kaushalaya Bhawan B-25, Sophia School
   Road, Vallabh Nagar, Kota Rajasthan
   324 007
6. Satish Anantram Sabhlok
   B-85, Vidhani Mountview, Plot No. 68,
   Sector-17, Vashi, Navi Mumbai
   Maharashtra 400 703
7. Surinder Anantram Sabhlok
   Flat No.1501, 15th-floor, Vivaant, Plot No.
   04, Sector-19, Sanpada, Navi Mumbai
   Maharashtra 400 705

8. Ashrafali Ahmed Petkar
02, Kanti Cooperative Housing Society,
Plot No 45, Sector 14, Vashi, Navi
Mumbai Maharashtra 400 703

9. Vikram Balkishan Sahjwani
Flat no. 51, 5th floor, Mona Lisa, Boman
Petit Road, Mumbai, Maharashtra 400 036

10. Saroj Khanna
Office No.1, Sai Pooja CHS, Near Jan
Kalyan Bank, Om Nagar, Andheri East,
Mumbai, Maharashtra - 400 059

11. Prasanaata Vikram Patwardhan
Office No.1, Sai Pooja CHS, Near Jan
Kalyan Bank, Om Nagar, Andheri East,
Mumbai, Maharashtra-400 059

12. Sunil Shyamsunder Chandwani
101, Sudha Building, Corner of the 7th and
12th Road, Near Gayatri Mandir, Khar
West, Mumbai, Maharashtra-400 052

13. Aanchal Sunil Sadhnani
101, Sudha Building, Corner of the 7th and
12th Road, Near Gayatri Mandir, Khar
West, Mumbai, Maharashtra-400 052

14. Manisha Shrinath Shorey
Flat No.102, Okland Park, CHSL, Yamuna
Nagar, Andheri West, Mumbai Maharashtra
400 053

15. Vinod Nandlal Khanna
101, Mathapati Meridean 5th Main, 6th
Cross Near BGFI Club, Malleshpalya
Bangalore North New Thippasandra
Karnataka 560 075

16. Baldev Joginderpal Malhotra
403/4, Citi Corner No. 1, Opp. Vijay Dairy,
Sector 29, Navi Mumbai, Maharashtra 400
703

17. Jitender Anantram Sabhlok
B-603 Swarna Society, Plot No 13 and 14,

Sector 7, Kharghar, Navi Mumbai
Maharashtra 410 210

18. Harish Jashanmal Khanna
E-6/101, Happy Home Heights, Poonam Garden, Mira Bhayander, Thane 401 107

19. Shipra Navin Parwani
8, Anand Villa, 4/283, Parwati Bagla Road, Tilak Nagar, Kanpur, Uttar Pradesh 208 002

20. Vivek Jairamdas Makhija
403 Sanskruti Apartment, Harish Nagar, Sikandra Agra, Uttar Pradesh 282 007

21. Pawan Nandlal Khanna
5011 Sobha Palladian, Yemalur Kariayammana, Agrahara Road, Bangalore, Karnataka 560 037

22. Ahsaan Ashrafali Petkar
02, Kanti Cooperative Housing Society, Plot No 45, Sector 14, Vashi, Navi Mumbai, Maharashtra 400 703

23. Shital Inder Khanna
Upvan North Avenue Santacruz (West) Mumbai Maharashtra 400 054

24. Punit Inder Khanna
Upvan North Avenue Santacruz (West) Mumbai Maharashtra 400 054

25. Romir Khanna
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai - 400 052

26. Hema Khanna
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai – 400 025

27. Shweta Kumar
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai - 400 052 ….Respondents

**WITH**
**INTERIM APPLICATION NO.6720 OF 2025**
**IN**
**WRIT PETITION NO. 3004 OF 2025**

Meghraj Financial Consultants Private Limited
A Private Limited Company, the tenant of Unit Sr. No.39, having address at Khanna Construction House, Worli, Mumbai – 400 018 and havint its current address at Ground floor, Navsari (KK) chambers, PT Marg, Frt Mumbai, Maharashtra, India – 400001 ….Applicant

**<u>IN THE MATTER OF :</u>**

1. Nandlal Balkishan Sahjwani,
Flat no. 22, 2nd floor, Mona Lisa, Boman Petit Road, Mumbai Maharashtra 400 036
2. Shakuntala Balkishan Sahjwani
alias Chandni Nanik Lulla,
A2 Cosmos Society, 12/14, Boat Club Road, Pune, Maharashtra 411 001. … Petitioners

***Versus***

1. Municipal Corporation of Greater Mumbai
Mahapalika Marg, Fort, Mumbai, Maharashtra 400 001
2. Deputy Municipal Commissioner (IMP.)
Municipal Corporation Of Greater Mumbai
3. The Assistant Commissioner (Estates)
Municipal Corporation of Greater Mumbai, 4th Floor Annex Building MCGM Head Office Mahapalika Marg CST, Mumbai, Maharashtra 400 001
4. Asst. Assessor & Collector, G-South ward, Municipal Corporation Of Greater Mumbai
5. Laxmi Rajkiran Grover
Kaushalaya Bhawan B-25, Sophia School

Road, Vallabh Nagar, Kota, Rajasthan
324 007

6. Satish Anantram Sabhlok
B-85, Vidhani Mountview, Plot No. 68, Sector-17, Vashi, Navi Mumbai, Maharashtra 400 703

7. Surinder Anantram Sabhlok
Flat No.1501, 15th floor, Vivaant, Plot No. 04, Sector-19, Sanpada, Navi Mumbai, Maharashtra 400 705

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Flat no. 51, 5th floor, Mona Lisa, Boman Petit Road, Mumbai, Maharashtra 400 036

10. Saroj Khanna
Office No.1, Sai Pooja CHS, Near Jan Kalyan Bank, Om Nagar, Andheri East, Mumbai, Maharashtra - 400 059

11. Prasanaata Vikram Patwardhan
Office No.1, Sai Pooja CHS, Near Jan Kalyan Bank, Om Nagar, Andheri East, Mumbai, Maharashtra-400 059

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13. Aanchal Sunil Sadhnani
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Flat No.102, Okland Park, CHSL, Yamuna Nagar, Andheri West, Mumbai, Maharashtra 400 053

15. Vinod Nandlal Khanna
101, Mathapati Meridean 5th Main, 6th Cross
Near BGFI Club, Malleshpalya Bangalore
North New Thippasandra, Karnataka 560 075

16. Baldev Joginderpal Malhotra
403/4, Citi Corner No. 1, Opp. Vijay Dairy,
Sector 29, Navi Mumbai, Maharashtra 400 703

17. Jitender Anantram Sabhlok
B-603 Swarna Society, Plot No 13 and 14,
Sector 7, Kharghar, Navi Mumbai,
Maharashtra 410 210

18. Harish Jashanmal Khanna
E-6/101, Happy Home Heights, Poonam
Garden, Mira Bhayander, Thane 401 107

19. Shipra Navin Parwani
8, Anand Villa, 4/283, Parwati Bagla
Road, Tilak Nagar, Kanpur, Uttar Pradesh 208 002

20. Vivek Jairamdas Makhija
403 Sanskruti Apartment, Harish Nagar,
Sikandra Agra, Uttar Pradesh 282 007

21. Pawan Nandlal Khanna
5011 Sobha Palladian, Yemalur
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22. Ahsaan Ashrafali Petkar
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23. Shital Inder Khanna
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Upvan North Avenue Santacruz (West),
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25. Romir Khanna
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai - 400 052

26. Hema Khanna
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai – 400 025

27. Shweta Kumar
Flat No. 10, 3rd Floor, Neel Nandini A CHS, 8th Road, Linking Road Corner, Khar West, Mumbai - 400 052 ….Respondents

**WITH**
**INTERIM APPLICATION NO.7191 OF 2025**
**IN**
**WRIT PETITION NO. 3004 OF 2025**

Khanna Construction House Commercial Premises Co-operative society Limited (Proposed)
a proposed society having, having its address at Plot No.44, Scheme 58 of Worli Division, CS No.903, situated at R.G. Thadani marg, Worli, Mumbai – 400 018 through the hands of its duly authorized signatory Mr. Akash Gupta ….Applicant

