

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

CWP No.17671 of 2025

Reserved on : 07.09.2026

Date of Decision: 17.09.2026

Rajinder Kumar & others

.....Petitioners

Versus

State of Himachal Pradesh & others

... Respondents

Coram:

Hon'ble Mr. Justice Sandeep Sharma, Judge.

Whether approved for reporting? ¹

For the Petitioner: Mr. Shailender Kashyap, Mr. Sumit Sharma and Mr. Dhananjay Singh, Advocates.

For the Respondents: Mr. Rajan Kahol & Mr. Vishal Panwar, Additional Advocate Generals with Mr. Ravi Chauhan & Mr. Anish Banshtu, Deputy Advocates General, for the respondent-State.

Mr. Vedhant Ranta, Advocate, for respondent No.2.

Ms. Gunjan Sharma, Advocate vice Mr. Atul Jhingan, Advocate, for respondents No.3 to 6.

Sandeep Sharma, Judge(oral):

Being aggrieved and dissatisfied with order dated 06.10.2025 passed by respondent No. 2, whereby representation dated 23.04.2025 filed by petitioners in terms of order dated 04.06.2025 passed by this Court in CWP No. 9318 of 2025, titled ***Rajinder Kumar and others versus State of Himachal Pradesh,***

¹ Whether the reporters of the local papers may be allowed to see the judgment?

praying therein to release/issue sale letters and title deeds of properties or land as detailed in agreement to sell dated 05.01.2022 came to be rejected, petitioners have approached this Court in the instant proceedings filed under Article 226 of the Constitution of India, praying therein for following reliefs:-

- “1. Issue a writ in Certiorari for setting aside the impugned order dated 06.10.2025 passed respondent No.2 being perverse, without application of mind and against the settled principles of law, in the interest of justice, equity and fair play;
2. Issuance of the writ in the nature of mandamus directing the respondent No.2 to issue/release the Sale Letters and Titled Deeds of the properties/land as detailed in the Agreement to sell dated 05.01.2022, executed in between petitioner No.1 and respondent No.3 and also in favour of petitioners No.2 to 6 in view of the OTS request letter dated 17.06.2019 (Annexure P-1) wherein respondent No.3 had specifically mentioned that the offered amount would be either by company or by sale of collateral as per sale cum settlement order, although this OTS proposal was initially rejected, a revised OTS offer dated 13.02.2021 (Annexure P-3) was submitted, wherein respondent No.3 informed that the OTS amount would be paid through the sale of the petitioners as per their instructions to buyers already arranged by them against the sale letters to be issued by respondent No.2 or partly by the company itself and subsequently through a letter dated 26.11.2022 (Annexure P-6), respondent No.3 deposited 25% of the OTS amount (Rs. 17 lakhs), clarifying that the amount had been received as an advance from a prospective buyers and was being paid towards the settlement, subject to the issuance of sale letters by respondent No.2, whereby it was further explained that the land had already been sold and the payment made to the

corporation and therefore respondent No.3 requested issuance of the sale letters to the buyers arranged by them, so that the balance sale amount could be realized towards the full and final settlement under the OTS, as in two representations dated 29.03.2023, respondent No.3 submitted details of the balance payments, reiterating that the funds had been arranged through the buyers of the property and again requested respondent No.2 to issue sale letters in favour of those buyers who were making payments on their behalf, in view of the statement dated 19.07.2025 (Annexure P-16) made before the Managing Director, HPSIDC during a personal hearing, respondent No.3 once again requested respondent No.2 to issue the sale letters in favour of the petitioners, acknowledging that they were the buyers arranged for the purpose of completing the OTS;

3. It is further prayed that during the pendency of the present writ petition respondent No.2 may kindly be directed not to issue/release title deeds of the properties /land as detailed in Agreement to Sell dated 05.01.2022 (Annexure P-4) and representations abovesaid, for the reason, respondent No.3 has shown his illegal, dishonest intentions of grabbing the title deeds of the properties/land as detailed in the agreement to sell dated 05.01.2022 which is evident from the issuance of Legal Notice dated 01.05.2025, suddenly taking U-turn from his commitments, undertakings through number of representations dated 17.06.2019, 13.02.2021, 26.11.2022 and 29.03.2023 and most pertinent the statement made before respondent No.2 on 19.07.2025 during the proceedings in pursuance to the directions of this Hon'ble Court vide order dated 04.06.2025 passed in CWP No. 9318 of 2025, titled **Rajinder Kumar and others vs. State of Himachal Pradesh and others**, necessitating to make the above interim prayers before this Hon'ble Court

