



A.S. No. 886 of 2020

IN THE HIGH COURT OF JUDICATURE AT MADRAS

WEB COPY

RESERVED ON : 21.11.2025
PRONOUNCED ON : 30.04.2026

CORAM:

THE HONOURABLE DR. JUSTICE A.D. MARIA CLETE

A.S. No. 886 of 2020

- 1.D.Srihari Rao (Died)
- 2.Mrs.D.Leela Devi
- 3.D.H.Sarath K Kumar
- 4.D.Venkatesh
- 5.D.N.Choudary

(sole appellant died.A2 to A5 are brought on record as
L.R.s of the deceased sole appellant (D.Srihari Rao)
vide court order dated 25.10.2025 made in C.M.P. Nos.
21494, 21495, 21456 of 2025 in A.S. No. 886 of 2020)

...Appellant/1st claimant/1st petitioner

Vs.

1.The Land Acquisition Officer
and the Special Tahsildar (RC)
Saidapet,
Chennai – 600 015

...1st respondent/respondent/Referring officer

2.A.S.Rajagopal,
Defence Estate Officer,
Chennai – 600 009.

...2nd respondent/2nd claimant/2nd petitioner



A.S. No. 886 of 2020

PRAYER:

Appeal Suit filed under Section 54 of the Land Acquisition Act against the order and decree dated 25.03.2010 passed in L.A.O.P.No.353 of 2009, on the file of the Subordinate Judge at Tambaram.

For Appellant : Mr.W.M.Abdul Azeez for A2 to A5.
A1 – died.

For Respondents : Mr.G.Nanmaran, Special Government Pleader
for R1.
Mr.K.Subbu Ranga Bharathi for R2.

J U D G M E N T

This appeal is preferred by the 1st claimant under Section 54 of the Land Acquisition Act, 1894 challenging the order and decree passed by the Subordinate Judge at Tambaram in L.A.O.P. No.353 of 2009 dated 25.03.2010 seeking enhancement of compensation.

2. For the sake of the convenience , the parties are referred to as they were arrayed before the Trial court.

3. The brief facts leading to the appeal are as follows. The acquired land measures 1.46 acres in Survey No. 432/1, situated at St. Thomas Mount Village, Saidapet Taluk, Alandur, Chengalpattu District. The property originally belonged to the Ministry of Defence, Government of



A.S. No. 886 of 2020

India, and was leased by the Military Estates Office to one Sri Raja R.N.

Rao for a term of 30 years, renewable of the lease up to 90 years, under a registered lease deed dated 09.01.1960 for the purpose of constructing a cinema theatre. Thereafter, the original lessee, Raja R.N. Rao, transferred his leasehold rights, together with the option of renewal up to 90 years, in favor of the 1st claimant under a sale deed dated 30.11.1966 for a consideration of Rs. 67,500/-. This transfer of leasehold rights was duly intimated to the Ministry of Defence and was also accepted by them on payment of annual rent of Rs.576 /-.

4. Subsequently, the land was acquired by the Government for the formation of the Inner Ring Road. The notification under Section 4(1) of the Land Acquisition Act was published on 17.07.1982. By Award No. 3 of 1986 dated 16.09.1986, the Land Acquisition Officer fixed market value of Rs. 1021 per cent for the acquired land after deducting 20%. Treating the claimant's unexpired leasehold right as compensable and reduced the leasehold value to Rs. 68.72 per cent by applying a formula based on the unexpired portion of the initial 30-year lease term, and determined the total compensation, inclusive of statutory additions and



A.S. No. 886 of 2020

interest, at Rs. 20,418.10. Dissatisfied with the said award, the lessor and the sub-lessee/1st claimant filed an appeal by way of a claim petition.

5. In the claim petition, the 1st claimant has stated that he is the lessee of the acquired land situated at Military Estate Office for the purpose of construction of cinema theatre and submitted that the land is surrounded by commercial establishment railway station and Guindy Industrial Estate and the amount fixed based on the sale deed of the nearby land in S.Nos.501 and 602 dated 20.06.1981 is located quite interior and away from the main road and in no way can be equated to the acquired land and submits that the market value of the land on the date of acquisition is not less than Rs.2,00,000/- per ground. It is further contended that the land acquisition officer failed to take into consideration that the claimant being a leasehold right holder for 90 years is entitled for the full amount on the market value over the said land and submits that till date he could not put up the construction of theatre due to refusal to grant N.O.C., and thus submits that the claimant has incurred various expenses for the same and thus sought for fixing the compensation at Rs.23,00,000/- together with 30% solatium and inters



A.S. No. 886 of 2020

and 50,000/- being damages for the delay and misrepresentation in putting the land into use for the purpose for which it is acquired.

6. Before the trial court, on the claimant side CW1 and CW2 were examined and marked Ex.C.1, award of the land acquisition officer and Ex.C.2 to Ex.C.3, copies of the sale deeds of the nearby lands, Ex.C.4 lease deed dated 09.01.1960, Ex.C.5, sale deed dated 30.11.1996 and on the respondent side RW1 were examined and marked Ex.B1, copy of the sale deed dated 19.06.1981 and Ex.B2, village map.

