

W.P.(MD) No.30851 of 2024

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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 13.08.2025

CORAM

THE HONOURABLE MR JUSTICE C.SARAVANAN

WP(MD)No.30851 of 2024

and

WMP(MD)Nos.25927, 25929 and 25930 of 2024

1. Quality Fireworks Private Limited,
Rep. By its Director Sundaramoorthy
Door No.55 (Old No.31),
II Floor, Pillaiyar Kovil Street,
Sivakasi, Virudhunagar District.

2. Sundaramoorthy

3. N. Jeya Kumar

4. Neelapushpam

: Petitioners

Vs.

1. The Chief Controller of Explosives,
Petroleum and Explosives Safety Organisation,
“A” Block, 5th Floor, CGO Complex,
Seminary Hills,
Nagpur,
Maharashtra - 440 006.

2. The Joint Chief Controller of Explosives,
Petroleum and Explosives Safety Organisation,
“A” Block, 5th Floor, CGO Complex,
Seminary Hills,
Nagpur,
Maharashtra - 440 006.

3. The Deputy Chief Controller of Explosives,



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Petroleum and Explosives Safety Organisation,
FRDC Complex,
Near ESI Hospital,
Sivakasi,
Virudhunagar District.

: Respondents

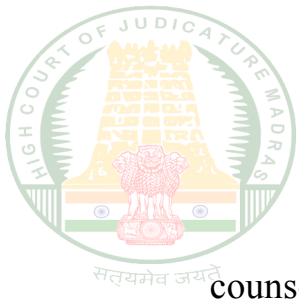
PRAYER: Writ Petition is filed under Article 226 of the Constitution of India, to issue a Writ of Certiorarified Mandamus calling for the records relating to the impugned proceedings issued by the Deputy Controller of Explosives, dated 04/03/2024 in No.E/HQ/TN/21/1829(E73290); dated 28/03/2024 in No.E/HQ/TN/20/1323(E73288): dated 30/05/2024 in No.E/HQ/TN/21/1829(E73290), dated 30/08/2024 in No.E/HQ/TN/21/1829(E73288); dated 08/10/2024 in No.E/HQ/TN/21/1829(E73290) and quash them all and consequently issue a direction to the respondents to issue/renew the licences of the 1st petitioner's, viz., M/s.Quality Fireworks Private Limited in Licence No.E/HQ/TN/21/1323(E73288) in Form LE-1 and the Licence No.E/HQ/TN/21/1829(E73290) in Form LE-3 and pass such further or other orders.

For Petitioners : Mr.N.Dilip Kumar

For Respondents : Mr.R.Murali
Central Government Senior Standing Counsel
(CGSSC)

ORDER

This writ petition is being disposed of, after hearing the learned



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counsel appearing for the petitioners and the learned Senior Standing Counsel appearing for the respondents.

2. In this writ petition, the petitioners have challenged the following communications/orders as detailed below:-

S. No.	Date	Specification	Remarks
01.	04/03/2024	Show cause notice	Direction to stop the subject premises from possession for sale of fireworks with immediate effect.
02.	28/03/2024	Call documents for	Directed to stop all the manufacturing activities in the subject premises with immediate effect.
03.	30/05/2024	Suspension Order	To show cause within 21 days as to why the licences should not be cancelled.
04.	30/05/2024	Suspension order	Suspension with a direction to surrender the original licence.
05.	30/08/2024	Rejection of request for revocation of suspension	Request for revocation rejected with further direction to surrender the licence.
06.	08/10/2024	Application No. 131410, dated 29/09/2024 calling for documents	Direction issued to comply with the suspension order and to follow the procedure under Rule 119 of the Explosives Rules, 2008.



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3. The case of the petitioners is that the petitioners' company has been in the business of manufacturing of crackers (Fire works) since 2014 and has been issued with explosive licence under the provisions of the Explosives Act, 1884 read with the Explosives Rules, 2008.

4. It is submitted that the land on which the factory of the 1st petitioner is situated is standing in the name of the 3rd petitioner and the 4th petitioner.

5. It is submitted that earlier, the business was carried by the 1st petitioner with the 3rd petitioner and the 4th petitioner/mother of the 3rd petitioner and the wife of the 3rd petitioner namely Suvetha along with their family friend namely Nanda Kumar.

6. It is the case of the petitioners that subsequently, the 1st petitioner company had certain issues with the Bankers and was proceeded under the provisions of the SARFAESI Act, 2002. Under these circumstances, the 2nd petitioner Sundaramoorthy infused funds in the 1st petitioner company. Thus, all the pending liability under the SARFAESI



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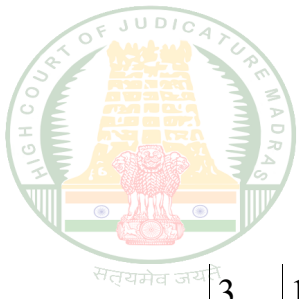
Act were cleared with the Bankers.

