APHC010557102026

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

Bench Sr.No:-1 [3584]

WRIT APPEAL NO: 1304 of 2026

Indian Oil Corporation Limited and Others ...Appellant(s)

Vs.

Sri Resapu Srinivasa Reddy and others ...Respondent(s)

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CORAM : THE CHIEF JUSTICE LISA GILL
SRI JUSTICE CHALLA GUNARANJAN

DATE : 19th November 2026

Present:

Advocate for Appellants: MR.S.V.S.S.SIVA RAM

Advocate(s) for Respondent(s): MR. B V KRISHNA RAO, MR.VENNA HEMANTH KUMAR (CENTRAL GOVERNMENT COUNSEL)

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JUDGMENT: (per Hon'ble Sri Justice Challa Gunaranjan)

Present writ appeal is directed against order, dated 25.08.2026, in W.P.No.26040 of 2024, whereby learned Single Judge, while allowing the writ petition, directed appellants herein to vacate and hand over vacant possession of subject land to writ petitioners, respondents 1 and 2 herein.

2. Respondents 1 and 2/writ petitioners preferred the writ petition seeking the following relief:

> "…. to issue a Writ or Order or Direction, more particularly one in the nature of Writ of Mandamus, declaring the action of respondent No.2 in not handing over to the Petitioners the vacant possession of the land

> of an extent of 1157.88 Square Yards, situated in TS No.3 (Door No.9-1-44/1/2), Waltair Ward, Resapuvanipalem, Visakhapatnam City, Visakhapatnam District, as arbitrary, illegal, unjust, and to consequently, direct respondent No.2 (i) to hand over to the Petitioners the vacant possession of the aforesaid land; (ii) to pay to the Petitioners the rent of Rs.8,73,198/- per month (Rs.9,00,000/- - Rs.26, 802/-) from 18.06.2024 and (iii) future rents @ of market rate and damages and pass…."

3. Writ petitioners' father owned an extent of 1,157.88 square yards of site at Resapuvanipalem, Visakhapatnam City, which was leased out to appellants herein under registered lease deed, dated 18.06.2004, for a period of 20 years, with initial lease of Rs.20,000/- per month and further escalation @ 5% every three years. Lease was to end by 17.06.2024. Appellants entrusted dealership to an agency under agreement, dated 31.07.2004, which has been running the outlet. It is stated that when appellants, through their dealer, engaged with writ petitioners for extension of lease, by letter, dated 27.09.2023, writ petitioners expressed unwillingness to extend or renew the lease beyond 17.06.2024. Thereafter, by letter, dated 22.05.2024, writ petitioners demanded an amount of Rs.8,00,000/- per month as lease amount, with escalation of 5% every year, for them to consider extending lease for a further period of 10 years. The said offer was not accepted by appellants, and when the matter was placed before Rental Negotiations Committee, based on its deliberations, writ petitioners were offered Rs.1,50,000/- per month as rent with escalation of 10% every three years, which apparently was not agreed to

by writ petitioners. In those circumstances, respondents 1 and 2/writ petitioners preferred above writ petition.

4. Dealer, operating the retail outlet, also preferred W.P.No.23079 of 2026 assailing action of appellants' Corporation in refusing to take back or remove petroleum stock remaining in underground tanks upon cancellation of license, therefore, both writ petitions were heard together and disposed by common order, dated 25.08.2026.

5. Before learned Single Judge, appellants primarily raised two contentions: *Firstly,* that writ petition itself was not maintainable in view of alternative remedy available under lease agreement itself, coupled with Marketing Discipline Guidelines, 2005 ("MDG 2005"), and *secondly*, when lease deed expressly provided for renewal of lease for a further period of 20 years, mere disagreement on rent would not entitle respondents 1 and 2/writ petitioners to wriggle out of contract and seek handing over of vacant possession of subject land.

6. Learned Single Judge, considering facts and circumstances, allowed writ petitions, directing appellants herein to vacate and hand over subject premises to respondents 1 and 2/writ petitioners by negating both the objections canvassed by appellants. Hence, present writ appeal.

7. Heard Mr.S.V.S.S. Siva Ram, learned Standing Counsel for IOCL, appearing for appelants; and Sri M.Ravindranath Reddy, learned Senior

Counsel, appearing for Mr.B.V.Krishna Rao, learned counsel for respondents 1 and 2/writ petitioners.

8. **(a)** Mr.S.V.S.S. Siva Ram, learned Standing Counsel for appellants, vehemently contended that when there is an effective alternative remedy agreed between the parties under the very same lease agreement, read with MDG 2005, learned Single Judge was not right in entertaining the writ petition and deciding the *lis* exercising writ jurisdiction. It is also contended that learned Single Judge has not specifically dealt with submission made above.

(b) Further, learned Standing Counsel for appellants, while drawing our attention to Clause (j) of the lease agreement, contended that since parties specifically agreed for extension of lease by 20 years, mere disagreement on rent payable would not take away right of appellants Corporation for continuation of lease. Therefore, it is submitted that learned Single Judge failed to appreciate above contentions in proper perspective and committed serious error calling for interference, thus, urged to set aside the order under challenge.

