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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 13th July, 2023

+ **CCP(CO.) 6/2013 & CO.APPLs.662/2019, 65/2023, 463/2023**

JAI RAJ & ANR.

..... Petitioners

Through: Mr. Ankit Jain and Mr Mohit Gupta,
Advocates alongwith P-1 in person.

versus

JAI PRAKASH & ORS.

..... Respondents

Through: Mr. Rajiv Bahl, Advocate for R-
1,3,4&2 along with R-1 in person.
Mr. V.N. Sharma, Advocate for R-3,
4 & 5.

C2

WITH

+ **CO.A(SB) 45/2010 & CO.APPLs.1159/2013, 762/2021**

JAI RAJ & ANR.

..... Appellants

Through: Mr. Ankit Jain and Mr Mohit Gupta,
Advocates alongwith P-1 in person.

versus

M/S BLUE BIRD ENTERPRISES & ORS.

..... Respondents

Through: Mr. Rajiv Bahl, Advocate for R-
1,3,4&2 along with R-1 in person.
Mr. V.N. Sharma, Advocate for R-3,
4 & 5.

C3

WITH

+ **CCP(CO.) 8/2014 & CO.APPLs.763/2021, 464/2023**

JAI GOPAL & ANR.

..... Petitioners

Through: Mr. Ankit Jain and Mr Mohit Gupta,
Advocates alongwith P-1 in person.

versus

MADHU GUPTA

..... Respondent

Through: Mr. Rajiv Bahl, Advocate for R-
1,3,4&2 along with R-1 in person.
Mr. V.N. Sharma, Advocate for R-3,



4 & 5.

C4

AND

+

CCP(CO.) 24/2015 & CO.APPL.761/2021

JAI PRAKASH

..... Petitioner

Through: Mr. Ankit Jain and Mr Mohit Gupta,
Advocates alongwith P-1 in person.

versus

JAI RAJ

..... Respondent

Through: Mr. Rajiv Bahl, Advocate for R-
1,3,4&2 along with R-1 in person.
Mr. V.N. Sharma, Advocate for R-3,
4 & 5.

CORAM:

JUSTICE PRATHIBA M. SINGH

Prathiba M. Singh, J.(Oral)

1. This hearing has been done through hybrid mode.
2. The present contempt petitions have had a long and chequered history. A settlement was entered into between the family members of Late Sh. Ram Lal. Petitioner No.1- Sh. Jai Raj is one of the sons of Late. Sh. Ram Lal. Petitioner No.2-Madhu Gupta is the wife of Sh. Jai Raj. The Respondent No.1 - Jai Prakash and Respondent No. 3 - Sh. Jai Gopal are the other two sons of Late Sh. Ram Lal. Respondent Nos. 4-Mrs. Shashi Gupta and Respondent No.5-Mrs. Kamlesh Gupta are the wives of Respondent Nos. 1 and 3 respectively. The partnership firm of the family is M/s. Blue Bird Bakery.
3. A settlement agreement was entered into on 24th November, 2012. The relevant terms of the settlement are recorded below:

“1. Shri Jai Raj and Madhu Gupta have agreed to sell their shares at Rs. 7,000/- per share to the



Respondent No. 1 or to Respondent No. 2/ or his nominee. As per Books of the company Shri Jai Raj holds 6100 shares plus 400 shares of deceased parents and Madhu Gupta holds 4180 Shares. Total shares held by Jai Raj Group are 10680 in M/s Blue Bird Enterprises Pvt. Ltd.

2. In order to purchase 9 Regal Building Shri Jai Raj requested for personal loans from Jai Prakash, Ashish Gupta and Varun Gupta. Rupees Seven Lakhs was arranged and was paid by M/s Blue Bird Enterprises Private Limited. As on date Rs.15,23,441/- is still pending due and payable by Shri Jai Raj to the company, which he has agreed to pay.

3. There is a Partnership Firm M/s Blue Bird Bakery with Shashi Gupta, Jai Gopal and Madhu Gupta being equal Partners in the same. Partnership firm have a property at B-65 Lawrance Road Delhi.

4. Mrs. Madhu Gupta has agreed to sell her share in the Partnership for a total consideration of Rs. 4,00,00,000/-.

5. That on 21st March, 2011 an agreement to sell the ancestral property at Sonapat was entered into for Rs. 31,00,000/- and Rs.8

Lakhs was taken as advance with the consent and signatures of all the four brothers. However later on Jai Raj refused to sell the property and we have to pay double of the amount to the purchaser. Mr. Jai Raj has agreed to pay Rs. 8 Lakhs on that account.

6. There is a room rented out at Janpath Lane, New Delhi in the name of Late Shri Ram Lal. It should be sold and the proceeds to

be divided equally between the heirs of Late Ram Lal.