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7. It is submitted that in so far as the land that was standing in the name of the 3rd petitioner is concerned, the 3rd petitioner has executed a sale deed in favour of the 2nd petitioner. However, the Registration Department has declined to register the land in favour of the 2nd petitioner as certain proceedings are pending in respect of these lands and the issue now pending before the Hon'ble Supreme Court on account of the PACL issue.

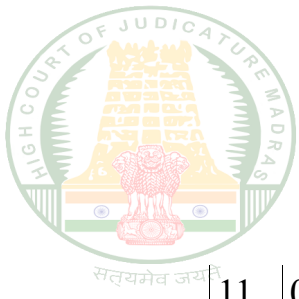
8. The details of the lands which are standing in the name of the 3rd petitioner and his wife namely Suvetha, which were earlier leased to the 1st petitioner are detailed below:-

S. No.	Date of the Sale deed with Doc No.	Vendor's Name	Buyer's Name	Survey No.	Extent
1.	03/01/2013-(19/2013)	Palanichamy	N.Jeya Kumar	33	1 Acre 47 Cents
2.	04/01/2013-(36/2013)	Muniyandi	N.Jeya Kumar	31/2	2 Acre 98 Cents



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3.	18/02/2013- (619/2013)	Venkata Lakshmanan	N.Jeya Kumar	29/2, 30/2	6 Acre 60 Cents, 2 Acre 82 Cents
4.	22/02/2013- (688/2013)	Venkata Lakshmanan and Shanmuga Raja	N.Jeya Kumar	30/2, 30/1	97 Cents, 1 Acre and 96 Cents
5.	04/12/2013- (3943/2013)	Thangaraj S/o.Muthusamy	J.Suvetha W/o.N.Jeya Kumar	4/1, 13/2A	57 Cents, 1 Acre 12 Cents
6.	24/12/2012- (4883/2012)	Venkateshwara S/o.Sundara Kaalai	N.Jeya Kumar, S/o.Natesan	32/1, 32/2, 32/3	1 Acre 51 Cents, 1 Acre 37 Cents, 1 Acre 42 Cents
7.	05/02/2013- (445/2013)	Gurusamy Reddiyar, S/o.Chinna Lakshmana Reddiyar	N.Jeya Kumar, S/o.Natesan	31/1	62 Cents
8.	02/01/2013- (12/2013)	Jummarial Bothra, S/o.Hanumanial Bothra	N.Jeya Kumar, S/o.Natesan	28/1	2 Acres 24 Cents
9.	28/01/2013- (364/2013)	Subbiah, Kaliammal and Muthiah	N.Jeya Kumar S/o.Natesan	28/2	2 Acres 41 Cents
10.	04/12/2013- (3942/2013)	Thangaraj, S/o.Muthusamy	Suvetha, W/o.N.Jeya Kumar	15	3 Acres 72 Cents



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11.	04/12/2013- (3941/2013)	Thangaraj, S/o.Muthusamy	N.Jeya Kumar, S/o.Natesan	23/4A, 23/48	1 Acres 86 Cent, 2 Acre 45 cent
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9. It is submitted that in respect of transfer of land in S.Nos.1, 2 and 3 in favour of the 2nd petitioner, there is a dispute. Registration of the land has been refused on account of the PACL issue, which is said to be pending before the Hon'ble Supreme Court.

10. The learned counsel for the petitioners submits that the impugned communications and orders declining to renewal of the LE-1 licence for the manufacturing unit and LE-3 licence for the storage unit has been denied only on the strength of amendment to Rule 118 of the Explosives Rules, 2008, which is impermissible.

11. The learned counsel for the petitioners would submit that the respondents are now insisting on copies of the documents in support of the rightful possession of the premises as is contemplated by virtue of the amendment to the aforesaid Rules, vide GSR-17 (E) dated 09/01/2019 with effect from 09/01/2019 amending Rule 113 and 118 of the Explosives Rules, 2008.



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12. Specifically, it is submitted that the respondents are now insisting that even if the licence has been issued, the licence will stand cancelled, if the licensee has ceased to have any right for the lawful possession over the licensed premises.

13. It is submitted that there is no dispute *inter se* between the petitioners i.e., Directors of the 1st petitioner. It is submitted that even if *inter se* dispute exist between the petitioners 2 to 4, mere non-registration of the sale/conveyance in favour of the 2nd petitioner by the 3rd petitioner and his wife should not come in the way of renewal of the explosive licences (LE-1 and LE-3).

