

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 19TH DAY OF DECEMBER, 2025



PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C M JOSHI

WRIT APPEAL NO. 1659 OF 2024 (GM-KIADB)

C/W

WRIT APPEAL NO. 1661 OF 2024 (GM-KIADB)

WRIT APPEAL NO. 1703 OF 2024 (GM-KIADB)

IN W.A. No. 1659/2024

BETWEEN:

1. JAIPRAKASH ENGINEERING AND STEEL CO. LTD.,
A COMPANY INCORPORATED UNDER
THE COMPANIES ACT 1956
HAVING ITS REGISTERED OFFICE AT
No.510, 3RD A CROSS, 3RD BLOCK
2ND MAIN, RAJ MAHAL VILAS - II
DOLLARS COLONY
BANGALORE - 560 094
REPRESENTED BY ITS
AUTHORIZED SIGNATORY
MR. KAMALAKSHA

...APPELLANT

(BY SRI C.K. NANDAKUMAR, SENIOR ADVOCATE A/W
SRI PRASHANTH V.G., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REPRESENTED BY ITS



ADDITIONAL CHIEF SECRETARY COMMERCE &
INDUSTRIES DEPARTMENT GOVERNMENT OF
KARNATAKA
VIKASA SOUDHA
BENGALURU - 560 001

2. KARNATAKA INDUSTRIAL
AREAS DEVELOPMENT BOARD
O/A. NO 49
4TH AND 5TH FLOOR EAST WING
KHANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001
REPRESENTED BY ITS CEO & EM
3. INDIAN COAST GUARD
HEADQUARTER
NO 3, COAST GUARD DISTRICT
PB No.19, PANAMBUR
NEW MANGALURU - 575 011

...RESPONDENTS

(BY SRI C.S. PRADEEP, AAG A/W
SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-1,
SRI BASAVARAJ V. SABARAD, SENIOR ADVOCATE A/W
SRI H.L. PRADEEP KUMAR, ADVOCATE FOR C/R-2,
SRI K. ARVIND KAMATH, ASGI,
SRI H. SHANTHI BHUSHAN, DSGI A/W
SMT. RESHMA THAMMAIAH, ADVOCATE FOR R-3)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE
KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE
COMMON ORDER DATED 26/09/204 IN W.P. NO.41829/2019
AND CONSEQUENTLY ALLOW W.P. NO.41829/2019 AS
PRAYED FOR, AND PASS ANY OTHER ORDER OR ORDERS.

IN W.A. NO. 1661/2024

BETWEEN:

1. JAIPRAKASH ENGINEERING AND STEEL CO. LTD.,
A COMPANY INCORPORATED UNDER
THE COMPANIES ACT, 1956
HAVING ITS REGISTERED OFFICE AT
NO. 510, 3RD A CROSS, 3RD BLOCK
2ND MAIN, RAJ MAHAL VILAS-II
DOLLARS COLONY
BANGALORE - 560 094
REPRESENTED BY ITS AUTHORIZED SIGNATORY
MR. KAMALAKSHA

...APPELLANT

(BY SRI C.K. NANDAKUMAR, SENIOR ADVOCATE A/W
SRI PRASHANTH V.G., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REPRESENTED BY ITS
ADDITIONAL CHIEF SECRETARY
COMMERCE AND INDUSTRIES DEPARTMENT
GOVERNMENT OF KARNATAKA
VIKASA SOUDHA
BANGALORE - 560 001
2. KARNATAKA INDUSTRIAL
AREAS DEVELOPMENT BOARD
O/AT NO. 49, 4TH AND 5TH FLOOR
EAST WING, KANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001
REPRESENTED BY ITS CEO & EM
3. DEVELOPMENT OFFICER &
EXECUTING ENGINEERING
O/AT KARNATAKA INDUSTRIAL AREAS
DEVELOPMENT BOARD