7. On an appreciation of the oral and documentary evidence, the reference court held that under Ex.C4 the lessee had a right of renewal up to 90 years, and that such leasehold right was purchased by the first claimant under Ex.C5. It therefore held that, in determining compensation, due regard had to be given to both the claimant's subsisting leasehold interest and the future potential arising from the right of renewal. The reference court further found that the lease commenced on 25.08.1958 for 30 years at an annual rent of Rs.576/-, renewable at the option of the lessee up to 90 years, and that the first claimant had



A.S. No. 886 of 2020

purchased the leasehold right in 1966 for Rs.67,500/-. Though the title vested with the Ministry of Defence, the reference court assessed the compensation on the basis of the leasehold right and fixed its value for the full 90-year period at Rs.67,500/-. Accordingly, it awarded compensation of Rs.67,500/- together with 30% solatium and interest at 12% per annum from the date of publication of the Section 4(1) notification till the date of payment.

8. Aggrieved the award, the 1st claimant has preferred the present appeal contenting that the reference court had erroneously fixed the compensation without taking into consideration of the oral and documentary evidence adduced by the claimants and has not taken into account, the potentiality of the land and future development and the land situated at prime commercial area and has not taken into account the various well settled judicial pronouncements relating to payment of compensation in land acquisition act and thus sought for enhancement of compensation.



A.S. No. 886 of 2020

WEB COPY

9. The learned counsel for the appellants submitted that as per the Judgment of the High Court of Delhi in ***Union of India & Others v. Adil Singh & Others reported in MANU/DE/0032/2013***, it has been held that when the land acquisition officer had determined the compensation based on the Market value of the land, then the reference court need not to determine the compensation based on the lease hold rights and further relied on the Judgment of the Hon'ble Supreme Court in ***MehrawalKhewaji Trust, Faridkot & others v. State of Punjab & others reported in MANU/SC/0349/2012***, wherein it has been held that when the reference court was placed with several exemplars of sale of land through sale statistics, this court has to consider and accept the highest of the exemplars while fixing the fair compensation. It is further submitted by the Judgment of the Hon'ble Supreme Court in ***Kapil Mehra v. Union of India reported in MANU/SC/0947/2014***, wherein it has been held as to how a market value has to be determined while awarding compensation and has relied on the Judgment of the Hon'ble Supreme Court in ***A.Natesam Pillai v. Special Tahsildar Land Acquisition, Trichy reported in MANU/SC/0590/2010***, wherein it has been held that while



A.S. No. 886 of 2020

determining the compensation, future potential of the land should also be considered.

WEB COPY

10. It is further submitted by the learned counsel for the appellants/ 1st claimant that as per the deposition of CW2, he has stated that the land is surrounded by schools and colleges and an airport has also been situated near 7 kms from the acquired land and the deposition of RW1 and CW1 who deposed about the potentiality of the lands and the expenses incurred for putting up the construction of theatre and the value of the land would be Rs.8 lakhs to Rs.10 lakhs per ground and it is submitted that since the N.O.C., has not been given by the Collector, the fault of not completing the construction of theatre cannot be fastened on the claimants. It is further contended by the learned counsel for the appellants that the formula adopted by the said officer has been wrongly adopted without considering the fact that the entire lease period is for 90 years. Thus, the learned counsel for the appellants has sought to enhance the compensation by fixing the market value at Rs.2,00,000/- per ground as on the date of notification with all usual benefits.

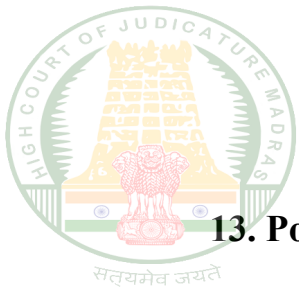


A.S. No. 886 of 2020

WEB COPY

11. The learned counsel for the respondents on the other hand contended that the compensation fixed by the reference court is just and fair and relied on the Judgment of the Supreme Court of India in **State of Maharashtra & Ors vs Reliance Industries Ltd. & Ors** reported in **(2017) 10 SCC 713**, wherein it has been held that land and building together constitute one unit and the land on which it stands may not for the purpose of the land acquisition act ordinarily be regarded as separate units capable of being separately valued .

12. The learned counsel for the respondents also relied on the Judgment of the High Court of Rajasthan at Jodhpur in the case of **National Highways Authority of India and Ors. v. Amar Granites Pvt. Ltd., and Ors** reported in **2019 Supreme (Raj) 235**, wherein it has been held that compensation becomes payable for the leasehold right or interest held by the lessee or grantee when the land is acquired for the public purpose.