**IN THE MATTER BETWEEN :**

1. Nandlal Balkishan Sahjwani,
Flat no. 22, 2nd floor, Mona Lisa, Boman Petit Road, Mumbai, Maharashtra 400 036

2. Shakuntala Balkishan Sahjwani alias Chandni Nanik Lulla,
A2 Cosmos Society, 12/14, Boat Club Road, Pune, Maharashtra 411 001. … Petitioners

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   Office Mahapalika Marg CST, Mumbai,
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4. Asst. Assessor & Collector, G-South Ward,
   Municipal Corporation Of Greater Mumbai
5. Laxmi Rajkiran Grover
   Kaushalaya Bhawan B-25, Sophia School
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    Office No.1, Sai Pooja CHS, Near Jan
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    101, Sudha Building, Corner of the 7th and 12th Road, Near Gayatri Mandir, Khar West, Mumbai, Maharashtra-400 052

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    E-6/101, Happy Home Heights, Poonam Garden, Mira Bhayander, Thane 401 107

19. Shipra Navin Parwani
    8, Anand Villa, 4/283, Parwati Bagla Road, Tilak Nagar, Kanpur, Uttar Pradesh 208 002

20. Vivek Jairamdas Makhija
    403 Sanskruti Apartment, Harish Nagar, Sikandra Agra, Uttar Pradesh 282 007

21. Pawan Nandlal Khanna
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Flat No. 10, 3rd Floor, Neel Nandini A CHS,
8th Road, Linking Road Corner, Khar West,
Mumbai - 400 052 ….Respondents

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Mr. Janak Dwarkadas, Senior Advocate a/w. Mr. Rohaan Cama, Mr. Chirag Kamdar, Mr. Dhawal Mehta, Mr. Abinash Pradhan, Ms. Garima Agrawal, Mr. Yash Dedhia and Ms. Priyanka Mehta i/b. Wadia Ghandy & Co. for the Petitioners.

Mr. Aspi Chinoy, Senior Advocate a/w. Mr. Joel Carlos, Ms. Vaishali Ugale for Respondent No.1- Municipal Corporation.

Mr. Girish Godbole, Senior Advocate a/w. Ms. Vaishali Ugale for Respondent Nos.2 to 4.

Dr. Birendra Saraf, Senior Advocate a/w. Mr. Vaibhav C., Mr. Yash Sheth, Mr. Dhavall Gandhy i/b. Mr. Tushar Goradia for the Applicant in IA No.7191 of 2025.

Ms. Kausar Banatwala i/b. Mr. Tushar Goradia for the Applicant in IA No.6720 of 2025.

Mr. Mayur Khandeparkar a/w. Mr. Sandeep Singh for Respondent Nos.15 to 21 and 25 to 27.

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**CORAM : RAVINDRA V. GHUGE**
**&**
**ABHAY J. MANTRI, JJ.**

**RESERVED ON : 7th APRIL, 2026**

**PRONOUNCED ON : 8th MAY, 2026**

**JUDGMENT (PER : RAVINDRA V. GHUGE, J.)**

1. **Rule.** Rule made returnable forthwith and heard finally by consent of the parties.

2. The Petitioners are the two surviving partners of M/s. Khanna Construction House (a dissolved firm), a partnership firm which was a lessee in the land bearing Plot No.44, Worli Hill Estate Scheme No.58 bearing C.S. No.903 of Worli Division, G/S Ward, admeasuring 3718 square yards (hereinafter referred to as the **'Writ Land'**).

3. The Petitioners have put forth ten prayers in the Petition. The relevant prayers (a) to (e), read as under :

> *(a) that this Hon'ble Court be pleased to issue a writ of certiorari or a writ in the nature of certiorari or any other appropriate writ, order or*

*direction calling for the records and proceedings culminating into the issuance of the Impugned Warrant of Attachment dated 10th June, 2024 [Exhibit 'A' hereto and after going through the legality. validity and propriety thereof, the same be quashed and set aside.*

*(b) that this Hon'ble Court be pleased to issue a writ of certiorari or a writ in the nature of certiorari or any other appropriate writ, order or direction calling for the records and proceedings culminating into the issuance of the Impugned Show Cause Notice dated 8th November, 2024 [Exhibit 'B' hereto], Impugned 14th July, 2025 Directions [Exhibit 'C' hereto] and the Impugned 17th July, 2025 Order [Exhibit 'D' hereto] by the Respondent Nos.1 to 4; and after going through the legality, validity and propriety thereof, the same be quashed and set aside.*

*(c) that this Hon'ble Court be pleased to issue a writ of mandamus or a writ in the nature of mandamus or any other appropriate writ, order or direction, directing Respondent Nos.1 to 4 to restore the possession of the said Land (defined in para. 1 above) to the Petitioners.*

*(d) that this Hon'ble Court be pleased to issue a writ of mandamus or a writ in the nature of mandamus or any other appropriate writ, order or direction, directing the Respondent Nos.1 to 4 to approve and sanction the redevelopment of the said Land by the Petitioners.*

*(e) that this Hon'ble Court be pleased to issue a writ of mandamus or a writ in the nature of mandamus or any other appropriate writ, order or direction, directing the Respondent Nos.1 to 4 to approve and sanction the list of the tenants who are required to be rehabilitated on the redevelopment of the said Land by the Petitioners.*

**ORAL & WRITTEN SUBMISSIONS OF THE PETITIONERS**

4. The learned Senior Advocate, Mr. Dwarkadas has tendered written notes of submissions in three parts. We summarize the oral and written submissions of Mr. Dwarkadas, as under :

(a) The partnership firm was incorporated on 01.08.1962. The following six persons were the partners of the said firm :

1) Saligram Gurdasmal Khanna
2) Jashanmal Saligram Khanna
3) Nandlal Jashanmal Khanna
4) Inder Jashanmal Khanna
5) Balkishan Jiwandas
6) Nandlal Balkishan Sahjwani (Petitioner No.1)

(b) The Respondent No.1, Municipal Corporation entered into a registered lease deed with the firm on 14.07.1965 for a period of 999 years w.e.f. 12.01.1961 (retrospective effect) along with the building standing thereon, known as Khanna Construction House. Possession of the land was given on 18.01.1961.

(c) The construction of the building was completed and a completion certificate was granted by the Corporation on 28.12.1964, with the following conditions :

i. Agreement to pay all the rent and taxes of the above land.

ii. To carry out the repair of the premises and to keep it in a good condition.

iii. Not to colour paint or white wash any Porebunder stone-work for the time being on the demised premises.

iv. Any breach of any of the conditions or of the covenants on the part of the lessee, the Corporation may re-enter upon the said premises or any part of the said premises and immediately thereupon all rights of the lessees hereunder shall be absolutely determined (terminated/extinguished).

(d) In October1965, Ghanshyam Saligram Khanna and Shakuntala Balkishan Sahjwani alias Chandni Nanik Lulla (Petitioner No.2 herein), were admitted in the firm as partners.

(e) Petitioner No.1, i.e., Nandlal Balkishan Sahjwani instituted Suit No.1010 of 1973 against the other partners of the firm in the High Court, praying for dissolution of the firm and for determination of accounts.

(f) This Court appointed a Court Receiver on 10.10.1973 in respect of the land and the building. The Court Receiver was put in possession of the land and the building. Subsequently, the said suit was transferred to the City Civil Court at Bombay on account of enhancement in pecuniary jurisdiction and was renumbered as Suit No.110318 of 1973. The suit was decreed on 20/08/2018 and the partnership firm was dissolved.

(g) The Corporation issued a notice under Section 354 of the Mumbai Municipal Corporation Act, 1888 (for short **'MMC Act'**), on 15.06.2018, to the Court Receiver/Occupants of the said building, classifying the building as a dangerous dilapidated structure and directing demolition of the same.

(h) On 20.08.2018, the firm was dissolved by a decree passed by the City Civil Court with the directions that the affairs of the said firm be wound up and the Court Receiver was directed to realize the assets and debts of the said firm with the shares of the partners to be ascertained.

(i) Ghanshyam Saligram Khanna, a partner in the firm, preferred First Appeal No.1912 of 2024 (old number - First Appeal (St) No.31064 of 2018), on 26.10.2018. The First Appeal was registered on 06.12.2024 and the same is pending final adjudication.

(j) On 28.08.2020, Respondent No.4, Assistant Assessor and Collector, G-South Ward issued a letter to the Court Receiver in respect of the outstanding property tax for the Writ Land and the building, for an amount of Rs.3,42,81,922/-.