ZONAL OFFICE, BIKAMPADY INDUSTRIAL AREA
MANGALURU - 575 011

4. INDIAN COAST GUARD
O/AT HEADQUARTER
No. 3, COAST GUARD DISTRICT
P.B No.19, PANAMBUR
NEW MANGALURU - 575 010

...RESPONDENTS

(BY SRI C.S. PRADEEP, AAG A/W
SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-1,
SRI BASAVARAJ V. SABARAD, SENIOR ADVOCATE A/W
SRI H.L. PRADEEP KUMAR, ADVOCATE FOR C/R-2 & 3,
SRI K. ARVIND KAMATH, ASGI,
SRI H. SHANTHI BHUSHAN, DSGI A/W
SMT. RESHMA THAMMAIAH, ADVOCATE FOR R-4)

THIS WRIT APPEAL FILED UNDER SECTION 4 OF THE
KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE
COMMON ORDER DATED 26.09.2024 IN WRIT PETITION No.
566 OF 2018 AND CONSEQUENTLY ALLOW WP No. 566 OF
2018 AS PRAYED FOR & ETC.

IN W.A. NO. 1703/2024

BETWEEN:

1. JAIPRAKASH ENGINEERING AND STEEL CO. LTD.,
A COMPANY INCORPORATED UNDER
THE COMPANIES ACT, 1956
HAVING ITS REGISTERED OFFICE AT
NO. 510, 3RD A CROSS, 3RD BLOCK
2ND MAIN, RAJ MAHAL VILAS-II
DOLLARS COLONY, BANGALORE-560 094
REPRESENTED BY ITS AUTHORIZED SIGNATORY
MR. KAMALAKSHA.

...APPELLANT

(BY SRI C.K. NANDAKUMAR, SENIOR ADVOCATE A/W
SRI PRASHANTH V.G., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REPRESENTED BY ITS ADDITIONAL CHIEF SECRETARY
COMMERCE AND INDUSTRIES DEPARTMENT GOVERNMENT
OF KARNATAKA
VIKASA SOUDHA
BANGALORE - 560 001

2. KARNATAKA INDUSTRIAL
AREAS DEVELOPMENT BOARD
O/AT NO. 49, 4TH AND 5TH FLOOR
EAST WING, KANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001
REPRESENTED BY ITS CEO & EM

3. DEVELOPMENT OFFICER &
EXECUTING ENGINEERING
O/AT KARNATAKA INDUSTRIAL AREAS
DEVELOPMENT BOARD ZONAL OFFICE
BIKAMPADY INDUSTRIAL AREA
MANGALURU - 575 011

4. INDIAN COAST GUARD
O/AT. HEAD QUARTERS
No.3, COAST GUARD DISTRICT
P.B No.19, PANAMBUR
NEW MANGALURU - 575 010

...RESPONDENTS

(BY SRI C.S. PRADEEP, AAG A/W
SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-1,
SRI BASAVARAJ V. SABARAD, SENIOR ADVOCATE A/W
SRI H.L. PRADEEP KUMAR, ADVOCATE FOR C/R-2 & 3,
SRI K. ARVIND KAMATH, ASGI,
SRI H. SHANTHI BHUSHAN, DSGI A/W
SMT. RESHMA THAMMAIAH, ADVOCATE FOR R-4)

THIS WRIT APPEAL FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE COMMON ORDER DATED 26.09.2024 IN WRIT PETITION No.52937/2017 AND CONSEQUENTLY ALLOW THE W.P. No.52937/2017 AS PRAYED FOR & ETC.

THESE WRIT APPEALS HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS PRONOUNCED AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU ,CHIEF JUSTICE
and
HON'BLE MR. JUSTICE C M JOSHI

CAV JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU ,CHIEF JUSTICE)

INTRODUCTION

1. These three Writ Appeals arise from a common judgment and order dated 26.09.2024 [**the impugned order**] passed by the learned Single Judge of this Court in W.P.No.41829 of 2019 (GM-KIADB) captioned *Jaiprakash Engineering & Steel Co.Ltd. v. State of Karnataka & Ors.*, Connected with W.P.No.52937 of 2017, and W.P.No.566 of 2018, whereby these petitions were dismissed.