7. Shri Jai Raj will handover the Keys and vacant possession of flat to Shri Jai Gopal at Rohini in Court Today.

8. It is agreed that Shri Jai Raj will retain the title and the possession of the property bearing no. 9, Regal Building New Delhi. Shri Jai Gopal and his wife



Smt. Kamlesh Gupta be allowed to run or rent out the shop at Kashmiri Gate for their benefits till they are alive

and thereafter the rent or the sale proceeds of the shop shall be

equally divided in four shares i.e. Shri Jai Prakash, Shri Jai Raj,

Shri Jai Bhagwan and the share of Shri Jai Gopal as per his wish.

9. *Shri Jai Prakash and others will take their cases of the Regal building and Rohini Property and others back and accordingly Shri Jai Raj will take his cases back of Kashmiri Gate property und others if any.*

10. *Shri Jai Raj will take his complaint back if any and in case the property of the company is sealed by M.C.D on the complaint of Shri Jai Raj, Smt. Madhu Gupta or Shri Varun Gupta or anybody claiming through them or associated with them no payment will be made by Shri Jai Prakash Group.*

11. **The total liability of Shri Jai Prakash Group after adjusting all payments to be made by Shri Jai Raj Group is Rs.11,21,00,000/- (excluding the amount of capital account standing in the name of Shri Jai Raj and Smt. Madhu Gupta in Blue Bird & Co. and Blue Bird Bakery respectively) and Jai Prakash Group proposed to pay the aforesaid amount as under.**

A. *Rs.21,00,000/- to Shri Jai Raj by way of Cheque on 30.11.2012 for purchase of shares of M/s Blue Bird Enterprises Private Limited.*

B. *Rs.30,00,000/- to Smt Madhu Gupta by way of Cheque on 30.11.2012 for purchase of shares of M/s Blue Bird Enterprises Private Limited.*

C. *Rs. 2,00,00,000/- to Smt. Madhu Gupta on 28.02.2013 by way of cheque and Rs 2,00,00,000/- to Mrs. Madhu Gupta on 31.5.2013 by way of cheque for purchase of her share in partnership firm. Smt. Madhu Gupta on receipt of the full payment will handover the*



complete file and papers of the property No. B-65, Lawarance Road, New Delhi belonging to the Partnership Firm.

D. Rs.1,00,00,000/- to Shri Jai Raj by way of Cheque on 31.05.2013 for purchase of shares of M/s Blue Bird Enterprises Private Limited

E. Rs.3,00,00,000/- to Shri Jai Raj on 30.08.2013 by way of cheque for purchase of shares of M/s Blue Bird Enterprises Private Limited.

F. Rs. 2,38,56,000/- to Smt. Madhu Gupta for purchase of shares of M/s Blue Bird Enterprises Private Limited on 30.11.2013.

G. Rs.31,44,000/- to Shri Jai Raj on 30.11.2013 by way of cheque for purchase of shares of M/s Blue Bird Enterprises Private Limited.

H. Shri Jai Rai and Smt. Madhu Gupta will transfer proportionate shares on the receipt of the part payment.

12. That it is agreed between the parties that Smt. Madhu Gupta will assist the Shri Jai Prakash group for getting the property bearing no. B3-65, Lawrance Road, Delhi free hold with DDA.

13. That it is agreed that Shri Jai Prakash or Jai Raj or anybody claiming through them will not create any third party interest or charge in the property situated at 1163, 1278/1279 at Kashmiri Gate without consulting each other."

4. As can be seen from the above settlement, the family members had agreed to part ways. The Petitioner No.1-Jai Raj and his wife, Petitioner No.2-Madhu Gupta, had to exit from the other entities of the family including the company- M/s Blue Bird Enterprises and the partnership firm - M/s. Blue Bird Bakery.

5. The Petitioners were to be paid a total sum of Rs.11.21 crores approx. to give full effect to the settlement. The schedule for payment was also



prescribed in the settlement terms. However, it is the case of the Petitioners that the same were not given effect to and only a sum of Rs.5.51 crores was paid. Thus, there is an outstanding amount of Rs.5.70 crores.

6. Vide order dated 8th October, 2013, while acknowledging that there has been a delay in the payments, further payment schedules were agreed upon and the settlement terms were accordingly modified. The said order reads as under:

“In terms of the settlement, a sum of ₹ 2 crores was payable by the respondent on 31.05.2013 and another sum of ₹ 1 crore was payable on the same date. A further sum of ₹ 3 crores was payable on 30.08.2013. These payments were not made on the due dates.

The contempt petition is for not adhering to the settlement terms. Learned counsel for the respondent undertakes to pay a sum of ₹ 3 crores on or before 15.10.2013 on which date the property at B-65, Lawrence Road, Delhi will be handed over to the respondent. Another sum of ₹ 3 crores will be paid by the respondent on or before 30.11.2013; on payment of the aforesaid amount, Mr. Jai Raj, petitioner no. 1 herein, will resign from the directorship.

In terms of sub-Clauses A to G of Clause 11 of the terms of settlement, further amounts of ₹ 2,38,56,000/- and ₹ 31,44,000/- are payable by the respondent to Smt. Madhu Gupta and Sh. Jai Raj respectively. These payments are to be made on or before 30.11.2013 in terms of the settlement. Learned counsel for the respondent undertakes to pay these two amounts on or before 31.03.2014.