(k) The Court Receiver filed a report bearing CRR No.14 of 2021 dated 20.11.2021 in the First Appeal seeking direction from this Court with respect to the action of Municipal Corporation of Greater Mumbai (**'MCGM'**) in appointing a contractor for demolition of the building.

(l) By order dated 09.12.2021 passed by this Court in CRR No.14 of 2021, the Corporation was directed to be impleaded as a party in the First Appeal.

(m) The tenants of the building filed an Interim Application (L) No.2775 of 2022 on 29.01.2021, seeking to intervene in CRR No.14 of 2021. This Court passed an order on 08.06.2022 on the Interim Application allowing the tenants to intervene in CRR No.14 of 2021.

(n) In view of the order passed by this Court the Court Receiver was directed on 07.07.2022, to handover the possession of the building to the Corporation for carrying out the demolition. The Petitioners were directed to convey their decision regarding redevelopment or reconstruction to the Corporation within a period of six weeks.

(o) The First Appeal Court passed another order on 19.07.2022, clarifying the time given to the MCGM vide order dated 07.07.2022, as six months.

(p) The Corporation demolished the said building after all the tenants/occupants vacated their respective premises, in September-2022.

(q) On 06.01.2023, Petitioner No.1 conveyed to Respondent No.3 that this Court had ordered on 07.07.2022 that the Corporation should demolish the said building and had directed the Court Receiver to handover the possession of the building to the Corporation. In response to the First Appeal Court recording that the owners of the building may agree to redevelop, Petitioner No.1 conveyed his willingness to the Corporation to redevelop the land.

(r) The two Petitioners and the LRs. of the other partners addressed a letter dated 10.04.2023 to the Court Receiver highlighting the steps taken by the Petitioners towards the development and indicating their readiness and willingness to redevelop the said land. It is canvassed that, hence, no other developer had the locus to develop the land.

(s) Respondent No.4 informed the Court Receiver on 10.04.2024 that the property tax in respect of the Writ Land amounting to Rs.9,80,18,624/- as on 31.03.2023, was outstanding and requested the Court Receiver to pay the said outstanding amount within 21 days failing which the action of recovery would be initiated under the provisions of the MMC Act.

(t) The Petitioners intimated the Court Receiver vide letter dated 10.04.2024 that the property tax ought to be disbursed by the Court Receiver from the rents/outgoings paid by the occupants/tenants to the Court Receiver. It was also contended that the demand for property tax after 2022 was untenable because the building stood demolished in 2022.

(u) Respondent No.4 issued the impugned warrant of attachment dated 10.06.2024 under Sections 202 and 203 of the MMC Act for the outstanding property tax amount of Rs.8,39,82,176/- for the period 01.04.1984 to 31.03.2024.

(v) The Petitioners and the LRs. of other partners of the firm addressed a letter dated 20.06.2024, requesting the Court Receiver to file his report as regards the attachment notice issued by the BMC before the F.A. Court and seek directions thereon.

(w) The Corporation addressed a letter dated 06.11.2024 to the Court Receiver demanding payment of the outstanding amount including the penalty, totaling

Rs.11,04,77,097/- upto 31.03.2025.

(x) Respondent No.3, the Assistant Commissioner Estates addressed a letter dated 08.11.2024 to the Advocates of the Petitioners, intimating that the Petitioners proposal for redevelopment was rejected for the reason that the said firm was declared as dissolved and restricted from creating third party rights in the said property.

(y) Respondent No.2, the Deputy Municipal Commissioner (IMP) issued the impugned show-cause notice dated 08.11.2024 to the Petitioners and the LRs. of other partners, calling upon them to show-cause as to why the lease deed dated 14.07.1965, should not be terminated on the grounds set out in the notice.

(z) The Petitioners, through their Advocates deposited a cheque dated 21.11.2024 for a sum of Rs.3,71,488/- towards the arrears of lease rent to Respondent No.3.

(aa) On 22.11.2024, the Petitioners through their advocates informed Respondent No. 3 that their letter dated

21.11.2024 depositing a cheque for a sum of Rs.3,71,488/- was refused to be accepted and the same is now being sent through RPAD.

(bb) Petitioner No. 1 challenged the Rejection of Proposal dated 08.11.2024, on 28.11.2024, by way of an Interim Application bearing Interim Application No. 15575 of 2024 filed in the First Appeal.

(cc) On 02.12.2024, Advocates for the Petitioners replied to the impugned show-cause notice.

(dd) The Administrative Officer (Lease) Estate Department of MCGM addressed a letter dated 18.12.2024 to the Advocates of the Petitioners thereby refusing to accept the payment for the lease rental sought to be paid under letter dated 21.11.2024 for reasons set out in the letter .

(ee) On 24.12.2024, the Petitioners replied to the letter dated 18.12.2024 through their Advocates and stated that the Petitioners are the two original partners of the said firm. Further, Respondent No.1 is a party to the proceedings of First Appeal wherein the LRs. of deceased partners have been brought on record. The Petitioners therein once again sent a cheque for a sum of Rs.3,71,488/-.

(ff) The FA Court passed an order dated 08.01.2025 in Interim Application No. 15575 of 2024 filed in First Appeal, recording that the Corporation has intimated that the applicant lease will be terminated as the entire proposal has not been submitted within the period prescribed (six months) by this court in order dated 07.07.2022. The Applicant submitted that the proposal have been submitted to the office of the Court Receiver and a common proposal will be submitted before this court within a period of three weeks from the date of this order. Accordingly, the FA Court observed that no coercive steps should be taken in furtherance to the impugned show-cause notice till the next date.

(gg) The Petitioners along with Respondent Nos.5 to 11 and Respondent Nos. 22 to 24, signed declaration dated 28.01.2025 conveying their intention to redevelop the said Land and the same was filed before the FA Court.

(hh) The Petitioners, through their Advocates, addressed a letter dated 27.02.2025 to the Administrative Officer (Lease) Estate Department of MCGM, calling upon the officer to accept the payment of lease rentals.

(ii) Petitioner No.1 filed an affidavit dated 13.03.2025 in the Interim Application No. 15575 of 2024 before the FA Court reiterating its readiness and willingness to redevelop the said Land.

(jj) Petitioner No.1 filed an Interim Application (St.) No. 12546 of 2025 dated 03.04.2025 in the First Appeal, *inter alia,* seeking directions to the Court Receiver to disclose the statement of accounts and to utilize the funds that have matured pursuant to the Fixed Deposits and pay the concerned departments towards property tax.

(kk) On 17.03.2025, the Court Receiver filed a Report bearing CRR No. 15 of 2025, in the First Appeal.

(ll) On 03.04.2025, Petitioner No.1 filed another Interim Application (St.) No. 12547 of 2025 dated 15.03.2025 in the First Appeal, *inter alia,* seeking directions for handover of possession of the said Land to the Court Receiver. The said Interim Application is pending adjudication.

(mm) On 22.04.2025, Respondent No.3 addressed a letter to the advocate of the Petitioners reiterating that the payment of the lease rental cannot be accepted on the ground that the said Firm has been dissolved and the matter is *sub judice* before this Court.

(nn) The FA Court passed an order dated 09.06.2025 in First Appeal with CRR No. 13 of 2025 and other Interim Applications thereby summarily discharging the Court Receiver without passing the accounts, vacating the stay on the impugned Show Cause Notice and directing that any partner party/ occupant/ tenant can submit a proposal of redevelopment and MCGM shall consider the said proposal and decide on its merit.

(oo) Petitioner No.1 and Respondent No.5 to 9 challenged the order of FA Court dated 09.06.2025, in SLP (C) No. 17680 of 2025 before the Hon'ble Supreme Court. The said SLP is dismissed on 25.08.2025.

(pp) On 27.06.2025, a hearing was conducted by Respondent No.1 regarding the impugned show-cause notice.

(qq) Respondent No.2 passed the speaking order dated 14.07.2025 concluding that the impugned show-cause notice dated 08.11.2024 is justified and directed Respondent No.3 to initiate the process for the termination of the Lease dated 14.07.1995.