2. The appellant [hereinafter referred to as **JESCO or the appellant**] has filed these appeals assailing the impugned order. The present appeals were filed on 07.11.2024. Writ Appeal

No.1703/2024 assails the impugned order insofar as it relates to Writ Petition No.52937/2017; Writ Appeal No.1661/2024 assails the impugned order insofar as it relates to Writ Petition No.566/2018; And, Writ Appeal No.1659/2024 arises from the impugned order insofar as it relates to Writ Petition No.41829/2019.

3. The writ petitions were filed by the appellant in respect of the grievance relating to the decisions of the Karnataka Industrial Areas Development Board [hereinafter referred to as '**KIADB**' or Respondent No.2] in respect of lands situated in Kenjar, Thokur and Kulai villages of Mangaluru Taluk, Dakshina Kannada District [hereinafter '**the Subject lands**'], the possession of which was handed over to JESCO.

4. The possession of the subject lands was handed over to JESCO between the years 1995-2000 and it claims that it had paid a sum of Rs.30.79 crores towards the tentative costs of land and service charges to the KIADB, as and when the lands were handed over.

5. In W.P.No.52937/2017, the appellant, *inter alia*, challenged the notice dated 14.11.2017 issued by KIADB under Section 34-B(4) of the Karnataka Industrial Areas Development Act, 1966

[hereinafter referred to as '**the KIAD Act**'], whereby the appellants were directed to surrender possession of certain portions of the subject lands. The appellants also sought for quashing of the order dated 11.11.2013, passed by the respondent No.1 [Government of Karnataka].

6. In W.P.No.566/2018, the appellant had assailed the minutes of the 48th meeting of the State High Level Clearance Committee [hereafter referred to as '**the SHLCC**'] held on 31.08.2017 insofar as it relates to the appellant. The appellant also impugned the *Mahazar* dated 22.11.2017 and claimed that the *Mahazar* process was in violation of the principles of natural justice and the order of *status quo* passed by this Court.

7. In W.P.No.41829/2019, the appellant challenged the corrigendum dated 08.03.2018 issued by respondent No.1 [the Government of Karnataka], as illegal and contrary to the decision made in the 35th meeting of the SHLCC dated 14.05.2014.

PREFATORY FACTS

8. Before considering the import of the reliefs sought by the appellant in various writ petitions and the challenge in the present appeals, it is relevant to set out the factual context in which the

controversy involved in the writ petitions and the present appeals arise.

9. JESCO, which is stated to be a company belonging to a group engaged in major civil construction of Irrigation and power projects, cement manufacturing, etc., had submitted a proposal to establish an Integrated Steel Plant in Mangaluru. It was proposed that the project would have an initial capacity of 0.5 million tonnes in the first phase with an investment of Rs.1200 crores, which would be subsequently upgraded to One million tonne capacity with additional investment in the second phase. The cumulative investment would be Rs. 2000 crores. The said proposal was considered in the Sixth High Level Committee Meeting for Clearance of Projects of more than Rs.50 crores investment, held on 07.05.1992 under the Chairmanship of the Minister for Medium and Large Industries. The said Committee examined the said proposal and had made various recommendations.

10. Respondent No.1 [Government of Karnataka], had examined the said recommendations of the High Level Committee, and by an order dated 15.06.1992, accorded its sanction for KIADB to acquire and provide 1600 acres of land out of total of 1842.51 acres to be acquired in Panambur, Kenjar, Thokur, Baikampady and Kulai

villages. The Government of Karnataka also granted approval for the following:

- i. Two hundred and eighty six (286) acres of the Government land forming a part of the total land identified for the project would be provided free of cost.
- ii. Housing and Urban Development Department would take effective steps for change of land use in respect of 792 acres, which was classified as “agricultural zone” to “industrial purposes”. Suitable modifications would be made in the CDP / ODP of the Mangaluru Urban Development Authority.
- iii. KIADB would provide water to the project through combined water-supply-cum-power generation project to be implemented by KPC / KUWS & DB at Sarapadi across Netravathi river. It is further case that if the project did not come through, industries like MRPL, JESCO and Canara Steels could jointly implement the water supply project to meet their requirements.
- iv. KIADB shall provide 4 MW power during the construction period.