2. Quintessential facts, as emerge from the pleadings adduced on record by the respective parties, are that respondent No. 2, Himachal Pradesh State Industrial Development Corporation (*hereinafter*, '*HPSIDC*'), sanctioned a term loan of Rs. 5 crore in favour of respondent No. 3, M/s Pankaj Spinners, for setting up an industrial unit in the year 2011-12. Since afore company failed to repay the amount, in the year, 2016 respondent No. 2-HPSIDC filed an application under Section 31 of State Financial Corporations Act, 1951 (*hereinafter*, '*Act*'), in the Court of learned District Judge, Solan for recovery of term loan along with interest. During the pendency of afore application, proposal for One Time Settlement (*hereinafter*, '*OTS*') mooted by respondent No. 4, proprietor of respondent No. 3, came to be approved by BoD of respondent No. 2-HPSIDC in the year 2017. However, on account of failure of respondent No. 3 to complete OTS, sum of Rs. 50 lakh deposited by it was forfeited by respondent No. 2 and legal proceedings initiated against respondent Nos. 3 and 4 came to be revived. Subsequently, afore case was transferred to learned Additional District Judge, Nalagarh and the primary property of respondent No. 3, mortgaged with respondent No. 2 was sold in auction for Rs. 3.80 crore by the learned Additional District Judge and the sale proceeds were transferred to respondent No. 2. Later, respondent No. 3 submitted an offer for OTS of Rs. 75

lakh vide letter dated 17.06.2019, requesting that the balance payment be made either by the company or through sale of collateral property, as contemplated under the sale-cum-settlement arrangement. The said proposal was not accepted by respondent No. 2 and respondent No. 3 was advised to substantially enhance the OTS proposal vide letter dated 02.07.2019 (Annexure P-2). Accordingly, vide letter dated 13.02.2021 (Annexure P-3), respondent No. 3 enhanced the OTS proposal from Rs. 75 lakh to Rs. 1 crore. Most importantly, while enhancing the OTS proposal, as detailed hereinabove, respondent No. 3 disclosed the source and manner of payment of the proposed OTS amount by stating that " amount would be paid from the sale of properties as per instructions to buyers (already arranged by us) against the sale letter to be issued by you or partly by us", meaning thereby, respondent No. 3, while enhancing the OTS proposal from Rs. 75 lakh to Rs. 1 crore, specifically apprised respondent No. 2 that OTS amount was to be arranged from the sale of properties to prospective buyers already arranged by it. After addressing aforesaid communication, respondent No. 3 entered into an Agreement to Sell dated 05.01.2022 with petitioner No. 1 for arranging funds towards satisfaction of the OTS liability (Annexure P-4). Subsequently, respondent No. 2 approved the OTS proposal in its

meeting held on 01.10.2022 (Annexure P-5) with a counter-offer of Rs. 1.10 crore against the proposal of Rs. 1 crore.

3. Respondent No. 3 vide communication dated 26.11.2022 addressed to respondent No. 2, stated that the company did not have any business activity and that dues of the Corporation were to be paid by selling the collateral land. It also brought to the notice of respondent No. 2 that buyers had already been shortlisted and that an advance amount had been received from one of the buyers, who were ready to make immediate payment for clearance of the dues. Aforesaid letter shows that respondent No. 3 requested respondent No. 2 to issue sale letters in favour of the buyers (petitioners Nos. 3 and 5), who were ready to pay 25% of the balance amount (Annexure P-6). Respondent No. 2 accepted the upfront payment of 25% of the OTS amount, amounting to Rs. 17 lakh, after being informed that the amount had been arranged through the proposed sale of the collateral land.

