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

% *Date of Decision: 27.01.2023*

\+ CO.APP. 2/2023 and CM Nos. 4125/2023 & 4126/2023

SHRI V.K. BHAT ..... Appellant

Through: Mr Arun Goel, Mr Arvind Bhat and Mr Kuber Giri, Advocates.

versus

JVG FINANCE LTD. ..... Respondent

Through: Mr Kunal Sharma, Mr Ankit Chaudhary and Mr Sandeep, Advocates for Official Liquidator. Mr Dheeraj Gupta, proxy counsel for Mr V.K. Sharma, Advocate along with Ms Aneeta Sharma, AR of the Ex-Management.

AND

\+ CO.APP. 3/2023 and CM Nos. 4127/2023 & 4128/2023

SHRI V.K. BHAT ..... Appellant

Through: Mr Yogenra Pal Singh, Advocate.

versus

JVG FINANCE LTD. ..... Respondent

Through: Mr Kunal Sharma, Mr Ankit Chaudhary and Mr Sandeep, Advocates for Official Liquidator. Mr Dheeraj Gupta, proxy counsel for Mr V.K. Sharma, Advocate along with Ms Aneeta Sharma, AR of the Ex-Management.

AND

\+ CO.APP. 4/2023 and CM Nos. 4129/2023 & 4130/2023

SHRI V.K. BHAT ..... Appellant

Through: Mr Yogenra Pal Singh, Advocate.

versus

JVG FINANCE LTD. ..... Respondent

Through: Mr Kunal Sharma, Mr Ankit Chaudhary and Mr Sandeep, Advocates for Official Liquidator.
Mr Dheeraj Gupta, proxy counsel for Mr V.K. Sharma, Advocate along with Ms Aneeta Sharma, AR of the Ex-Management.

CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE AMIT MAHAJAN

VIBHU BAKHRU, J.

1. The appellant, essentially, claims title in respect of the land admeasuring 3 acres and 27 Guntas (hereafter '**the property**') in Survey no. 189 (part situated at Kondapur Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad). He claims that the said property was acquired from Cogent Ventures (India) Ltd., which in turn had acquired certain lands from three companies namely, JVG Farm Fresh Ltd., JVG Finance Ltd. and JVG Leasing Ltd. (hereafter referred to as '**the JVG companies**') from parcels of land owned by JVG Companies in survey no. 94, 95, 96, 97 and 189 (hereafter referred to as '**the subject land**').

2. The appellant claims that Cogent Ventures (India) Ltd., then known as Bhupendra Capital & Finance Ltd., was engaged by JVG Companies for executing certain works for development of the subject land. However, the JVG companies were unable to pay the amounts due to Bhupendra Capital & Finance Ltd. for the said works. Subsequently, the appellant and Bhupendra Capital & Finance Ltd entered into an

Agreement of Sale dated 06.05.1997, whereby the JVG companies had, in part performance of its obligations, transferred rights in respect of 5 acres and 30 Guntas in favour of the said company – Bhupendra Capital & Finance Ltd. [subsequently re-named as Cogent Ventures (India) Ltd.]

3. The appellant claims that Cogent Ventures (India) Ltd. had entered into an Agreement of Sale-cum-General Power of Attorney dated 22.06.2006, transferring its rights, title and interest in the property to the appellant for a consideration of ₹1,10,25,000/-.

4. The learned Company Court did not accept that the appellant had acquired any right, title or interest in the property and therefore, by order dated 31.10.2022 (impugned order) rejected the applications filed by the appellant.

5. The learned counsel appearing for the appellant contends that the impugned order is erroneous and is liable to be set aside. He submits that the learned Company Court fell in error in proceeding on the basis that the appellants had no title or interest in the property. He contended that the appellant was in possession of the said property and had validly acquired the title to the same from Cogent Ventures (India) Ltd.