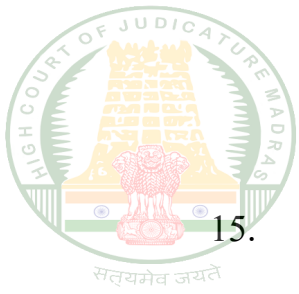
A.S. No. 886 of 2020

13. Points for consideration:

1. Whether the appellant/ 1st claimant is entitled to compensation for only the unexpired lease period or for the entire 90-year period claimed by him?
2. Whether the claimant is entitled to enhancement on the basis of the sale instances relied on by him?
3. To what relief ?

Point No.1:

14. The Ministry of Defence, Government of India, through its Military Estates Office leased the subject property to one Sri Raja R.N. Rao for a period of 30 years, with an option of renewal up to 90 years, for the purpose of constructing a cinema theatre. The said original lessee, transferred his leasehold rights, together with the option of renewal up to 90 years, in favour of the first claimant under a sale deed dated 30.11.1966 for a consideration of Rs.67,500/- under due intimation to the authorities who also accepted the same on payment of annual rent of Rs.576/-.



A.S. No. 886 of 2020

15. On acquisition of the subject property by the government , the

Land Acquisition Officer fixed the market value of the acquired land at Rs.1,021/- per cent and, after deducting 20%, treated the claimant's unexpired leasehold interest of 6 years and 23 days as compensable. By applying a formula based on the unexpired portion of the initial 30-year lease term, the leasehold value was reduced to Rs.68.72 per cent, and the total compensation, inclusive of statutory additions and interest, was determined at Rs.20,418.10. However, the Reference Court fixed the compensation at Rs.67,500/- by taking the sale consideration paid by the first claimant for purchase of the leasehold rights as the value of compensation for the entire 90-year lease period.

16. A perusal of Exs.C4 and C5 makes it clear that the original lease was granted only for a period of 30 years, with a clause for renewal thereafter. As on the date of acquisition, even the initial lease period had not expired, and only 6 years and 23 days remained unexpired. Therefore, the question of taking into account the renewed period, which had not even commenced, does not arise. It is no doubt true that, upon acquisition of land, every person interested is entitled to claim compensation. In the present case, the first claimant, being a sub-lessee, is certainly a person



A.S. No. 886 of 2020

interested in the acquired land and is entitled to compensation. However, such entitlement is only to the extent of his unexpired leasehold interest and not on the footing of absolute ownership, the owner of the land admittedly being the Defence Department. The claimant cannot seek compensation as though he had an accrued right over the entire 90-year period. In that view, the reference court was not right in proceeding on the basis that the claimant was entitled to compensation for the whole 90 years without deducting the period already expired.

17. Therefore, determination of compensation with reference to the claimant's unexpired leasehold interest alone is legally justified. Accordingly, this point is answered.

Point No.2 & 3:

18. The contention of the 1st claimant is that compensation ought to have been determined on the basis of the market value of the land and not on the basis of the leasehold rights.



A.S. No. 886 of 2020

19. On a perusal of Ex.C2, the sale deed dated 11.05.1982 relied on by the claimant, this Court finds that the same is a pre-notification document and Ex.C3, the subsequent sale deed dated 24.07.1982 at the Rs.6,060.60 per cent , being a post-notification document as on the date of the Section 4(1) notification dated 17.07.1982. Since Ex.C2 reflects a higher value, namely Rs.6,540/- per cent, this Court is inclined to take Ex.C2 into consideration. If the market value is taken at Rs.6,540/- per cent, after deducting 20% and applying the formula for the unexpired lease period, the compensation payable works out to Rs.352/- per cent, and for 146 cents, the total compensation comes to Rs.51,413/-.

20. Thus, even if the sale data relied on by the claimant is taken into account, the result would not justify enhancement of compensation and, on the contrary, would indicate a lesser figure than that awarded by the reference court. Though this Court is of the view that the reference court was not correct in valuing the leasehold right for the entire 90-year period and fixing compensation at Rs.67,500/-, the fact remains that the Government has not preferred any appeal or cross-objection challenging the said award. In such circumstances, this Court is not inclined to interfere with the judgment of the reference court to the prejudice of the



A.S. No. 886 of 2020

claimant in an appeal filed by him seeking enhancement. Accordingly, these points are answered against the claimant, and the judgment of the reference court is confirmed.

21. In the result, the appeal is dismissed. Consequently, the order and decree passed by the Subordinate Judge at Tambaram in L.A.O.P. No.353 of 2009 dated 25.03.2010 is confirmed. There shall be no order as to costs. Consequently, connected miscellaneous petitions, if any, stand closed.

30.04.2026

ay

Index:Yes/No

Speaking Order /Non-speaking order

Neutral citation:Yes/No

To

1.The Subordinate Judge at Tambaram.

2. The Section Officer,
V.R.Records,
Madras High Court.



WEB COPY



A.S. No. 886 of 2020

DR. A.D. MARIA CLETE, J

ay

PRE DELIVERY JUDGMENT
A.S. No. 886 of 2020

30.04.2026