



BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 19.09.2023

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THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P.(MD)No.2918 of 2015 AND

M.P.(MD)No.2 of 2015

1. M/s.Southern Petrochemical Industries
Corporation Ltd (SPIC Ltd),
Rep. by its Chief Financial Officer, Mr.A.V.Kumar,
Having its registered office at
SPIC House, 88, Mount Road, Guindy,
Chennai – 600 032.

2. M/s.Green Star Fertilizrs Ltd.,
Rep. By its Company Secretary
M.Madhankumar,
Having its registered office at
SPIC Nagar, Muthiapuram Post,
Tuticorin 628 005.

... Petitioners

Vs.

1. The Chairman,
V.O.Chidambaranar Port Trust,
Tuticorin.

2. The Deputy Chairman and Estate Officer,
V.O.Chidambaranar Port Trust,
Tuticorin.

... Respondents

Prayer: Writ petition is filed under Article 226 of the
Constitution of India, to issue a Writ of Certiorarified
Mandamus, calling for the records relating to the letter dated



09.12.2014 under Ref.No.EC 56/10/2013/EST/D.4074 of the second respondent herein and quash the same and direct the respondents herein to grant renewal of lease to the petitioners in respect of the land to an extent of 2,325 sq.mts. in plot No.1 and 1,085 sq.mts in plot No.2 in the premises of the respondent port trust for a further period of 30 years from 01.01.2015.

For Petitioner : Ms.AL.Gandhimathi,
Senior counsel,
for Mr.C.Mahadevan.

For Respondents : Mr.V.R.Shanmuganathan

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ORDER

Heard the learned Senior counsel appearing for the writ petitioner and the learned Standing counsel appearing for the respondents.

2. The first petitioner was allotted two plots in V.O.C. Wharf area. One land was allotted with effect from 01.04.1979, while the other land was allotted with effect from 20.01.1981. It was a long time lease arrangement for a period 30 years. The lease of the first plot was also extended so as to be coterminous with the lease of the second plot.



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3. While so, on 09.12.2014 the impugned communication came to be issued calling upon the petitioner to surrender both the plots and also settle the pending dues of Rs.85,95,540/- on or before 31.12.2014. Challenging the same, the present writ petition came to be filed.

4. This Court granted an interim order on condition that all the pending dues should be settled. The entire dues were also settled. The only issue that calls for consideration is whether the petitioner can take over the possession of the petition-mentioned plots. My attention has been drawn by the learned Standing counsel to the Land Policy Guidelines for Major Ports – 2014 issued by the Ministry of Shipping, Government of India. Clause 16.3 (c) is as follows:-

“ 16.3. Renewal of Existing Leases:

(a) ..

(b) ..

(c) During the process of renewal of existing leases, the Port is required to differentiate between those lease-agreements that stipulate



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automatic renewal and those that do not provide for such automatic renewal at the end of the lease-period. In cases of renewal of existing leases, without automatic renewal option at the end of the lease-term, the land will be put to tender-cum-auction with the first right of refusal to be extended to the existing lessee. The existing lessee should be allowed to match the H-1 bid. If any structures has been constructed by the earlier lessee on the leased land, it would be valued by a third party valuer to be agreed upon by the Port Trust and the earlier lessee and the successful bidder has to remit the value of the structures which would be passed on to the previous lessee. The bidding and auction would be only on the reserve price of the land. With a view to dissuade non-serious bids, EMD for a valid bid should be fixed at 10% of the updated / latest market value of the land being put on tender. If the only bidder is the existing lessee, the annual lease rental would be determined on the basis of the updated / latest



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market value notified as per Para 18(c) or the price quoted by the existing lessee in the tender-cum-auction, whichever is higher.”

5. From a reading of the aforesaid clause, one can notice that if the lease agreement does not have automatic renewal at the end of the lease term and if the land has to be brought to tender-cum-auction, instead of straightaway awarding to the highest bidder, the existing lessee must be given the right to match H-1 bid. The existing lessee also will have the right of refusal.

6. The impugned order is interfered with only to a limited extent. The petitioner need not hand over the land to the port considering the special facts and circumstances obtaining in this case. The petitioner had shown their bonafides by settling the entire due amount demanded in the impugned communication. For the last nine years, they are in possession. The port trust shall conduct tender-cum-auction in respect of the petition-mentioned plots. The petitioner will be given the right to match H-1 bid. If the petitioner matches H-1



bid, they can continue to be in possession of the plots. If the petitioner exercises the right of refusal, the petition-mentioned plots will have to be surrendered within a period of eight weeks thereafter. The question of issuing fresh notice does not arise at all. This writ petition stands disposed of accordingly. No costs. Consequently, connected miscellaneous petition is closed.

19.09.2023

NCC : Yes / No
Index : Yes / No
Internet : Yes / No
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