6. He also submits that the appellant had paid full consideration for the property through banking channels and therefore, there could not be any doubt that the appellant is a *bona fide* purchaser of the property for valuable consideration. He submits that the learned Company Court had erred in not considering the Official Liquidator's letter dated

10.10.2003 to the District Magistrate, Ranga Reddy District confirming that the Official Liquidator had taken over possession of only 225 plots out of 395 plots at site. He also contends that the learned Company Court had overlooked the Official Liquidator's letter dated 11.12.2007 to the Joint Collector, Ranga Reddy District confirming all sale deeds, settlement deeds, Agreement of Sale, GPAs and SPAs, executed by the JVG companies prior to 07.12.1997, were valid. He submitted that the One-Man Committee, constituted by the learned Company Court, in its report dated 03.06.2019, found that the respondent company had no right, title or interest in respect of land forming part of survey no. 94, 96 & 97 except the 225 plots allotted to them.

7. He submits that the said property was transferred by the JVG companies to Cogent Ventures (India) Ltd, then known as Bhupendra Capital & Finance Ltd., thirteen months before filing of the company petition on 04.06.1998 and passing of the first restraint order on 05.06.1998. He also submitted that the property does not form a part of the draft layout of the development, 'JVG Hills', which was prepared on 12.01.1995 as well as the final layout, which was sanctioned by the Hyderabad Urban Development Authority on 21.02.2003.

8. We have heard the learned counsel for the appellant.

9. The proceeding for winding up JVG Finance Ltd. (respondent company) was commenced at the instance of the Reserve Bank of India. By an order dated 05.06.1998, a Provisional Liquidator was appointed to wind up the respondent company. The final winding up order was

passed on 29.08.2003 and the Official Liquidator, attached to this Court, was appointed as the Liquidator. The control of all assets of JVG Finance Ltd. and other JVG companies vested with the Official Liquidator after being appointed as the Provisional Liquidator.

10. There is no dispute that JVG Finance Ltd. and other JVG companies had acquired the subject land under various sale deeds. It is also not disputed that as on the date of the appointment of the Provisional Liquidator, the JVG companies had not registered any Conveyance Deed transferring any part of the subject land in favour of the appellant or Cogent Ventures (India) Ltd. The appellant claims that on 22.04.1996, that is, prior to the appointment of the Provisional Liquidator, the JVG companies had entered into a Memorandum of Understanding with Bhupendra Capital & Finance Ltd. and other contractors for development of the area admeasuring 80 acres (located at survey no. 92, 97 and 189 located at Kondapur Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad) into a self-sufficient housing colony. It is claimed that Bhupendra Capital & Finance Ltd. had, in its capacity as the Project Manager, engaged its associates as contractors for executing part of the work and they had executed the work of a value aggregating to ₹4,44,00,000/-. However, the JVG companies could not discharge their liability to pay the said amount owing to an acute cash crunch.

11. In the circumstances, the said parties (the JVG companies, Bhupendra Capital & Finance Ltd. and other affiliates) had entered into a Deed of Settlement dated 10.09.1996, whereby the JVG companies

(referred to as the owner) had agreed that Bhupendra Capital & Finance Ltd. and other contractors (referred to as 'the Contractors') would be entitled to an area of 70,000 square yards at an agreed value of ₹450 per square yard, in consideration of the Contractors completing the development activities.

12. The appellant claims that thereafter, on 06.05.1997, the JVG companies entered into a Deed of Agreement of Sale, whereby the JVG companies agreed to sell property (land admeasuring 3 acres 27 Guntas in survey no.189 part situated at Kondapur Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad) to Bhupendra Capital & Finance Ltd. for a consideration of ₹11,20,000/- (Eleven Lakhs Twenty Thousand), which was otherwise due and payable by the JVG companies to Bhupendra Capital & Finance Ltd.

13. The appellant claims that he purchased all rights in respect of the property from Cogent Ventures (India) Ltd. in terms of the Agreement of Sale-cum-General Power of Attorney dated 22.06.2006 executed by Cogent Ventures (India) Ltd. for a consideration of ₹1,10,25,000/- (Rupees One Crore Ten Lakhs and Twenty Five Thousand).

14. In the winding up proceedings, the learned Company Court passed an order dated 10.03.2006, restraining the concerned Sub-Registrar from registering document relating to Sale-Purchase, Power of Attorney and Agreement to Sale in respect of all Sale Deeds and transactions that were executed by JVG Finance Ltd. after 07.12.1997, without the permission of the Court. The Official Liquidator was also

directed to put a notice board on the location of the proposed project, 'JVG Hills', stating that the plots belonging to JVG Finance Ltd. are under liquidation and it is illegal to purchase and deal with the said plots except with the permission of the Court.