4. Vide letter dated 29.03.2023 (Annexure P-7), respondent No. 3 requested respondent No. 2 to issue sale letters in favor of the petitioners by furnishing the details of amounts, demand drafts, and buyers' names. Simultaneously, vide another letter dated 29.03.2023, respondent No. 3 introduced another buyer, namely KPJ Industries (respondent No. 6), along with the earlier listed buyers, requesting

therein to release the original title deeds along with the sale letter (Annexure P-8). On 07.12.2023, respondent No. 2 issued a "No Due Certificate" in favor of respondent No. 3 recording that the Board of the Corporation had approved the revival of the earlier OTS dated 01.10.2022 for Rs. 1.10 crore and since the entire sanctioned amount had been repaid, nothing was due from respondent No. 3 (Annexure P-9). Since, despite there being issuance of "No Dues Certificate", respondent No. 2 did not take any steps for issuance of sale letters and release of original title deeds for almost two years, petitioners Nos. 2 to 6 had made a detailed representation dated 23.04.2025 before respondent No. 2, seeking issuance of sale letters and release of original title deeds in favour of the said petitioners, thereby requesting an opportunity of personal hearing with advance notice, in accordance with the principles of natural justice (Annexure P-10).

5. After receipt of the representation dated 23.04.2025, respondent No. 3 issued a legal notice dated 05.05.2025 to petitioner No. 1 for forfeiting the earnest money paid by petitioner No. 1, for the reason that the said petitioner failed to honour the conditions of the agreed terms, handwritten MOUs, contractual obligations, etc., thereby causing financial loss to respondent No. 3. In response thereto, vide communication dated 09.05.2025, reply was filed to the

said notice stating therein that respondent No. 3 had no lawful basis to forfeit the earnest money.

6. It is pertinent to take note that prior to filing the petition at hand, petitioners had approached this Court by filing CWP No. 9086 of 2025, titled ***Rajinder Kumar & Ors. v. State of H.P. & Ors.***, raising the same and similar grievance. However, vide order dated 30.05.2025, the said petition was withdrawn by the petitioners due to some technical defect in the petition, however liberty was reserved to file fresh petition on the same grounds (Annexure P-14). Thereafter, petitioners filed CWP No. 9318 of 2025, titled ***Rajinder Kumar & Ors. v. State of H.P. & Ors.***, before this Court and same was disposed of with a direction to respondent No. 2 to decide the representation, preferably within three weeks. While passing the aforesaid order, this Court also stayed the issuance of sale letters/title deeds to respondent No. 3 during the pendency of the proceedings (Annexure P-15). In the aforesaid background, petitioners, besides filing the representation, appeared before respondent No. 2 and during the course of proceedings, petitioner No. 1 and respondent No. 3 arrived at a settlement, and their statements were recorded before respondent No. 2 on 10.07.2025 (Annexure P-16).

7. However, vide communication dated 06.10.2025, final order was conveyed to the petitioners by respondent No. 2, intimating

therein that in view of the clarification given by the Principal Secretary (Industries), respondent No. 2 cannot issue a sale certificate to the petitioners, even if it is presumed that respondent No. 4 had managed funds to clear the OTS from the present petitioners as the said land was not auctioned by way of public auction under any provisions of the State Financial Corporations Act, 1951 and the said funds were arranged by the loanee at his own level. In the aforesaid communication, it also came to be communicated that respondent No. 2 can only issue a sale certificate when the mortgaged/attached property is sold in a public auction under Section 29 of the State Financial Corporations Act, 195 and as per the notification of the Government of Himachal Pradesh vide Notification No. Industry-A(F)10-5/2015, dated 06.05.2017, exemption under Section 118 of the H.P. Tenancy and Land Reforms Act, 1972 will be applicable only when the property is sold under any of the provisions of the State Financial Corporations Act, 1951 (Annexure P-17). In the aforesaid background, petitioners have approached this Court in the instant proceedings, praying therein for the reliefs, as have been reproduced hereinabove.