(rr) Petitioner No.1 issued a letter dated 17.07.2025 to Respondent No.2 tendering two demand drafts of Rs.11,04,77,097/- and Rs. 3,71,488/- in favour of Asst. Assessor & Collector G/South Ward BMC (Respondent No.4) and Asst. Commissioner (Estate) BMC (Respondent No.3) respectively. The Petitioner also requested thereby to revoke the impugned speaking order dated 14.07.2025 and to not take steps in furtherance thereof.

(ss) The Respondent No.3 issued the impugned order dated 17.07.2025, thereby terminating the Lease dated 14.07.1995.

(tt) The Hon'ble Supreme Court passed an order dated 25.08.2025 dismissing the SLP (Civil) No. 17680 of 2025.

(uu) The City Civil Court passed an order dated 06.01.2015 in Suit No. 10318 of 1973, thereby observing that the rental income from tenants/occupants of the said building will not be sufficient for the dues payable and directed Petitioner No.1 to pay costs charges and expenses to the Court Receiver.

(vv) On 17.07.2025, the Corporation addressed a letter to Petitioner No. 1 thereby returning the demand drafts submitted by the Petitioner on the following grounds (as stated on affidavit):

> *1. The payments were made only after the passing of the Speaking Order dated 14.07.2025 and at the very threshold of termination, such belated payments cannot cure the defaults or invalidate proceedings lawfully conducted by the Respondents.*
>
> *2. Demand Drafts submitted by the Petitioners were not drawn in the proper name of the Respondent Corporation, but in the name of individual officer designation, and therefore could not be deposited or encashed.*

## CONTENTIONS OF RESPONDENT NO.1 TO 4

5. The oral and written submissions of Respondent nos.1 to 4 (Corporation authorities), advanced by the learned Senior Advocates Mr. Aspi Chinoy and Mr. Godbole, are summarised as under :-

(a) Insofar as the factual details as regards the two Petitioners, their partnership firm, the lease of 999 years, the dispute *inter se* the partners, the dissolution of the partnership firm etc., are undisputed. The date of submission of the willingness to develop, is disputed on the ground that the Petitioners belatedly tendered a back-dated letter 06.01.2023 to the Corporation on 17.01.2023.

(b) This Court appointed a Court Receiver for the Writ Land and building in 1973. Due to pecuniary jurisdiction, the matter was transferred to the City Civil Court in 2012.

(c) The dissolution of the partnership firm by Judgment and degree dated 20.08.2018 before the City Civil Court, is undisputed.

(d) The Court Receiver was directed to realize and distribute the assets amongst the Petitioners.

(e) One of the partners Mr. Ghanshyam Khanna had challenged the preliminary decree.

(f) The MCGM had issued the notice dated 15.06.2018 under Section 354 of the MMC Act directing demolition of the building being in a dilapidated and dangerous condition.

(g) The Court Receiver received a notice dated 28.08.2020 in respect of the outstanding property tax dues amounting to Rs.3,42,81,922/-.

(h) By order dated 07.07.2022, the First Appeal Court recorded that the building was unfit for habitation and all the tenants had already vacated their premises.

(i) The First Appeal Court ordered the demolition of the building and granted liberty to the owners to redevelop/reconstruct the building by conveying their decision to the Corporation within six weeks.

(j) The Corporation demolished the building in the month of September 2022.

(k) Some of the partners/their legal heirs addressed a back-dated letter dated 07.01.2023 to the Corporation agreeing to develop the building, by serving it on the Corporation on 17.01.2023.

(l) In January and March, 2023, the Corporation received letter from Avighna Group which stated that they had the support of 24% of the partners and were willing to undertake the redevelopment of the building.

(m) On 22.05.2023, the Avighna Group addressed a letter to the Court Receiver reiterating their willingness to undertake the redevelopment and also forwarded the letter to the Advocates of some of the partners/legal heirs.

(n) A letter dated 06.06.2023 was addressed by the Advocates to the Court Receiver and the MCGM stating that they represented 87% of the partners and a fresh lease should be granted to them to enable them to carry out the redevelopment.

(o) By letter dated 10.04.2024, the MCGM had informed the Court Receiver that the arrears of property taxes from 2008 had aggregated to Rs.8,39,82,176/-.

(p) By letter dated 08.05.2024, the said Advocates disputed the demand for property taxes.

(q) In these circumstances the MCGM issued a Notice dated 10.06.2024 attaching the property for arrears of property taxes.

(r) By a letter dated 06.11.2024, the MCGM informed the Court Receiver that the arrears of property taxes had increased to Rs.11,04,77,097/-.

(s) By a letter dated 08.11.2024, the MCGM informed the said Advocate of some of the partners/ legal heirs that their proposal for redevelopment was rejected as it was not made by all the partners/ legal heirs and was also not supported by 51% tenants.

(t) In view of the failure of the partners/ heirs of deceased partners [i.e. 100%], to collectively submit a

Redevelopment Proposal supported by 51% of the tenants, the MCGM acting in pursuance of the order dated 07.07.2022 passed by the Single Judge, and having regard to the need to enable redevelopment for the tenants, issued a Notice dated 08.11.2024 requiring the Partners and legal heirs of partners to show cause as to why the lease should not be terminated.

(u) A few of the partners / legal heirs of partners filed an Interim Application No.15575 of 2024 in the said First Appeal stating that they would "*submit a common proposal before the Court within a period of three weeks from today as regards the redevelopment of the subject property*". On this basis, this Hon'ble Court, by its order dated 08.01.2025, adjourned the matter for three weeks and directed that till then no coercive steps should be taken.

(v) The same group of partners / legal heirs submitted to the MCGM declarations regarding their willingness to undertake redevelopment. However these declarations were not made collectively by all the partners and were also not supported by 51% of the tenants.

(w) By an order dated 09.06.2025 passed in the First Appeal proceedings, the learned Single Judge of this Court held that :

> *i. despite the Court having given the partners two opportunities to redevelop the property, they had failed to take collective steps to redevelop the said property and had accordingly not complied with the orders of the Court dated 7th July, 2022 and 8th January, 2025.*
>
> *ii. that the tenants occupants of the building whose interests were of paramount importance have been out of their premises for seven years.*
>
> *iii. that the firm / partners have not paid the property tax of the suit property which runs in crores of rupees. In spite of a warrant of attachment of suit property being issued by the MCGM, no partners have deposited the said tax*
>
> *(iii) The Court accordingly discharged the Court Receiver and also vacated the order dated 8th January, 2025 which had directed that no coercive steps should be taken.*
>
> The relevant paragraph no.12 of the said order provided :
> *12. It shows that two orders of this Court dt 7.7.2022 and 8.1.2025 have not been complied by the partners/ parties. The tenants/occupants of the suit property are out of their so while deciding premises for more than seven years... the issue in present appeal, this Court cannot deprive the rights of occupants/tenants of the suit property who are out of their premises for more than seven*

*years. The interest of the occupants / tenants is of para mount importance. As observed earlier, the partners of the dissolved firm have not taken collective efforts to redevelop the property as directed by this Court in the year 2022 and in Jan 2025 ..In my view, to protect the interest of the partners, this Court has given two opportunities to the partners to redevelop the suit property but it has not been complied. Moreover, there is no stay to the order of City Civil Court and as per direction of City Civil Court, all partners were directed to give account of partnership to the Court Receiver but they failed to give accounts of partnership firm. They have not paid the property tax of the suit property which runs in crores of rupees. A warrant of attachment of suit property was issued by the MCGM due to non payment of property tax. In spite of aware of this fact, no partners have deposited the said tax and even they have not claimed partnership record from MCGM. It shows their reluctance in partnership firm. It appears that the partners only want to claim share in suit property but do not want to follow the orders of this Court. They have avoided the responsibility of paying taxes and redevelopment of the suit property. It appears that there is internal dispute between them. The possession of suit property is given to the MCGM as per order of this Court. The said order has not been challenged. The MCGM wants to redevelop the suit property as per procedure of law and to protect the rights of occupants / tenants as directed by this Court. Accordingly, termination of lease notice is issued. As discussed above, suit property is no longer in possession of the Court Receiver. All records pertaining to the suit partnership firm is with MCGM hence the Court Receiver cannot be continued with the suit property. It is contention of learned Senior Counsel for MCGM that interim order passed by this Court to termination of lease notice is causing* *prejudice to the MCGM. As observed earlier, the applicant in said application has not submitted redevelopment proposal within three weeks as assured to this Court hence interim relief granted by this Court cannot be continued. Moreover, in termination of lease notice 15 days time is given to the parties to submit the say, without submitting the say the applicant has approached this Court. The concerned parties can file reply to it, if direction is given to MCGM to consider say and submission made by concerned parties and take action on above notice would suffice. Considering above reasons, I pass following order :*