14. The learned counsel for the petitioners would draw the attention to the decision of the Hon'ble Supreme Court rendered in the case of **SMS Tea Estates Private Limited Vs. Chandmari Tea Company Private Limited** reported in (2011)14 SCC 66.

15. Specifically, a reference was made to para 23 in response to Question No.3 that was framed by the Hon'ble Supreme Court. Question



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No.3 which fell for consideration before the Hon'ble Supreme Court has been answered. The questions which fell for consideration are as under:-

“(i)Whether an arbitration agreement contained in an unregistered (but compulsorily registerable) instrument is valid and enforceable?

(ii)Whether an arbitration agreement in an unregistered instrument which is not duly stamped, is valid and enforceable?

(iii)Whether there is an arbitration agreement between the appellant and the respondent and whether an arbitrator should be appointed?”

16. Insofar as Question (i), the Court dealt with the scope of Sections 17(1)(d) and Section 49 of the Registration Act, 1908. Answering the question (iii), the Hon'ble Supreme Court answered as follows:-

*“23.Where a lease deed is for a term of thirty years and is unregistered, the terms of such a deed cannot be relied upon to claim or enforce any right under or in respect of such lease. **It can be relied upon for the limited purposes of showing that the possession of the lessee is lawful possession or as evidence of some collateral transaction.** Even if an arbitrator is appointed, he cannot rely upon or enforce any term of the unregistered lease deed. Where the arbitration agreement is not wide and does not provide for arbitration in*



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regard to all and whatsoever disputes, but provides only for settlement of disputes and differences arising in relation to the lease deed, the arbitration clause though available in theory is of little practical assistance, as it cannot be used for deciding any dispute or difference with reference to the unregistered deed.”

17. It is submitted that the refusal to grant licence has caused really to the petitioners inasmuch as the business has not been allowed to be carried on, despite application being filed for the renewal of LE-1 and LE-3 well in time as per the Rules.

18. On the other hand, the learned Senior Standing counsel for the respondents would submit that the petitioners have an alternative remedy against the impugned order in terms of Rules 112 and 114 of the Explosives Rules, 2008 before the authorities specified therein and therefore, the present writ petition is liable to be dismissed on account of alternative remedy.

19. That apart, it is submitted that the petitioners were required to



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file an application for renewal of the respective licences well within the time stipulated in Rule 112 of the aforesaid Rules.

20. It is submitted that the copies of the applications which is said to have been filed have not been received for renewal in time and therefore on this count also, the present writ petition is liable to be dismissed.

21. It is submitted that at best, the petitioners case for renewal can be considered if fresh application is filed. That apart, it is submitted that the occupier of the licence premises was the 4th petitioner namely Neelapushpam. However, without notice to the 4th petitioner, the 2nd petitioner has been introduced in the business of the 1st petitioner for both the licences i.e., LE-1 and LE-3. On this count also, the present writ petition is liable to be dismissed.

22. That apart, reply to the show cause notice dated 04/03/2024 (which is impugned herein) has been filed which also indicates that the 2nd petitioner has stated that the licence expired on 31/03/2024, for which



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the petitioners had paid licence fee, on 06/03/2024.

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23. It is submitted that in the reply, dated 05/03/2024, the 2nd petitioner has further stated that the 2nd petitioner has constituted a new partnership firm in the name of '**Kaniskar Fataka Factory**', on 17/03/2021 and that the 2nd petitioner has also obtained PAN registration and subsequently, GST registration, on 24/07/2023 and that all the active Directors namely the 2nd petitioner, and the rest of the petitioners and one S.Kaleeswari along with K.A.Nandhakumar and N.Jayakumar the 3rd respondent had joined together and have decided to wind up the business of the 1st petitioner and therefore, requested to transfer the licence and the occupier name as '**Kaniskar Fataka Factory**'. It is submitted that on this count also, the present writ petition is liable to be dismissed.

24. I have considered the arguments advanced by the learned counsel for the petitioners and the learned Central Government Senior Standing Counsel for the respondents.

25. This case came up for admission on 18/12/2024. Thereafter, the



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case was directed to be listed for admission immediately on 10/01/2025.

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Thereafter, the case has come up on two occasions and today finally. The respondents have filed the documents in support of the counter.

26. No doubt that the petitioners have an alternative remedy under Rule 121 of the Explosives Rules, 2008. However, at this distant point of time, it may not be proper to relegate the petitioners to work their remedy before the appellate authority under Rule 121 of the Explosives Rules, 2008. The petitioners have sufficiently suffered due to the impugned proceedings and pendency of the writ petition. Therefore, the objection of the respondents insofar the alternative remedy is concerned, it is overruled.