- v. Karnataka Electricity Board [KEB] to provide grid support of 25 MV for start / stop operations and in time of emergencies.
- vi. Necessary action would be initiated for recommendation to the Government of India under Section 11(4) of the Mines and Minerals (Development and Regulation) Act, 1957 for allocation of mining areas containing about 100 million tonnes of iron ore to meet JESCO's captive iron ore needs for production purposes only for a maximum period of 20 years out of the area forming part of Ramanadurga Mines at Sandur Taluk, Bellary District.
- vii. For executing mining leases under Rule 31 of the Karnataka Minor Mineral Concession Rules, subject to the conditions.
- viii. Necessary action for recommending grant of need-based mining leases to meet the JESCO's requirement of steel making grade limestone of 40 million tonnes at Bagalkot.
- ix. Additional grant of incentives / concessions and 100% exemption from payment of Karnataka Sales tax Act and Central Sales tax Act on finished goods for a period of twelve years.
- x. And, exemption from payment of purchase tax and entry tax.

11. On 31.10.1992, the KIADB allotted 160 acres of land at Baikampady and Panambur villages of Mangaluru Taluk. The allotment of land was subject to various conditions as set out in the said allotment letter.

12. Admittedly, the JESCO did not pay the amount as set out in the aforementioned allotment letter and therefore, the 160 acres of land, which were to be handed over to JESCO pursuant to the allotment letters, were not handed over¹.

13. On 21.12.1993, the Government of Karnataka issued a notification approving the transfer of 217.83 acres of Government land at Kenjar and 62 acres at Thokur and Baikampady villages of Mangaluru Taluk, to KIADB.

14. A preliminary notification dated 26.07.1993 was issued under Sections 1(3), 3(1), and 28(1) of the KIAD Act for acquisition of land to the extent of 867.82 acres in Kenjar, Thokur, Kulai and Baikampady villages. The final notification under Section 28(4) of the KIAD Act was issued on 23.05.1995 for acquisition of 708.74

¹ Stated in the affidavit affirmed on 14.10.2025 on behalf of the CEO & Executive Member of the KIADB, Mangalore

acres of land at aforesaid locations, pursuant to the Government Order dated 15.06.1992.

15. The possession of acquired lands was handed over to the appellant through multiple Possession Certificates issued by KIADB as follows:

(a) Possession Certificate dated 07.10.1996 for an extent of 204.75 acres of Government land in Kulai, Baikampady, Thokur and Kenjar villages. This was accrued land from the previous two Government Orders dated 15.06.1992 and 21.12.1993;

(b) Possession Certificate dated 28.04.1997 for an extent of 598.52 acres in Baikampady, Thokur and Kenjar villages of Mangalore Taluk;

(c) Possession Certificate dated 20.09.1999 for an extent of 32.86 acres in Kulai village; and

(d) Possession Certificate dated 26.06.2000 for an extent of 150.39 acres in Baikampady, Kulai and Thokur villages.

16. Cumulatively, land to the extent of 986.52 acres at Baikampady, Thokur, Kenjaru and Kulai villages, Mangalore Taluk, was handed over to the appellant. The appellant states that it paid an aggregate sum of Rs.30.79 Crores towards tentative land cost

and service charges amounting to 11% payable to KIADB. The payments were made during the period between 1995 and 2000.

17. It is pertinent to note that possession of land was handed over to the appellant as and when payment towards land cost was received, without issuing any letter of allotment or setting out terms and conditions. KIADB and the appellant did not enter into any documentation for allotment of the subject lands and the parties did not execute any lease, lease-cum-sale agreement or sale deed in respect of the subject lands. It appears that the acquisition and handing over of lands extended over a period between 1992 to 2000.

18. JESCO informed KIADB that due to recession in the steel industry, it would not implement the project to set up the steel plant. JESCO also claims that it offered to surrender the entire 986.52 acres of land, which was handed over to it on mutually agreed terms.

19. It is material to note that the possession of the subject lands was taken over on behalf of JESCO by the employees of the Nagarjuna Chemicals and Fertilizers Limited [**NCFL**]. JESCO is a Group Company of the same group.