*ORDER*

*i. The Court Receiver appointed by this Court is discharged without passing of accounts and upon payment of costs, charges and expenses. All available records if any, with Court Receiver regarding the suit property be handed over to MCGM within two weeks.*

*ii. The Court Receiver's Report is allowed in terms of prayer clauses (a), (b) and (d). The claims raised by the four workmen through Union are allowed and Court Receiver is directed to disburse the amount to the workmen from the amounts lying in the suit account. Thereafter, the balance amount, if any, in the suit account be deposited before this Court. The Court Receiver Report No. 13 of 2025 stands disposed of.*

*iii. The direction given by this Court to MCGM dated 08.01.2025, no coercive steps in respect of suit property be taken is vacated and I.A. No. 15575 of 2024 is disposed off.*

*iv. If any partner/party/occupants / tenants including current tenants / occupants submit a proposal of redevelopment including the parties* *who had earlier submitted proposal in respect of redevelopment of the suit property, the MCGM shall consider the said proposals and decide on its own merit as per procedure of law. The MCGM shall consider the list of occupants/tenants prepared by the Court Receiver and MCGM and current occupants / tenants and decide their claims on its own merit and inform them accordingly.*

(x) On 27.06.2025, a hearing was conducted by the MCGM. Thereafter, by a detailed speaking order dated 14.07.2025, the Corporation came to a conclusion that the show cause notice dated 08.11.2024 is justified and directed Respondent No.3 to initiate the process for termination of the lease deed.

(y) The Order notes that :

*The proposals received from North Star Homes P Ltd submitted by partners legal heirs having 22.86% shares and the Proposal submitted by the said Advocates supported by 80% of the partners / legal heirs, had both been refused by the Corporation vide its letters dated 08.11.2024 as they were not submitted by all [100%] of the partners / legal heirs of partners.*

*That, there appeared to be a dispute between the partners/legal heirs of partners regarding the proposed redevelopment of the property and that consequently they were unable to submit a collective proposal [by all the partners/ legal heirs of partners] for redevelopment,* *Accordingly despite repeated opportunities being given no proposal for redevelopment had been received from all the partners / legal heirs of the partners.*

*The Hon'ble Court's order dated 09.06.2025 had in fact held that "As observed earlier, the partners of the dissolved firm have not taken collective efforts to redevelop the property as directed by this Court in the year 2022 and in Jan 2025. In my view, to protect the interest of the partners, this Court has given two opportunities to the partners to redevelop the suit property but it has not been complied.*

*Arrears of property taxes from 2008 amounting to Rs.8,39,82,176/- had remained outstanding and the Corporation had issued warrant of attachment under Section 206.*

*That the Hon'ble Court's order dated 09.06.2025 had provided that "this Court cannot deprive the rights of occupants/tenants of the suit property who are out of their premises for more than seven years. The interest of the occupants/tenants is of paramount importance."*

*By not maintaining / repairing the building [resulting in it being required to be demolished by the Corporation under the orders if the Hon'ble Court] and by not paying lease rentals and property taxes, the lessees had committed breaches of the Lease Deed.*

*The Corporation was accordingly required to move forward to secure the interest of the tenants/ occupants as had been provided in the Court's order dated 09.06.2025.*

*That the corporation was entitled to evict the lessee under Section 105(B), but in the present case no eviction was required as the property was already in possession of the Corporation under the Court's orders.*

*Accordingly the order directs the Assistant Commissioner Estates to initiate the process for termination of the lease granted by the Lease Deed dated 14.07.1965.*

(z) Pursuant to the order dated 14.07.2025, the Assistant Commissioner, Estates, by his order dated 14.07.2025, terminated the lease granted by the Lease Deed dated 14.07.1965.

(aa) On 17.07.2025, Petitioner No.1 for the first time tendered a demand draft for Rs.11,04,77,097/- for the arrears of property taxes from 2008.

(bb) It is submitted that in the aforesaid facts and circumstances, the Petitioners' allegation that the warrant of attachment, the Show Cause Notice, the order dated 14.07.2025 and the order dated 17.07.2025, are bad, are unsustainable.

**Mr. Chinoy has further countered** the Petitioners grounds as under :

(cc) Are contrary to the provisions of law, arbitrary and unreasonable and without application of mind.

(dd) That the Petitioners had paid Rs.11,04,77,097/- only after the termination of the lease deed.

(ee) That the Petitioners were in breach of the order dated 07.07.2022 as they had made a proposal for redevelopment belatedly beyond the time-line granted by the Single Judge and the Corporations rejection thereof on the ground that it was not made by all partners/ heirs of partners, was appropriate in law.

(ff) That reliance on the order dated 07.07.2022 to initiate termination of the lease was correct and appropriate.

(gg) That Respondent Nos.1 to 4's conclusion that the lessees had not conducted timely repairs of the building was based on material / evidence and was supported by the fact that the Building had been declared structurally dangerous and required to be demolished.

(hh) Regarding the Petitioners allegation that the Corporations acts of issuing the orders for termination of the lease, are arbitrary, unreasonable as the Petitioners had complied with the order dated 07.07.2022 and had submitted a proposal for redevelopment, the Corporation submits that:

(i) The order of this Honble Court dated

07.07.2022 had clearly provided that "If the all owners fail to take the decision to redevelop/reconstruct the building within a period of six weeks, the Corporation shall be at liberty to take over the land from the owners by protecting the rights of the tenants/occupants." This direction was disobeyed.

(ii) The Petitioners have not challenged the said order dated 07.07.2022 and the same has become final and binding. The Petitioners, therefore, cannot be heard to contend that the Corporation could not act on the same to terminate the lease.

(iii) The petitioners had admittedly not submitted a collective proposal for redevelopment supported by all the partners /legal heirs of the deceased partners and the Corporation, therefore, could not have accepted such a Proposal.

(iv) This Court has, by its order dated 09.06.2025, held that despite the Court having given the partners two opportunities to redevelop the property, they had failed to take collective steps to redevelop the said property and that they had accordingly not complied with the orders of the Court dated 07.07.2022 and 08.01.2025.

(v) The Petitioners cannot be heard to contend that the Corporation could not have rejected their Proposal for redevelopment as it was not a collective proposal made by all the partners/ heirs of the deceased partners, and that they had complied with the orders dated 07.07.2022 and 07.01.2025.

(ii) In fact, the said partnership firm having been dissolved, it is a matter of law that a dissolved partnership firm cannot undertake the redevelopment of the demolished building and it was only in view of the Honble Court's order dated 07.07.2022, that the Corporation was willing to accept a collective Proposal for redevelopment, if made by all the partners/ heirs of deceased partners.

(jj) Since the Partners/ heirs of deceased partners failed to submit a collective proposal for redevelopment, the Corporation was necessarily required to proceed further to take over the land/terminate the lease to protect the interest of the tenants occupants who had been out of their premises since 2018 [for the past seven years] and who otherwise did not have any prospect of being rehabilitated by re-development of the demolished building.

(kk) In these circumstances, the Corporation was required to take steps for termination of the lease, as per the leave granted by the Court.

(ll) It is submitted that the Petition should not be entertained as it will otherwise prevent the timely rehabilitation of the tenants/occupants who have already been out of their premises for 7 years.

(mm) The Petitioners' apparent/evident failure to maintain and keep the building in good condition, is *ex facie* evident from the fact that the Corporation had issued a Section 354 Notice and that the Corporation was required to demolish the building pursuant to this Hon'ble Court's order dated 07.07.2022.

(nn) That property taxes had remained unpaid from 2008, resulting in the Corporation issuing the Warrant of Attachment. After termination of the lease, the Petitioners tried to create a make-believe picture that the taxes are being paid.

(oo) Even during the hearing before the Deputy Municipal Commissioner on 27.06.2025 [as recorded in the order dated 14.07.2025], the Petitioners had not paid / offered to pay the property taxes of Rs.11,04,77,097/- [due from 2008] and had alleged that the same was "excessive, unlawful and unreasonable".