8. I have heard learned counsel for the parties and gone through the record carefully.

9. Precisely, the grouse of the petitioners, as has been highlighted in the petition and further canvassed by Mr. Shailender Kashyap, Advocate duly assisted by Mr. Sumit Sharma and Mr. Dhananjay Singh, Advocates, representing the petitioners, is that impugned order dated 06.10.2025 is cryptic, non-speaking and suffers from complete non-application of mind, as the material issues raised by the petitioners in their representation dated 23.04.2025 have not been addressed. Learned counsel for the petitioners submitted that respondent No. 2 knew from the very inception of the OTS that the amount was being arranged by selling the collateral/mortgaged land. He submitted that respondent No. 2 was well within its rights to reject the acceptance of the amount, however, respondent No. 2 without raising any objection, accepted the amount, which means that respondent No. 2 had given its consent to the arrangement of funds by way of selling the land in question. Mr. Kashyap further submitted that if respondent No. 2 had any objection to the proposed mode of arrangement of funds or to the involvement of the petitioners as prospective buyers, the same ought to have been raised at the relevant stage, but respondent No. 2 neither rejected the payment nor objected to the source of funds and instead continued to receive and appropriate subsequent payments.

10. Mr. Kashyap further submitted that respondent No. 2 itself issued the 'No Due Certificate' dated 07.12.2023 (Annexure P-9), which indicates that there remained no outstanding financial liability of respondent No. 3 towards respondent No. 2 and once the dues of respondent No. 3 stood fully discharged and the certificate had been issued, respondent No. 2 was required to release the title deeds and issue the sale letters.

11. To the contrary, Mr. Vedhant Ranta, learned counsel representing respondent No. 2, submitted that respondent No. 2 cannot issue sale certificate on the ground that the said mortgaged property is neither sold/auctioned in public auction by respondent No. 2 under Section 29 of the State Financial Corporations Act, 1951 and as per notification No. Ind.-A(F)10-5/2015, dated 06.05.2017, exemption under Section 118 of the H.P. Tenancy and Land Reforms Act, 1972 would only be applicable when the property is sold under the provisions of the SFC Act. While admitting that respondent No.3 submitted representation on 02.05.2023 and 31.05.2023 to issue Sale Certificate, Mr. Vedhant Ranta, submitted that on seeking clarification of Government of Himachal Pradesh, Manager of respondent No.2 rightly rejected the representation of the petitioners on the basis of clarification letter dated 12.09.2023.

12. Having heard learned counsel for the parties and perused material available on record, this Court finds that respondent No.3, which had availed loan to the tune of Rs. 5 crore for setting up an industrial unit in the year 2011-12, failed to repay the amount, as a result thereof, proceedings under Section 31 of the State Financial Corporation Act, 1951 came to be initiated against respondent No.3 in the Court of learned District Judge, Solan for recovery of term loan alongwith interest. It is also not in dispute that during the pendency of the aforesaid proceedings, OTS of respondent No. 4(proprietor of respondent No. 3) was approved by the Board of Directors of respondent No. 2 in the year 2017, but since respondent No. 3 failed to complete the OTS, sum of Rs. 45 lakh deposited was forfeited and the legal proceedings were revived before the learned District Judge in the year 2019. It is not in dispute, rather stands admitted that pursuant to orders passed by learned Additional District Judge, Nalagarh, primary property of respondent No. 3 mortgaged with respondent No. 2 was sold in auction for Rs. 3.8 crore by the learned Additional District Judge and the sale proceeds were transferred to respondent No. 2.

13. At this juncture, the dispute is only with regard to issuance of sale letter/ title deeds to petitioners pursuant to the clearance of an offer made by respondent No. 3 for OTS of Rs. 75

lakh vide letter dated 17.06.2019. Since sum of Rs. 75 lakh offered under OTS vide letter dated 17.06.2019 was not acceptable to respondent No. 2, respondent No. 2, vide communication dated 13.02.2021, enhanced its OTS proposal from Rs. 75 lakh to Rs. 1 crore, which subsequently came to be approved at the rate of Rs. 1.10 crore.

14. At this stage, it would be apt to take note of communication dated 17.06.2019 (Annexure P-1), whereby respondent No. 4, promoter of respondent No. 3, after sale of the primary property for a sum of Rs. 3.80 crore, requested respondent No. 2 to accept the balance payment of Rs. 75 lakh either by the company or by the sale of collateral as per the sale-cum-settlement order. However, as has been observed hereinabove, afore proposal was rejected vide communication dated 02.07.2019 (Annexure P-2) with the clear-cut observation that proposal given under One Time Settlement may be enhanced.