20. A meeting of the KIADB was held on 22.05.2001. The extract of the minutes of said meeting, which has been placed on record, indicates that a proposal to take over possession of 986.25 acres which was handed over to its Group Company NCFL on behalf of JESCO, was considered. And, it was decided that JESCO be paid pro-rata rate paid to the consultant along with pro-rata land cost excluding service charges and including interest at the rate of 12% per annum in respect of land to be taken over by KIADB for re-allotment to other industries. It was also resolved that the cost of land including expenditure incurred by JESCO and the amount paid by it towards land cost was computed at Rs.30.79 crores. Thus, in terms of the said decision, KIADB agreed to not only repay the amounts paid by JESCO but also the interest on the said amount as well as costs incurred by it for furnishing the Consultant's report.

21. Thereafter, JESCO surrendered 204.96 acres of land to KIADB, which was allotted to other industrial units. KIADB paid the consideration for the land calculated at Rs.5,62,449/- per acre. That is, an aggregate amount of Rs.11,52,79,547/- for land measuring 204.96 acres. It is stated additional 32.86 acres of land was taken over by KIADB for development of Rehabilitation and Resettlement colony.

22. At the 254th meeting of the KIADB held on 06.12.2003, it was further resolved that no amount was required to be paid to JESCO in respect of 204.75 acres as the same was granted free of cost to JESCO. In the meantime, JESCO furnished proposal dated 07.02.2007 to utilize 250 acres out of the land provided by KIADB for the steel plant, for the purpose of establishing an IT / ITES - SEZ at Baikampady, Kenjar, Kulai, Thokur, Mangaluru Taluk. JESCO sought approval to establish a 'Free Trading and Warehousing SEZ' at over 125 acres of land, on the land provided by KIADB at Baikampady, Kenjar, Kulai and Thokur villages of Mangaluru Taluk. Thus, it proposed to use an aggregate of 375 acres of land for setting up the said two SEZs.

23. KIADB permitted JESCO to set up the two SEZs. However, the approval was subject to the condition that JESCO surrenders 200 acres of land to the District Administration for construction of offices and the stadium and further 80.91 acres (later modified to 69.706 acres) to Mangaluru SEZ Limited.

24. This Court is informed that thereafter, KIADB passed a resolution on 05.04.2008 for JESCO to surrender 200 acres of land. However, it is stated that JESCO did not comply with the same.

25. JESCO submitted an additional proposal for setting up seven different projects. The details of the same as noted in the Minutes of the SHLCC at its 16th meeting held on 19.11.2008. The relevant extract of the said minutes setting out the proposed projects is reproduced:

Sl.No.	Project & Location	Extent of Land - Acres	Investment (Rs. in crores)	Employment - Nos.
1	Logistics and Warehousing Facility KIADB allotted land at Sy. Nos. 49,51,53,54,66,67,68,78,79,80,82 and 154 at Kulai Village, Mangalore Taluk, Dakshina Kannada District	60	48.00	5000
2	Hi-tech Healthcare Complex KIADB land at Sy.Nos. 56, 57, 60, 61, 68, 69 & 141 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	20	37.00	600
3	Holiday Village, Amusement Park KIADB land at Sy. Nos. 121, 139,140 & 141 at Thokur village. Mangalore Taluk, Dakshina Kannada District	27	46.00	1300
4	Multi Utility Commercial Complex consisting of Multiplex Shopping Mall and Industrial Mall. KIADB land at Sy. Nos. 44, 48,49 & 50 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	17	42.00	600
5	Resort & 3 Star Hotel KIADB land at Sy. Nos.30, 36,37 & 49 at Kulai Village, Mangalore			

WA No. 1659 of 2024
C/W WA No. 1661 of 2024
WA No. 1703 of 2024

	Taluk, Dakshina Kannada District	14	46.00	800
6	Modern Industrial/Technical & Vocational Training Centre KIADB allotted land at Sy.Nos.76, 77,78,79 & 82 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	25.69	45.00	300
7	Gem and Jewellery Park KIADB allotted land at Sy.Nos. 39,40,41,42,43,44 & 48 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	10	38.00	2500
		Total	173.69	302