(pp) Only after the order dated 14.07.2025 directing the termination of the lease, did the Petitioners deposit the amount of Rs.11,04,77,097/- on 17.07.2025.

## SUBMISSIONS FOR THE SOCIETY

6. Dr. Birendra Saraf, learned Senior Advocate has tendered his oral and written submissions on behalf of the Applicant Khanna Construction House Commercial Premises Co-operative Housing Society (the Society), as under :

(a) The sequence of dates and events have not been disputed. If the terms and conditions of the lease agreement are breached, termination of the lease cannot be arbitrary. The Petitioners have failed in the payment of taxes from 2008 onwards.

(b) After the partnership firm was dissolved, the learned Single Judge in the order dated 07.07.2022 (Stamp No.31064 of 2018) in the First Appeal, recorded in the last Paragraph No.5 that the owners of the building should agree to reconstruct/redevelop the building and should convey their decision within a period of six months to the Corporation. If they fail to do so within six months, the

Corporation shall be at liberty to take over the land from the owners, by protecting the rights of the tenants/occupants. Dr. Saraf contends that since this was done by the Corporation in the backdrop of the breach of the lease agreement by the Petitioners, the termination of the lease cannot be branded as being arbitrary.

(c) The Judgment dated 09.06.2025 delivered by the learned Single Judge in First Appeal No. 1912/2024, has dealt with the said issue and it is concluded that the breach is established.

(d) The partners of the dissolved firm are divided in two factions. The Petitioners and Respondent Nos. 5 to 14 and 22 to 24 are claiming 91.91% rights in the subject property. They have on 06.01.2023 submitted a proposal for redevelopment. On the other hand, Respondent Nos. 15 to 21 and 25 to 27 are claiming 24.61% rights and opposing the Petition stating that no rights survive and no liabilities (through self-redevelopment) can be created by virtue of dissolution of the firm.

(e) One North Star Homes Private Limited (Avighna Group) has also submitted a proposal for redevelopment of the subject property on 05.01.2023 along with a letter dated 04.01.2023 by legal heirs of few partners of the firm claiming to have 22.86% entitlement of the leasehold property.

(f) Other proposals were also received from K Raheja Realty Group and Suvidha Group.

(g) The BMC on 08.11.2024, rejected all the proposals *inter alia* on the ground that the proposals are not backed by 51% consent of the tenants. As regards the proposal submitted by the erstwhile partners of the said firm, these were also rejected on the ground that the same was not submitted by all 100% of the members of the partnership firm.

(h) On 08.11.2024, the BMC issued a show-cause notice to the partners and legal heirs of few partners for termination of the lease.

(i) On 09.06.2025, the High Court passed an order noting that the building had been demolished and the tenants/occupants had not been rehabilitated as a result of which the tenants are out of their premises. The Court noticed that the partners of the firm had not taken collective efforts to redevelop the property despite being given two opportunities. Discharging the receiver, the High Court observed that the redevelopment ought to be carried out and the rights of the tenants/occupants ought to be protected.

(j) On 14.07.2025, read with letter dated 17.07.2025, the BMC terminated the lease.

(k) In Court Receiver filed Report No. 13 of 2025 seeking discharge, the High Court heard the tenants. By an order dated 09.06.2025, the Bombay High Court noticed various defaults on the part of the lessees to collectively take steps to redevelop the building. The Court discharged the Court Receiver. In this order as well, the Court observed that the rights of the occupants/tenants of the suit property cannot be deprived. Even at this stage, the tenants were before the Court.

(l) In the present petition, some of the partners of the partnership seek to challenge the termination of the lease by MCGM. As a result of the defaults on the part of the lessees/such partners, the tenants are prejudicially affected and therefore, the Applicant Society of Tenants is entitled to be impleaded and be heard in the present Petition.

(m) It is apparent from the said orders that the rights of tenants/occupants have been recognized by this Hon’ble Court in these orders. Accordingly, the Applicants ought to be impleaded as parties in the present Writ Petition as they are proper and necessary parties for the adjudication of the dispute in the present petition.

(n) It is evident that the Petitioners are concerned solely with the monetary value of the underlying land, whereas the members of the Applicant proposed society comprise long-standing tenants and occupants whose very livelihood depend on the timely redevelopment of the demolished property. The displacement for several years, coupled with the Petitioner's continued obstructions, underscores that the real and immediate prejudice is suffered by the tenants, not the Petitioners who are engaged in disputes purely over financial entitlement for over 52 years.

(o) The Petitioner does not have locus to file the present Petition for the following reasons:

(i) On 20.08.2018, the City Civil Court passed a decree for the dissolution of the said Firm. Though there is a First Appeal, the decree of dissolution has not been stayed.

(ii) In any event, without prejudice to the said contention, it is submitted that the Petitioners can never represent the 100% of the partners of the partnership firm.

(iii) Section 47 of the Partnership Act deals with acts which the partners can do after dissolution of the firm. The same is reproduced herein below for the sake of Convenience.

*'47. Continuing authority of partners for purposes of winding up. After the dissolution of a firm the authority of each partner to bind the firm, and the other mutual rights and obligations of the*

> *partners, continue notwithstanding the dissolution, so far as may be necessary to wind up the affairs of the firm and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise:*
>
> *Provided that the firm is in no case bound by the acts of a partner who has been adjudicated insolvent; but this proviso does not affect the liability of any person who has after the adjudication represented himself or knowingly permitted himself to be represented as a partner of the insolvent.*

(p) It is apparent from a bare perusal of the said Section that the partners are not permitted to create any fresh liabilities and execute new transactions. The acts if any are for the purpose of winding up of the affairs of the firm. (Please see ***Saligram Ruplal Khanna and Anr. Vs. Kanwar Rajnath- (1974) 2 SCC 642***.

(q) The firm having been dissolved, it is not open to any partners to undertake business, afresh. The redevelopment of the building is clearly in the nature of a fresh business being undertaken by the partnership firm. Sans such redevelopment, the firm cannot hold on to the property of MCGM in circumstances where the tenants are also out of their premises.

(r) The termination of the lease by the MCGM is justified since the Petitioner is in breach of the covenants of the lease deed.

(s) The Lease Deed casts an obligation on the lessee in Clauses 6 and 7 for maintenance and upkeep of the building. As per Clause 1 of the lease deed, all rents, taxes and charges were required to be paid by the lessee. The lease deed could be terminated and the land could be resumed in the event there was a breach of any of the covenant of the lease.

(t) The said firm and its partners had stopped paying lease rent since 1998. The lease rent of Rs.3,71,488/- was pending payment since 30.06.1998.

(u) In 2019, due to the lack of maintenance and upkeep of the building, it became ruinous and dilapidated. The members of the Applicant had to vacate the building.

(v) Further, it appears the that said firm and its partners had failed to pay property tax to the MCGM. The MCGM on 28.08.2020 addressed a notice to the Court Receiver calling upon him to pay property tax to the tune of Rs.3,42,81,992/-.

(w) In September 2022, the building was demolished pursuant to the permission/order dated 07.07.2022 passed by the High Court.

(x) The Court Receiver had not paid the arrears of Property Tax. The MCGM on 10.04.2024 had once again addressed a notice to the Court Receiver for payment of property tax to the tune of Rs.9,80,18,624/-. Another demand notice was addressed by the MCGM on 06.11.2024 for an amount of Rs. 11,04,77,097/-.

(y) There was a gross failure on part of the said firm and its partners in maintaining the building and paying the property tax dues as contemplated in the lease deed. Further, the lease rent remained unpaid since 30.06.1998. Furthermore, since the partnership firm was dissolved, the

Petitioner did not have any legal right, title or interest in the said property. Considering these factors, the MCGM rightly addressed a show-cause notice dated 08.11.2024 to the erstwhile partners of the firm for termination of the lease.

(z) There is no explanation forthcoming from the Petitioners regarding the non-payment of rents and property tax when demanded. The only explanation now furnished is that the property tax has been deposited after the termination of the lease and it is a curable defect. There is no explanation regarding the aspect of dissolution of the firm, the non payment of rent and the non payment of property tax at the relevant time. The termination of the lease is, therefore, rightful. The Petitioners now seeks to usurp the said land which they are not entitled to. The said firm being dissolved, the lease cannot be continued.