15. Vide communication dated 13.02.2021, respondent No. 3 enhanced the OTS amount from Rs. 75 lakh to Rs. 100 lakh, but while making such offer, it specifically came to be clarified that the amount to be paid will be from the sale of properties as per our instruction to the buyers already arranged by us against the sale letter to be issued by you, or partly by us.

16. Vide communication dated 31.10.2022 (Annexure P-5), respondent No. 4, promoter of respondent No. 3, specifically came to be informed that proposal of Rs. 1 crore was considered by the BODs of the corporation in its meeting held on 01.10.2022, which has given a counter-offer of Rs. 1.10 crore only on the following terms and conditions:

“ 1. Resolved that the settlement dues accepted by Sh. Joginder Khanna, Promoter of the company be and is hereby approved at a total consideration of Rs. 1.10 crore inclusive of all misc/legal dues etc.

2. It was further resolved that the promoter shall deposit the settled amount by 31/03/2023 on interest free basis with a minimum 25% of the settled amount to be deposited within one month of conveying of the approval of settlement. It was further resolved that the in case of their inability to adhere to the time schedule above, the restored and recovery proceedings shall be continued/ initiated as per legal options available.”

17. Immediately after receipt of the aforesaid communication, respondent No. 4, being the promoter of respondent No. 3, vide communication dated 26.11.2022 agreed to the counter offer made by respondent No. 2 and represented to arrange a sale letter in favour of the buyers so that some advances may be arranged from the buyers, namely Marine Medicare, Suresh Kumar and any other buyer which may notify. Besides above, vide another letter dated 26.11.2022 (Annexure P-7), which is reproduced hereinabove, respondent No. 4, Director of M/s Pankaj Spinners, forwarded six demand drafts made

from the account of persons from whom the petitioners had arranged the amount of Rs. 1.10 Crore agreed to be paid under One Time Settlement.

18. Careful perusal of the aforesaid communication clearly reveals that respondent No. 4 specifically requested respondent No. 2 to issue sale letter in favour of the buyers buying the property. After receipt of aforesaid amount, as detailed in communication dated 26.11.2022, respondent No. 2, vide communication dated 07.12.2023 (Annexure P-9), apprised respondent No. 4 that Board of the Corporation has approved the revival of the earlier One Time Settlement of 01.10.2022 in favour of the company M/s Pankaj Spinners Pvt. Ltd. and issued 'No Dues Certificate'. Since, despite issuance of the 'No Dues Certificate', sale certificates were not issued in favour of the petitioners, they, vide representation dated 23.04.2025 addressed to the Managing Director, requested for issuance of sale certificates. Since aforesaid representation as well as subsequent legal notice issued at the behest of the petitioners was not paid any heed, petitioners approached this Court in the instant writ petition, which came to be disposed of with a direction to the respondents to consider and decide the pending representation. Ultimately, vide communication dated 06.10.2025, representation

dated 23.04.2025 submitted by the petitioners in terms of orders passed by this Court came to be rejected.

19. Precisely, the question, which needs to be determined in the case at hand, is whether respondent No. 2, after having accepted entire OTS amount amounting to Rs. 1.10 Crore that too after being expressly informed that the amount had been arranged through the proposed sale of the collateral land, could have denied issuance of sale certificates in favour of the petitioners or not.

20. Careful perusal of communications dated 17.06.2019 (Annexure P-1) , 13.02.2021 (Annexure P-3), 26.11.2022(Annexure P-6), and 29.03.2003 (Annexure P-8), clearly demonstrates that arrangement for payment through prospective buyers was not an afterthought, but was consistently disclosed to respondent No. 2 by respondent No. 3.