Mr.N.Prabhakar, Head (Corporate Affairs) appeared before the Committee and explained the project. The Committee enquired why the carlier approved Steel Plant was not established. The representative of the company informed that there was recession at that time and as per their International Banker's advise they had shelved the project. He further informed that the company after dropping their carlier project has surrendred 237acres of land to KIADB and also given 200 acres of land to District Administration on free of cost as decided in earlier SHLCC and also they have given the land requested by MSEZ. He further requested to approve the above proposed projects.

The Committee advised the company not to change the activities again and to implement the project within 2 years.

Decision of SHLCC:

After detailed discussions the Committee **approved** the following 7 proposals of the company.

The infrastructure assistance / incentives & concessions and the conditions of approvals are:

WA No. 1659 of 2024
C/W WA No. 1661 of 2024
WA No. 1703 of 2024

Sl No.	Project & Location	Extent of Land - Acres	Investment (Rs. in crores)	Water (in lpd)	Power	Incentives and Concessions
1	Logistics and Warehousing Facility KIADB allotted land at Sy. Nos. 49,51,53,54,66,67,68,78,79,80,82 and 154 at Kulai Village, Mangalore Taluk, Dakshina Kannada District	60 acres already allotted by KIADB	48.00	5 lakh to be supplied by KIADB	1 MW to be serviced by MESCOM	Not eligible for incentives and concessions
2	Hi-tech Healthcare Complex KIADB land at Sy.Nos. 56, 57, 60, 61, 68, 69 & 141 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	20 already allotted by KIADB	37.00	5 lakh to be supplied by KIADB	1MW to be serviced by MESCOM	As per Tourism Policy, GOK for the Medical Tourism Component
3	Holiday Village, Amusement Park KIADB land at Sy. Nos. 121, 139,140 & 141 at Thokur village. Mangalore Taluk, Dakshina Kannada District	27 already allotted by KIADB	46.00	5 lakh to be supplied by KIADB	1 MW to be serviced by MESCOM	As per Tourism Policy, GOK
4	Multi Utility Commercial Complex consisting of Multiplex Shopping Mall and Industrial Mall. KIADB land at Sy. Nos. 44, 48,49 & 50 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	17 already allotted by KIADB	42.00	5 lakh to be supplied by KIADB	1 MW to be serviced by MESCOM	Not eligible for incentive and concession
5	Resort & 3 Star Hotel KIADB land at Sy. Nos.30, 36,37 & 49 at Kulai Village, Mangalore Taluk, Dakshina Kannada District	14 already allotted by KIADB	46.00	5 lakh to be supplied by KIADB	1 MW to be serviced by MESCOM	As per Tourism Policy, Government of Karnataka
6	Modern Industrial/Technical & Vocational Training	25.69 already allotted	45.00	4 lakh to be supplied	1 MW to be serviced	As per Industrial

WA No. 1659 of 2024
C/W WA No. 1661 of 2024
WA No. 1703 of 2024

	Centre KIADB allotted land at Sy.Nos.76, 77,78,79 & 82 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	by KIADB		ed by KIADB	ed by MESC OM	Policy 2006
7	Gem and Jewellery Park KIADB allotted land at Sy.Nos. 39,40,41,42,43,44 & 48 at Thokur village, Mangalore Taluk, Dakshina Kannada District.	10 already allotted by KIADB	38.00	4 lakh to be suppli ed by KIADB	1 MW to be servic ed by MESC OM	As per Industrial Policy 2006
		Total	173.69	11100		

Water: Unit to minimize the usage of water and shall establish structure/facility for rainwater harvesting and groundwater recharge. Conducting an annual Water Audit is also recommended.

Environment: The promoters to obtain CFE and CFO from KSPCB for each of the above proposed projects separately. The company shall also obtain environmental clearance from DFEE, Government of Karnataka/MOEF, Government of India as applicable. No works shall commence prior to obtaining EC, as per prevailing law.