(aa) Further, the said Firm was dissolved pursuant to a Preliminary Decree dated 20 August, 2018. The said dissolution was sought by Petitioner No.1 himself by filing a Suit for the same. Although only one of the partners of the dissolved Firm has preferred a First Appeal, against the said

Preliminary Decree, who has now passed away and is being represented by his legal heirs, the Petitioners are contesting the said First Appeal, and no stay of operation or effect of the said Preliminary Decree has been granted by this Court till date. Any unanimous consent or joint redevelopment proposal by the Petitioners, irrespective of the percent share claimed to be represented, is impossible owing to the 50+ years long pending dispute and the conduct of the parties. Thus, there can be no continuation of lease, if at all.

## SUBMISSIONS ON BEHALF OF THE TENANTS

7. Mr. Khandeparkar has not disputed the dates and sequence of events. In his submissions, he contends that it was Petitioner No.1 who had instituted a Suit No.1010 of 1973 on account of disputes *inter se* amongst the partners. Undisputedly, the partnership firm was dissolved by a decree on 20.08.2018 passed by the City Civil Court. The partnership was dissolved at the behest of Petitioner No.1. Subsequently, M/s. Ghanshyam Saligram Khanna another partner of the dissolved partnership firm, now deceased and represented by his heirs, including Respondent Nos.16 and 17, filed First Appeal No.1912 of 2024 (Stamp No.31064 of 2018) before the

Single Judge Bench.

8. By order dated 07.07.2022 r/w 19.07.2022, the Corporation was directed to demolish the building since the partners had disregarded and ignored the building leading it to it's dilapidated condition and categorized as C-1. Six months time was granted by the Single Judge for the Appellants/Partners and the heirs of the deceased partners to convey their decision for redevelopment within six months. The Petitioners prepared a back-dated letter dated 06.01.2023, which was served upon the Corporation on 17.01.2023, beyond the six months timeline, expressing their willingness to redevelop the building themselves. This was after the six months timeline granted by the Single Judge. Consequentially, the Corporation got the right under the directions of the Single Judge to takeover the land from the owners by protecting the rights of the tenants/occupants.

9. In the backdrop of several violations of the lease conditions, the Petitioners challenged the show-cause notice dated 08.11.2024 issued by the Corporation and the letter dated 08.11.2024 (Exhibit 'Q'-Page 218), issued by the Corporation

rejecting the proposal, by filing an Interim Application in the First Appeal. By order dated 08.01.2025, the Single Judge recorded the statement of Petitioner No.1 that a common proposal would be submitted within a period of three weeks for redevelopment of the property. Therefore, the Single Judge directed that no coercive steps would be taken till the next date. By order dated 09.06.2025, passed in the First Appeal, the Court discharged the Court Receiver.

10. The tenants who are Respondent Nos.15 to 21 and 25 to 27, claim to be entitled to 24.61% share in the dissolved partnership firm. With regard to the dispute of percentage and share of interest which is a disputed question of fact, the Writ Jurisdiction of this Court should not be invoked and the Petitioners should be relegated to the appropriate Civil Court.

11. The Petitioners are not the owners of the property which is a partnership asset. They cannot claim a right to maintain a proceeding impugning the orders passed by the Corporation with regard to the partnership assets or seek reliefs in connection with the possession and redevelopment without the consent of the tenants. Once an asset is brought into a common hotch-pot of the firm, it

would cease to be the trading asset of the person who brought it in. Consequently, it would be a trading asset of the partnership in which all partners would have interest (read **Sachin Jaiswal V/s. Hotel Alka Raje & Ors., 2025 SCC OnLine SC 446**).

12. It is further canvassed that after the partnership firm is dissolved, no new venture can be taken up by the partnership firm and the affairs are restricted to winding up and complete the transaction which remained unfinished at the time of dissolution in view of Section 47 of the Indian Partnership Act, 1932.

13. The rights and obligations of the partners do not extend to taking up new ventures which would create new set of rights and obligations beyond those created at the time of dissolution. On dissolution, every partner is entitled to have the property of the firm after payment of debts and have the surplus distributed amongst themselves. The firm or a partner individually cannot redevelop any property without the consent of the other partners. No new rights or liabilities can be created in connection with the properties of the partnership firm qua third parties (including the tenants/occupants), in view of the objections by the Respondents before us. The firm in

a dissolved state, cannot be represented by a section of the partners who exclude others, particularly when the existence of rights of the heirs of the original partners are not disputed.

14. The Petitioners and these Respondents are not together, is the argument of the Respondents. The two Petitioners cannot espouse the cause of the other partners, i.e., these Respondents. The Petitioners cannot set up a case on behalf of the partnership firm without the consent of these Respondents. The redevelopment of the building and the land cannot be undertaken without the 100% consent of the partners/legal heirs of the dissolved firm. The redevelopment is not possible until the shares and entitlement of each partner/heirs in the partnership is conclusively determined. The two Petitioners cannot unilaterally seek to proceed with the redevelopment without the concurrence of these Respondents. Until the *inter-se* disputes are adjudicated upon in the First Appeal and the pending Interim Application, and until the shares are conclusively determined, any attempt to redevelop the property would lead to multiplicity of litigation.

## ANALYSIS AND CONCLUSIONS

15. We have deeply considered the entire oral as well as the written submissions of the parties. The salient features of their submissions are summarised in the foregoing paragraphs.

16. We have perused the show-cause notice dated 08.11.2024 issued by the Deputy Municipal Commissioner. He has noted that the partners of M/s. Khanna Construction House had received the plot/parcel of land on a lease for 999 years from 12.01.1961. A building was constructed on the said lease land. Proceedings were initiated by some of the partners seeking dissolution of the partnership firm. In the said suit, the City Civil Court delivered a Judgment on 20.08.2018 and dissolved the partnership firm from the date of the order.

17. The affairs of the partnership firm were wound up and the Court Receiver, appointed by the Bombay High Court, was directed to realise its assets, the debts and its accounts be taken and the shares of each partner be ascertained after deducting taxes including municipal taxes, property taxes, fee of Court Receiver and other charges. The Court Receiver was directed to take all accounts

from the parties and after receiving the same, to file the Suit for ejectment, recovery of rent and compensation from the occupants of the partnership firm. It was also recorded that the proposal to develop the property was delivered to the Assistant Commissioner pursuant to the order of the Single Judge dated 07.07.2022, on 17.01.2023, after the expiry of six months. The Corporation acted in terms of the order of the High Court and rejected the time barred proposal on 08.11.2024.

18. Pursuant to the order of the High Court, the show-cause notice was issued and a hearing was conducted on 27.06.2025. The entire submissions of the disputing parties were considered extensively by the concerned authority and an extensive order running into 19 pages was passed, which is impugned in this Petition. The show-cause notice dated 08.11.2024 was held to have been justifiable issued. A direction was issued to initiate the process for the termination of the lease deed dated 14.07.1965. It is in this backdrop that the lease deed/agreement was terminated.

19. We have perused the lease deed dated 14.07.1965, wherein it is recorded that the possession of the plot was granted by

the Corporation on 12.01.1961. The terms and conditions have been elaborately set out in the lease deed. Specific conditions with regard to the repairs of the building, maintenance of the Porebunder stone-work, external painting colours and the means to maintain the building, have also been set out. The termination clause for breach of any of the conditions is also specifically incorporated and which indicates that if there is any breach of any of the conditions, the Corporation may re-enter upon the said premises and absolutely determine the rights of the lessee.

20. In the Judgment of the City Civil Court dated 20.08.2018, the following order was passed :

> *"1. Suit is decreed on admission.*
>
> *2. The partnership firm 'M/s. Khanna Construction House' is declared dissolved with effect from the date of order.*
>
> *3. The affairs of the partnership firm 'M/s. Khanna Construction House' be wound up and Court Receiver, appointed by Hon. Bombay High Court, is directed to realize its assets, debts paid and its accounts be taken and the share coming to each of partners of firm be ascertained and paid over after their liability ascertained as per their shares after deducting the taxes including municipal taxes, property taxes and other charges etc. including fee of Court Receiver.*

*4. Plaintiff and original defendants have following shares in the partnership properties assets and profits,*

| | |
|---|---|
| *Plaintiff* | *9%* |
| *Original defendant No.1* | *22%* |
| *Original defendant No.2* | *14%* |
| *Original defendant No.3* | *9%* |
| *defendant No.4* | *9%* |
| *defendant No.5* | *9%* |
| *defendant No.6* | *22%* |
| *defendant No.7* | *6%* |

*5. The Court Receiver is directed to take all accounts from the parties and after receipt of it to file the suit for ejectment and recovery of rent and compensation from the occupants of the partnership firm, if any due.*

*6. Plaintiff and defendants are hereby restrained in creating third party interest in the suit property or disposing off, alienating, encumbering or parties with possession of partnership assets and properties by any means or by any manner.*

*7. Preliminary decree be drawn up accordingly.*

*8. Parties are directed to bear their costs."*

21. As such, the Petitioners before us are the original plaintiff (Petitioner No.1) and Defendant No.7 (Petitioner No.2). Petitioner No.1 has a share of only 9% and Petitioner No.2 has a share of only 6% in the partnership properties assets and profits.