21. Though, having taken note of dispute inter se petitioners and respondent No. 2 with regard to issuance of the sale certificate, there appears to be no reason for this Court to go into the question of the issuance of the legal notice dated 01.05.2025, seeking therein to forfeit the earnest money, but yet having taken note of the facts as discussed hereinabove in their entirety, this Court has no hesitation to conclude that conduct of respondent No. 3 in issuing the legal notice dated 01.05.2025 and seeking to forfeit the earnest money is contrary

to its own earlier representation made before respondent No. 2 and this Court. Respondent No. 3 repeatedly acknowledged that petitioners were the prospective buyer and that amounts were being arranged through them towards the satisfaction of its OTS liability. Respondent No. 3 had earlier stated on oath before this Court in CWP 5936 of 2021, titled *M/s Pankaj Spinners vs. Himachal Pradesh State Industrial Development Corporation Limited and another*, that it had two willing buyers, namely Rajinder Kumar and M/s SSF. Plastics India Private Limited and sought permission to sell the mortgaged property by way of negotiation of settlement-cum-sale through respondent No. 2 (Annexure P-18).

22. Though, there is no specific denial with regard to issuance of communications, as detailed hereinabove, and subsequent approval given by the Board of Directors of respondent No. 2, but an attempt has been made to refute the claim of the petitioners on the ground that mortgaged property is neither sold nor auctioned in a public auction by respondent No. 2 under Section 29 of the State Financial Corporation Act, 1951 and as per that notification No. Industry-A(F)10-5/2015, dated 06.05.2017 no exemption under Section 118 of the HP Land Revenue Act can be granted.

23. Most importantly, respondent No. 2, after having received representations from respondent No. 3 dated 02.05.2023

and 31.05.2023, praying therein to issue the sale certificate, referred the matter to the Government for clarification on the point that *"whether the Corporation can issue sale certificate to the promoter of the company/buyer and will they get an exemption from Section 118 of the HP Tenancy and Land Reforms Act?"*. Respondent No. 2 received clarification from the Government of Himachal Pradesh, wherein they came to be advised that no sale certificate is to be issued to the promoter of the company or to the proposed buyer as the said mortgaged property is neither sold nor auctioned in a public auction by respondent No. 2 under Section 29 of the State Financial Corporation Act and as per notification No. Industry-A(F)10-5/2015, dated 06.05.2017.

24. There cannot be any dispute qua the fact that mortgaged property was neither sold nor auctioned in a public auction by respondent No. 2 under Section 29 of the State Financial Corporation Act and as such, as per Notification No. Industry-A(F)10-5/2015, dated 06.05.2017, exemption under Section 118 of the HP Land Revenue Act will not be applicable to the mortgaged property involved in the case at hand. However, having carefully perused communication dated 13.02.2021 (Annexure P-3), whereby respondent No. 3 enhanced its OTS proposal from Rs. 75 Lakh to Rs. 1 Crore, this Court is persuaded to agree with counsel representing

the petitioners that respondent No. 3 had disclosed the source and manner of the payment of the proposed OTS amount by stating that *"amount would be paid from the sale of the properties as per our instructions to buyer (already arranged by us) against the said letter to be issued by respondent No. 2 or partly by us."* The rightful claim of the petitioners, who, under a bona fide belief that they would be issued sale certificate qua the property for which they have paid substantial amount, cannot be permitted to be defeated.

25. Most importantly, after issuance of the aforesaid communication dated 26.11.2022, respondent No. 3 entered into an agreement to sell dated 05.01.2022 with petitioner No. 1 for arranging the funds towards satisfaction of the OTS liability and subsequently respondent No. 2 approved the OTS proposal in its meeting held on 01.10.2022 with a counter-offer of Rs. 1.10 Crore against the proposal of Rs. 1 Crore.

26. Careful perusal of letter dated 31.10.2022 clearly reveals that respondent No. 2 never objected to arrangement of funds by respondent No. 3 through petitioners, rather, after having received entire OTS amount, i.e., Rs. 1.10 Crore, it itself proceeded to issue No Dues Certificate vide communication dated 07.12.2023 (Annexure P-9).