9. Sri M.Ravindranath Reddy, learned Senior Counsel appearing for Mr.B.V.Krishna Rao, learned counsel for respondents 1and 2/writ petitioners, while supporting impugned order, contended that issue on hand is no more *res integra*, and the same stood decided against

appellants, in support, he referred to order passed by erstwhile High Court of Andhra Pradesh in **M/s.Indian Oil Corporation Ltd. v. Mr.Kareem Zaheer Yar Jung**[1]. He further contended that writ petitioners seeking for eviction of public sector utility upon expiry of lease is very much maintainable under Article 226 of the Constitution of India, in support of which reliance has been placed on the following judgments:

(1) National Company v. Bharat Petroleum Corporation Ltd.[2]**;**

(2) Baba & Co. v. Hindustan Petroleum Corpn. Ltd.[3]**;**

(3) Hindustan Petroleum Corporation Ltd. v. Dolly Das[4]**;**

(4) Prashant Kashikar v. Bharat Petroleum Corporation Ltd.[5]**;**

(5) Athota Sashi Mohan v. Indian Oil Corporation Ltd.[6]**;**

(6) P.Hariprakash Reddy v. Hindustan Petroleum Corpn. Ltd.[7]**;**

(7) Smt.P.Geetha Lakshmi v. Indian Oil Corporation Ltd.[8]**; and**

(8) Indian Oil Corporation Ltd. v. Mujeebuddin Khan[9]

Accordingly, dismissal of writ appeal is sought for.

10. We have given our anxious consideration to the submissions made above and perused the record in detail.

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[1] 1997 (2) APLJ 209 (HC)
[2] (2021) 13 SCC 121
[3] 2012 SCC OnLine AP 802 = 2012 (2) ALD 752
[4] (1999) 4 SCC 450
[5] Order, dt.04.03.2024, in WP No.34230 of 2012 (TS HC)
[6] 2025 (1) ALT 306
[7] 2016 SCC OnLine Hyd 152 = 2016 (6) ALD 715
[8] 2026 (2) ALD 593 (TS)
[9] 2026 SCC OnLine TS 2136

11. Admittedly, subject property, which was leased out in favour of appellants, expired on 17.06.2024. Appellants' request for extension of lease for further period of 20 years was turned down by respondents 1 and 2/writ petitioners, vide letters, dated 27.09.2023 and 23.04.2024. In fact, respondents 1 and 2/writ petitioners, by letter dated 22.05.2024, made an offer for extension of lease for further period of 10 years on condition of paying rent of Rs.8,00,000/- per month with escalation of 5% every year, which was not agreed to by appellants.

12. In this background of facts, contentions raised by parties are required to be examined. Firstly, objection with regard to maintainability of writ petition on the ground of alternative remedy, as seriously canvassed by learned Standing Counsel for appellants, in our considered view, has no substance, inasmuch as the same stands answered in favour of landlords, by not only Coordinate Benches of the composite High Court of Andhra Pradesh, but also Hon'ble Apex Court in judgments referred to supra. Even learned Single Judge, referring to **National Company v. Bharat Petroleum Corporation Ltd.**[2] and **Baba & Co. v. Hindustan Petroleum Corpn. Ltd**[3], rejected aforesaid contention, which is absolutely justified. No other judgment has been brought to our notice taking contrary view.

13. Secondly, in regard to other contention, whether the lease between parties subsists and appellants are entitled to continue for further period of 20 years, it is apt to refer to relevant clause of the lease, which reads as follows:

> "j) PROVIDED ALWAYS AND IT IS AGRED AND DECLARED that at the expiration of the said term of 20 (Twenty) years this lease will be renewed for further term of 20 (Twenty) years from the expiration of last mentioned term unless the Lessee gives to the Lessor one calendar month's previous notice of his intention not to take any renewed lease. The renewed lease will be on the same covenants, conditions and agreements including the present covenant for renewal. The rent at the time of renewal will be mutually decided before execution of renewed lease. If the lease is renewed after 20 years fresh lease deed will be executed & registered for the period of renewed lease."

14. A plain reading of above clause goes to show that initial term of lease agreed to was for a tenure of 20 years. It further contemplates renewal on same covenants and conditions, however, rent was to be mutually decided between the parties before execution of renewed lease. In sum and substance, lease for a further period of 20 years was to be executed between the parties once they agree upon rent payable.

15. In **Mr.Kareem Zaheer Yar Jung**[1], more or less similar clause fell for consideration, and in fact, renewal clause therein provided for automatic renewal, nevertheless, it was held that in the absence of fresh lease agreement being executed between the parties after expiry of initial period, no right got vested on appellants, thus, order of eviction and handing over

of subject property was found to be absolutely in accordance with the terms of lease agreement. SLP (C) Nos.10352-10353 of 1997 preferred against said judgment in **Mr.Kareem Zaheer Yar Jung**[1] ended in dismissal vide order, dated 15.05.1997.

16. Even in the present case, it is an undeniable fact that no such renewed lease agreement is in place, therefore, question of appellants continuing to hold on to the subject property under the guise of expired lease agreement would be without any right.

17. When once lease stands expired, appellants have no right to continue and scout over property in question. Learned Single Judge rightly directed appellants to vacate and handover physical possession of subject property by following the judgment of Hon'ble Apex Court in **Dolly Das**[4]. We do not find any reason to interdict with the findings and conclusions arrived at by learned Single Judge exercising appellate jurisdiction.

18. Writ Appeal is, therefore, devoid of merits and stands dismissed. No order as to costs.

As a sequel, miscellaneous petitions pending, if any, shall stand closed.

LISA GILL, CJ **CHALLA GUNARANJAN, J**

Date:19-11-2026.
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