22. In *Saligram Ruplal Khanna (supra)*, the Hon'ble Supreme Court (Three-Judges Bench), while considering the scope of a dissolved partnership firm, has concluded as under:

> *'30. Reference has also been made on behalf of the appellants to the consent given by the respondent on behalf of SAMCO on November 13, 1957 to the award of Rs. 18,00,000 by Mr. Morarji Desai in favour of the Custodian against SAMCO. It is urged that this document would go to show that the firm of SAMCO had not been dissolved before that date. We are unable to agree. The arbitration proceedings had been started as a result of application under Section 20 of the Arbitration Act filed on April 21, 1955 when SAMCO was in existence and was a running concern. The arbitration proceedings related to a claim of the Custodian of Rs. 30,00,000 on account of the price of stocks of raw material, stores and other moveables as well as about the arrears of rent. Counter-claim had also been made by SAMCO against the Custodian for a sum of Rs. 17,67,080 as per written, statement dated December 18, 1956 filed in arbitration proceedings. The consent which was given by the respondent on November 13, 1957 was with a view to get the dispute between SAMCO with the Custodian finally settled. This was a necessary step for the purpose of winding up the affairs of SAMCO and to complete transaction of arbitration proceedings which had been begun but remained unfinished at the time of dissolution. According to Section 47 of the Indian Partnership Act, after the dissolution of a firm the authority of each partner to bind the firm, and the other mutual rights and obligations of the partners, continue notwithstanding the dissolution, so far as may be necessary to wind up the affairs of the firm and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise. The word*

*"transaction" in Section 47 refers not merely to commercial transaction of purchase and sale but would include also all other matters relating to the affairs of the partnership. The completion of a transaction would cover also the taking of necessary steps in connection with the adjudication of a dispute to which a firm before its dissolution is a party. The legal position in this respect has been stated on page 251 of Lindley on Partnership, 13th Edn. as under:*

> *Notwithstanding a dissolution each partner can pay, or receive payment of, a partnership debt; for it is clearly settled that payment by one of several joint debtors, or to one of several joint creditors, extinguishes the debt irrespective of any question of partnership. So, again, it has been held that a continuing or surviving partner may issue a bankruptcy notice in the firm name in respect of a judgment obtained before the dissolution, and that notice to him of the dishonour of a bill of exchange is sufficient, and that he can withdraw a deposit or sell the partnership assets, or pledge them for the purpose of completing a transaction already commenced, or of securing a debt already incurred, or the overdraft on the partnership current account at the bank.*

*31. The proposition, in our opinion, cannot be disputed that after dissolution, the partnership subsists merely for the purpose of completing pending transactions, winding up the business, and adjusting the rights of the partners; and for these purposes, and these only, the authority, rights, and obligations of the partners continue (see page 573 of Halsbury's Laws of England, 3rd Edn., Vol. 28). We would, therefore, hold*

> *that the consent given by the respondent on November 13, 1957 to the award of Mr. Desai would not detract from the conclusion that the firm of the parties stood dissolved on the expiry of the fixed period of partnership, viz., August 30, 1957'.*

23. It is, thus, a crystallized position that once a partnership firm is dissolved, the authority of each partner to bind the firm would continue, notwithstanding the dissolution, only to the extent of winding up the affairs of the firm and to complete transactions begun, but unfinished at the time of dissolution. No further transactions/rights or creation of encumbrances is permitted.

24. Today, the Original Plaintiff, whose suit led to the dissolution of the firm, is Petitioner No. 1 with a 9% share, and Defendant No. 7 is Petitioner No. 2 with a 6% share. The Petitioners did not comply with the order of the learned Single Judge dated 07.07.2022 and did not convey their willingness to redevelop the building. In fact, the Petitioners played a trick of preparing a back-dated letter of 06.01.2023 and served the letter on the Corporation on 17.01.2023. The conduct of the Petitioners is apparent. In our Writ jurisdiction, equities will favour a litigant who comes with clean hands. The learned Single Judge had specifically recorded

that, if no such request was conveyed to the Corporation within six months, the Corporation would be free to take over the land from the owners while protecting the rights of the tenants/occupants. Hence, the trick played by the Petitioners of preparing a back-dated letter which was admittedly served on 17.01.2023.

25. As such, the partnership firm has apparently violated the conditions of the lease agreement, as is visible from the records. The suit preferred by the Plaintiff partners led to the dissolution of the partnership firm. The breathing time of six months granted by the learned Single Judge was squandered away by the Petitioners.

26. The judgment dated 09.06.2025 delivered by the learned Single Judge clearly held that the partnership firm is dissolved and that the order dated 07.07.2022 was violated by the present Petitioners. The majority of the original partners have passed away, and no legal heir certificates by the legal heirs were shown to the learned Single Judge. Some of them accepted the order of the City Civil Court dissolving the partnership firm, which convinced the learned Single Judge to conclude that this Court cannot deprive the occupants/tenants of the suit property, who have

been out of their premises for more than seven years (now eight years), of their rights, and that the interest of the occupants/tenants was of paramount importance.

It was also held that the conduct of the Petitioners indicates that they only want to claim shares in the suit property and do not desire to pay taxes and redevelop the suit property. An attempt to pay taxes after the lease agreement is terminated, is of no avail. The non-payment of the rents and taxes is writ large on the face of the record.

27. This judgment of the learned Single Judge was maintained by the Hon'ble Supreme Court in Special Leave to Appeal (C) No. 17680 of 2025 by specifically concluding, *'we find no good ground or reason to interfere with the impugned judgment/order passed by the High Court'.* The fact that the Petitioners have approached the High Court, was brought to the notice of the Hon'ble Supreme Court.

28. Considering all the relevant factors emerging from the record, we are convinced that the impugned orders passed by the Corporation terminating the lease agreement cannot be termed as

being perverse or erroneous. Glaring illegalities and irregularities committed by the firm and then by the Petitioners, have been duly considered and dealt with. In fact, taking into account the law laid down in *Saligram Ruplal Khanna (supra),* a dissolved Partnership firm cannot create further rights, more so, when it is sought to initiate a new transaction of undertaking a new project of construction of a building.

29. Merely because a different view could be possible, would not be a ground to interfere with the impugned orders, in view of the law laid down in ***Syed Yakoob v. K. S. Radhakrishnan, AIR 1964 SC 477,*** and ***Surya Dev Rai v. Ram Chander Rai, AIR 2003 SC 3044 : (2003) 6 SCC 682.***

30. As such, this **Writ Petition** is devoid of merit and **is accordingly dismissed. Rule is discharged.**

31. Pending **Interim Applications,** if any, would not survive and **stand disposed off.**

**(ABHAY J. MANTRI, J.)** **(RAVINDRA V. GHUGE, J.)**

32. At this juncture, the learned Senior Advocate Mr. Dwarkadas, along with the learned Advocates, for the two Petitioners, pray for continuation of the interim arrangement that was set out in the order dated 11.09.2025.

33. The learned Senior Advocates, Dr. Saraf and Mr. Godbole, strenuously oppose the request. It is pointed out that this Court had issued notice in the very first hearing and merely directed to maintain a particular situation without even considering the merits of the case.

34. We find from the order dated 11.09.2025 that we had directed the Corporation not to finalise any lease proposal. From the record available before us and the detailed analysis and conclusions in this Judgment, we are not inclined to continue with the Interim arrangement.

**(ABHAY J. MANTRI, J.)** **(RAVINDRA V. GHUGE, J.)**