The company shall also take CRZ clearance for all the above proposed projects.

Employment: The company shall prepare a plan for development of human resource required for the project, train local people and provide employment to these trained local youth and comply with Government policy of employment to local people. A copy of human resource development plan shall be sent to the Commissioner for I.D & Director of Industries & Commerce for monitoring.

Vendor Development: Where ever there is scope for vendor development for the project, the company shall prepare a vendor development plan, develop local vendors and procure the required inputs, components and sub assemblies from these local vendor units. A copy of the vendor development plan shall be sent to the Commissioner for I.D & Director of Industries & Commerce for monitoring.

Social Infrastructure Development: The company is advised to take up social infrastructure development projects in the vicinity of proposed location of the unit A copy of such projects shall be sent to the Commissioner for I.D & Director of Industries & Commerce for monitoring.

Others: The promoter shall take all statutory and other necessary clearances and shall submit milestones/progress in implementation of the project regularly, which will be monitored by the Departments concerned including GOI."

26. SHLCC approved the said proposals. However, JESCO did not surrender 200 acres of land as required. The minutes of the meeting of KIADB held on 21.05.2010 indicate that the same was considered by KIADB and it was directed and resolved that notice be issued to JESCO requesting to surrender the lands as identified by KIADB. It was also, noted that JESCO had not taken any effective steps for implementation of the projects till date.

27. It is stated that in the meanwhile, on 24.03.2010, 19.08.2010 and 14.09.2010, JESCO requested KIADB to execute the sale deed in respect of 550 acres of land.

28. In terms of the letter dated 24.03.2010, JESCO stated that it had several discussions with co-investors and strategic partners to develop the project for which approval was granted, but the projects could not get the desired response from prospective investors, as JESCO did not have the land registered in its favour.

In view of the above, it requested KIADB to execute sale deeds for 550 acres of land which was handed over to JESCO between the period 1996 – 2000 to implement the nine projects (two SEZ projects and seven non-SEZ projects). JESCO sent a letter dated 19.08.2010 stating that it had already surrendered 200 acres of land falling in Survey Nos.(4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 26, 28 and 108) of Baikampady village and Survey Nos.71, 73, 74, 75, 76, 77, 83, 84, 88, 140) of Thokur village.

29. It is stated that the 151.61 acres of land and 17.81 acres of land in Kenjar village was identified by KIADB for the formation of a new industrial layout and the approach road respectively. Thus it required those parcels of land, and not the parcels of land stated to have been surrendered by JESCO.

30. On 15.10.2010, JESCO was directed to surrender 193.57 acres of land; implement the projects approved by the SHLCC; and to return the original possession certificates dated 07.10.1996, 25.04.1997, 20.09.1999 and 26.02.2000, so as to enable the Development Officer, KIADB Zonal Office, Mangaluru, to execute a lease-cum-sale agreement.

31. JESCO responded to the said letter by reply dated 23.10.2010 controverting the facts as stated therein and claiming that it had surrendered 200 acres of land in various survey numbers in the villages Baikampady and Thokur in Mangaluru Taluk, D.K. District. The said letter sets out the status of the land as claimed by JESCO. The same is reproduced below:

Status of Land:

1	Land acquired and handed over to JESCO by KIADB	986.52 acres
2	Land repossessed to KIADB by JESCO for allotment to the new industries	237.82 acres
3	Land surrendered to KIADB by JESCO for constructions of Office & Stadium by the District Administration at free of cost	200.00 acres
4	Balance land available with JESCO	548.70 acres
5	Land approved for 2 SEZ projects	375.00 acres
6	Land approved for 7 other non-SEZ projects	173.70 acres
	Balance	Nil

32. Apparently, the projects as proposed were not implemented by JESCO and this was considered by KIADB at its 303rd Meeting held on 27.09.2010. It was resolved by KIADB to call upon JESCO to surrender 193.57 acres of land identified by KIADB out of 742.26

acres of unutilized land for subsequent allotment of 48.39 acres to M/s. MSEZ Limited; 127.37 acres of land for use by KIADB; and 17.81 acres of land for the formation of an approach road to the Industrial area.