27. At this juncture, it is important to take note of the communication dated 26.11.2022 (**Annexure P-7**), whereby six demand drafts amounting to different amounts, as detailed in the aforesaid communication, came to be handed over to respondent No. 2. In afore communication it specifically came to be apprised that such amounts are being paid from the account of the petitioners, who came forward to bail out respondents No. 3 and 4 qua recovery of remaining sum of Rs. 75 Lakh. Even after receipt of communication dated 26.11.2022, whereby factum with regard to arrangement of funds by the petitioners had come to the knowledge of respondent No. 2, coupled with the fact that respondent No. 3 while forwarding afore letter had specifically requested respondent No. 2 to issue sale certificates in favour of persons, who have forwarded the demand drafts and thereafter Board of Directors of respondent No. 2 itself proceeded to approve One Time Settlement for sum of Rs. 1.10 crore and issued No Dues Certificate. In afore background, it is not open for respondent No. 2 to deny issuance of sale certificates on the ground that property in question was neither auctioned nor sold under Section 29 of the State Financial Corporations Act.

28. Though, having taken note of Notification No. Industry-A(F)10-5/2015, dated 06.05.2017, this Court is persuaded to agree with counsel for respondent No. 2 as well as learned Additional

Advocate General that sale certificate can be issued qua the property which is sold under any provision of the SFC Act, so that the exemption under Section 118 of the H.P. Land Revenue and Tenancy Act is availed by a person, who purchased the property, but since in the case at hand, respondent No. 2 itself taking note of prayer made by respondent No. 3 for One Time Settlement, coupled with the fact that respondent No. 3, while making such prayer had clarified that funds are being arranged from private parties/petitioners and after acceptance of OTS, sale certificates are to be issued in favour of the petitioners, respondent No. 2 cannot be permitted to raise the ground as is sought to be raised in the impugned order dated 06.10.2025.

29. At this juncture, it is apt to take note of the fact that primary property of respondent Nos. 3 and 4 was sold in public auction for a sum of Rs. 3.80 crore, whereas remaining sum of Rs. 75 lakh was decided to be liquidated by the petitioners by arranging funds and such proposal of them was accepted for a sum of Rs. 1.10 crore. Though, this Court is of the view that even aforesaid settlement arrived at inter se respondent No. 2 and respondent Nos. 3 and 4 can be said to be part of proceedings initiated against **respondent Nos. 3 and 4** under Section 29 of the Act, but even if it is presumed that remaining sum of Rs. **25 lakh** was not paid by way of auction or sale of the property in question, this Court is persuaded to agree with the

counsel of the petitioners that in case respondent Nos. 3 and 4 had not made any proposal to pay balance sum of Rs. 75 lakh by OTS, remaining property of the petitioners would have been sold by respondent No. 2 in public auction and in that situation, buyer would have been issued sale certificate.

30. Since prime property of respondent Nos. 3 and 4 came to be sold in public auction for sum of Rs. 3.80 crore and for remaining sum of Rs. 75 lakh, petitioners themselves brought prospective buyers and which proposal was accepted by respondent No. 2, coupled with the fact that respondent No. 3, while bringing factum of arrangement of money through prospective buyers, brought it to the notice of respondent No. 2, who subsequently proceeded to accept the proposal for one-time settlement that too during the proceedings pending under Section 29 of the Act, this Court, without going into the legality of proposition of law mooted at the behest of respondent No. 2 as well as the notification No. Industry-A(F)10-5/2015, dated 06.05.2017, finds it a fit case where direction can be issued to respondent No. 2 to issue sale certificate in favour of the petitioners, who bona fide, with a view to bail out the petitioners came forward to liquidate the outstanding liability of the petitioners with a clear-cut understanding that in the event of clearance of entire remaining

amount, they shall be issued sale certificate qua the property in question.

31. Consequently, in view of the detailed discussion made hereinabove, this Court finds merit in the present petition and accordingly, same is allowed with a direction to respondent No. 2 to release the title deeds of the property/land, as detailed in the agreement to sell dated 05.01.2022 (Annexure P-4) in favour of petitioners. However, having taken note of the fact that this Court has not commented upon the legality and correctness of Notification No. Industry-A(F)10-5/2015, dated 06.05.2017, coupled with the fact that instant order has been passed in peculiar facts and circumstances and shall not be treated as a precedent, rather findings given herein shall remain confined to the disposal of the instant petition. Pending applications, if any, also stand disposed of.

**(Sandeep Sharma),
Judge**

September 17, 2026
(shankar)