15. Further, an order dated 01.11.2006 was also passed by the learned Company Court restraining the concerned Sub-Registrar from registering any document in respect of the land in question.

16. Insofar as the possession of land is concerned, there is some controversy. Whereas the appellant claims that he is in possession of the property; the Official Liquidator claims that he had taken over possession of the property.

17. This Court had also passed an order directing the Official Liquidator to take steps for preventing any encroachment. In view of the said order, the Official Liquidator issued a notice dated 01.08.2019 to the appellant to vacate the physical possession of the property within a week from the date of the said notice.

18. Plainly, the property belonging to the JVG companies is required to be in control of with the Official Liquidator and no other person would have any right to occupy or use the same without the permission of the Court, except where that person can establish its right over the same.

19. The learned Company Court did not accept the claims made by the appellant for several reasons. First of all, the Court relied on the findings of the One-Man Committee, appointed by the learned Company Court, to

examine the claims in respect of the subject land. The One-Man Committee had considered the claims of Cogent Ventures (India) Ltd. and had rejected the same in its report dated 25.11.2010. In its report, the One-Man Committee had also noted that the documents relied upon did not mention any amount spent by Cogent Ventures (India) Ltd. on the project work. Further, no detail was mentioned regarding the actual physical work executed. The documents also did not disclose the amount paid to various companies for execution of the works and the mode of making such payment.

20. Indisputably, title in the property did not vest with Cogent Ventures (India) Ltd. as there was no registered document conveying the said title of any part of the subject land in its favour.

21. Admittedly, Cogent Ventures (India) Ltd. had not challenged the One-Man Committee report rejecting its claim. The appellant claims to derive its interest in the property from Cogent Ventures (India) Ltd. and since the claims of Cogent Ventures (India) Ltd. have been rejected, the appellant cannot claim a better right.

22. Secondly, there is no registered document conveying the property in favour of the appellant. As noted above, the appellant claims right on the basis of the Agreement of Sale-cum-Power of Attorney. The said document does not convey the title of the property to the appellant. In any event, since the title of the property was not conveyed by the JVG companies to Cogent Ventures (India) Ltd., the appellant can derive no benefit from the documents executed by Cogent Ventures (India) Ltd.

23. Thirdly, the appellant cannot derive any benefit from registration of the Agreement of Sale-cum-Power of Attorney dated 22.06.2006. The said document does not convey any title to the property and as stated hereinbefore, Cogent Ventures (India) Ltd. could not convey title to the property as it did not have any.

24. This Court had, by an order dated 01.11.2006, further clarified its order dated 10.03.2006 that the Registrar/Sub-Registrar, Kondapur Village, Serilingampally Mandal, Ranga Reddy District, Hyderabad was restrained to register any document for transfer of land in survey no. 94, 95, 96, 97 and 189 till further orders. If the documents are considered as documents transferring land in the said survey numbers, the registration would be in violation of the orders passed by the learned Company Court and such registration cannot confer any rights in favour of the appellant.

25. It is also material to note that although the appellant claims to derive its interest in the property from documents executed in the year 2006, he had taken no steps for execution of the conveyance in his favour.

26. The appellant claims that he was unaware of the orders passed by this Court. The learned Company Court has rightly disbelieved the same. The Official Liquidator has, on repeated occasions, taken steps for protection of the subject land and properties owned by the JVG companies. It is difficult for this Court to accept that the appellant would not have been aware of the same. According to the Official Liquidator, it had taken possession of the subject land, which included the property, on 13.10.2020.

27. In the given facts, the impugned order, rejecting the applications filed

by the appellant, cannot be faulted. We concur with the view of the learned Company Court that the applications filed by the appellant are without merit.

28. The appeals are, accordingly, dismissed. All pending applications are also disposed of.

VIBHU BAKHRU, J

AMIT MAHAJAN, J

JANUARY 27, 2023
Ch