27. As for as the suspension and revocation or cancellation of licence under Rule 118 of the Explosives Rules, 2008 is concerned, it is clear that every licence granted under the Rule shall also stand cancelled in any of the situation contemplated in Clause (a), (b) and (c) are attracted. They are detailed as under:-

“118.Suspension and revocation or



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cancellation of licence.-(1)Every licence granted under these rules shall-
(I)stand cancelled, if-

(a)the licensee has ceased to have any right for the lawful possession over the licensed premises:

(b)the licensee is convicted and sentenced under any criminal offences involving violence or moral turpitude for a term of not less than six months at any time during a period of five years after the expiration of the sentence or ordered to execute under Chapter VIII of the Code of Criminal Procedure, 1973 (2 of 1974), a bond for keeping peace for good behaviour;

(c)the licenced premises or manufacturing facilities are leased to any other person, firm company, society; ”

(II)....

(III)...

The amendment, that has been inserted to the above Rule G.S.R.17 (E), dated 09/01/2019 is confined to a portion of Clause (b) and whole of Clause (c).

28. As far as Clause (a) is concerned, it was incorporated in the year 2008 vide G.S.R.No.907(E) dated 29/12/2008.

29. The dispute relating to the ownership of the land has been in



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existence since PACL issue was noticed in the year 2015. Renewal of the initial licences were issued for a period of three years and have been renewed at least once even after the PACL issue was noticed in the year 2015. Therefore, Clause (a) cannot be strictly put against the petitioners, merely because the 3rd petitioner may have ceased to have any right for the lawful right over the licence premises. Fact remains that the possession is still with the petitioners and that the factory and the storage places are under the control of the petitioners jointly and severally.

30. Revenue records also continue to stand in the name of the 3rd petitioner and his wife Suvetha. That apart, lease deeds have been executed in favour of the 1st petitioner by the 3rd petitioner and his wife namely Suvetha. Therefore, the objection on the ground that there is no lawful possession over the licence premises cannot be countenanced in the light of the decision of the Hon'ble Supreme Court in **SMS Tea Estates Private Limited Vs. Chandmari Tea Company Private Limited** reported in (2011)14 SCC 66.

31. The production of the registered licence leased deed is also not



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mandatory i.e., the lease deed executed for 11 months. It can be renewed from time to time as is evident from the reading of Section 17 of the Registration Act, 1908. Therefore, the objection by pressing Rule 118(1)(I)(a) cannot be countenanced and therefore, it is overruled.

32. As far as the objection, in so far as 118(1)(I)(c) is concerned, it relates to only situation where the licence premises are manufacturing facilities or lease to any other person, firm, company or society. At the moment, there are no indications that the licenced premises are manufacturing facilities were leased to any other person, firm, company or society.

33. Although, an attempt was made to transfer the ownership of the land at Sl.No.3 to the above table to the 2nd petitioner after the name of the 2nd petitioner was included into the 1st petitioner company. Thus, the objection of the respondents insofar as they seek to press Rule 118(1)(I)(c) is also overruled.



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34. The other amendments to the above Rule in Clause (b) is also not relevant as it is not stated the case of the respondents herein.

35. Thus, the impugned order seeking to cancel the licence for the reasons stated therein cannot be countenanced, except on the ground of reply of the 2nd petitioner, vide, reply, dated 05/03/2024.

36. Further, in the writ petition, the petitioners have come forward together and have filed the writ petition by signing a common affidavit in support of the present writ petition.

37. Since there is no *inter se* dispute at this moment, the suspension of the licence and the failure to renew and to decline the renewal of the licence cannot be countenanced, although, the reply dated 05/03/2024 was given by the 2nd petitioner indicating the intention to transfer the business to '**Kaniskar Fataka Factory**'.



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38. That apart, there is no dispute among the petitioners, who are Directors of the 1st petitioner's company notwithstanding the fact that the 2nd petitioner had given a reply, dated 15/03/2024 to the show cause notice, dated 05/03/2024, which is impugned herein. Therefore, the objections of the respondents are overruled.

39. In view of the above discussion, there shall be a direction to the respondents, considering the impugned proceedings of law, to renew the licence. However, liberty is given to the respondents to exercise the power under Rule 118 of the Explosives Rules, 2008 in case any other changes are made in the Constitution.

40. It is made clear that the petitioners shall cooperate by furnishing all the required documents and pay necessary fee, if not already paid by them. With the above said direction, this Writ Petition stands **disposed of**. No costs. Connected Miscellaneous Petitions are closed.

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