The settlement terms are modified accordingly.

Learned counsel for the petitioner states that the non payment of ₹ 4 crores in terms of sub-clauses C and D of Clause 11 of the settlement terms has put him considerable loss by way of interest as he had to borrow money on account of non receipt of the money



from the respondent. This question of delayed payment will be considered and examined once all the payments are made by 31.03.2014.”

Renotify on 14.04.2014.”

7. Thus, in terms of the above order, a sum of Rs.3 crores was to be paid by 30th November, 2013 and two amounts viz., Rs.2,38,56,000/- and Rs.31,44,000/- were to be paid by 31st March, 2014. However, there were defaults even in respect of these payments. The contempt petitions continued to remain pending.

8. The Court had taken strict note of the fact that the Respondents were in contempt of the order and had directed personal presence on 15th December, 2022. The said order reads as under:

“1. The Court has perused orders dated 8th October, 2013, 15th January, 2015, 24th May, 2018 and 8th July, 2018, and is of prima facie opinion that Respondents are in contempt of court directions. Accordingly, Respondents are directed to remain present in-person before the court to explain as to why contempt proceedings should not be issued against them.

2. Re-notify on 1st February, 2023.”

9. The prevalent position is that there is one property, being B-65, Lawrence Road, New Delhi (*hereinafter ‘subject property’*) which belongs to M/s. Blue Bird Bakery, partnership firm of which, the three partners are Sh. Jai Gopal, Smt. Shashi Gupta and Smt. Madhu Gupta. As per the Respondents, the conveyance deed of the property has been executed by the DDA after conversion of the property from leasehold to freehold.

10. As of today, the Respondents are unable to raise any funds for making the payments, without selling the subject property. Thus, an application has



been moved on behalf of the Respondents seeking permission to sell the subject property and for documents to be executed by the Petitioners to enable the sale of the subject property.

11. After having heard Mr. Ankit Jain along with Mr. Mohit Gupta and Mr. Bahl along with Mr. V.N.Sharma, Id. Counsels who represent the competing family members, it is clear to the Court that in order to bring a quietus to the entire dispute, some modalities would have to be prescribed to enable sale of the subject property. From the said sale consideration, the balance amount due to the Petitioners would have to be first paid.

12. The Petitioners do not dispute the fact that they have already exited from the partnership firm. Mr. Bahl, Id. Counsel's contention is that since there is no document recording the said exit, the sale of the subject property is proving to be challenging.

13. Under these circumstances, considering the submissions made today and the background of this dispute, the following directions are issued:

- i) The statement of the Respondents is taken on record, that the subject property being B-65, Lawrence Road, Industrial Area, New Delhi is to be sold and they have already identified the buyers for the said purpose;
- ii) The sale consideration shall be negotiated by the Respondents with the said buyers. Since the sale deed would have to be executed in order to handover clean title to the purchaser, without prejudice, the Petitioner No.2 is willing to sign the sale deed and also appear before the Sub-Registrar's office for the execution of the sale deed;
- iii) At the time of signing and execution of the sale deed, a demand draft for the sum of Rs.5.70 crore + Rs.25 lakhs lump sum interest as



agreed between the parties shall be handed over to Mr. Jai Raj and Ms. Madhu Gupta as per the settlement deed. The interest amount shall be split in half to each of the Petitioners. The amounts to be paid to the Petitioners would be as under:

Petitioner	Principle Amount	Interest Amount	Total
Mr. Jai Raj (Petitioner No.1)	Rs.3,10,40,000/-	Rs.12,50,000/-	Rs.3,22,90,000/-
Mrs. Madhu Gupta (Petitioner No.2)	Rs.2,59,60,000/-	Rs.12,50,000/-	Rs.2,72,10,000/-
TOTAL			<u>Rs. 5,95,00,000/-</u>

Upon the handing over of the said demand drafts, the Petitioners shall sign the sale deed in favour of the proposed buyers and no further dues shall be outstanding *qua* the Petitioners.

iv) Insofar as the mortgage of the said property is concerned, the same shall be the sole responsibility of the Respondents to deal with the same with the Bank/s and discharge the said mortgage/s. The Petitioners would have no liability towards the mortgage/s.

14. The entire sale process shall be completed within a period of 8 weeks and the amounts due to the Petitioners shall be paid before the expiry of 8 weeks.

15. It is made clear that if the amounts are not paid, the present order would not prejudice the Petitioners who would then be entitled to recovery of Rs.5.70 crores along with interest at the rate of 7.5% per annum from the date when the said amounts became due. If the amounts are not paid within



8 weeks, the Respondents shall remain present in Court on the next date.

16. The above order has been passed in the presence of Mr. Jai Raj and Mr. Jai Prakash who are present in Court today. All parties shall be bound by the order passed today.

17. This matter shall be treated as part-heard.

18. The present petitions are disposed of in these terms. All pending applications are also disposed of.

19. List for compliance on 22nd September, 2023.

PRATHIBA M. SINGH
JUDGE

JULY 13, 2023

Rahul/RP