33. JESCO was put to notice that if there was any further delay, KIADB would initiate resumption proceedings and that the request of JESCO to execute the sale deed, was rejected.

34. Thereafter, JESCO submitted yet another proposal dated 07.02.2011, this time to establish a Fertilizer & Chemical Unit at Kenjar and Thokur villages of Mangaluru Taluk at an investment of Rs.1500 crores. It claimed that the same would generate employment to about 6,000 persons. The proposal was to set up the project over an extent of land measuring 423.45 acres out of the land of 742.26 acres and excluding 193.57 acres in Kenjar and Thokur villages as required by KIADB.

35. The Government of Karnataka approved the said proposal in terms of an order dated 18.08.2011. The said approval was valid for a period of two years.

36. However, this project was also not implemented. On 07.05.2012, Government of Karnataka issued a revised order

modifying the Government Order dated 18.08.2011 by withdrawing the condition regarding surrender of 193.57 acres of land, considering that JESCO had already surrendered 200 acres of land.

37. On 11.11.2013, the Government of Karnataka issued an order for resumption of 742.26 acres of land lying unutilized for 25 years. The said letter was impugned by JESCO in W.P.No.57644/2013.

38. Thereafter on 10.01.2014, KIADB issued a notice under Section 34-B(1) of the KIAD Act for resumption of the lands in question.

39. JESCO's writ petition being W.P.No.57644/2013, was disposed of by an order dated 14.06.2017, in view of the statement made on behalf of the Government of Karnataka that it would consider JESCO's applications dated 16.08.2013 and 19.11.2013. It is material to note that JESCO withdrew its prayer for setting aside the Government order dated 11.11.2013 by which JESCO was directed to resume the land which was lying unutilized.

40. Applications dated 16.08.2013 and 19.11.2013 filed by JESCO seeking extension of time for implementation of the project,

were considered by the SHLCC at its 48th Meeting held on 31.08.2017, and the same were rejected.

41. Thereafter on 14.11.2017, the KIADB passed an order under Section 34-B(4) to resume the subject lands. KIADB claims that immediately thereafter, took over possession of the land to the extent of 548.70 acres on 22.11.2017 and *Mahzar* was drawn.

42. On 05.01.2018, the Government of Karnataka issued an order allotting 160 acres of land to establish Indian Coast Guard Training Centre at Baikampady village. The said Government Order was subsequently rectified by issuing a corrigendum dated 08.03.2018 for reading the name of the village as Kenjaru instead of Baikampady.

43. In the aforesaid context, we may now note the reliefs sought by JESCO in various writ petitions.

43.1 In **W.P.No.52937 of 2017**, the Appellant sought:

(a) quashing of the order dated 11.11.2013 bearing No. CI 175 SPI 2011 passed by Respondent No. 1 cancelling the allotment;

(b) quashing of the notice dated 14.11.2017 bearing No. KIADB/Allot/AS-170-A-11/11959/2017-18 issued by Respondent No. 2 under Section 34-B(4) of the Karnataka Industrial Areas Development Act, 1966 directing the Petitioner to surrender possession of the schedule property within 7 days;

(c) a declaration that the action of Respondent No. 2 in issuing the notice dated 14.11.2017 bearing No. KIADB/Allot/AS-170-A-11/11959/2017-18 under Section 34-B(4) of the KIAD Act, 1966 is highly arbitrary, illegal and in gross violation of principles of natural justice;

(d) directions to Respondent Nos. 1 & 2 to consider applications dated 16.08.2013 and online application dated 19.11.2013 for consideration of representations dated 06.11.2013;

(e) directions to Respondent No. 1 to consider representation dated 31.07.2017 submitted on 03.08.2017 requesting for execution of the Lease cum Sale Deed and thereby extend the validity of Government Orders dated 18.08.2011 and the revised Government Order dated 07.05.2012 for a period of 3 years from the date of execution of the Lease cum Sale Deed; and

(f) directions to Respondent No. 2 to issue allotment order and execute Lease cum Sale Deed in favour of Petitioner for an extent of 548.70 acres of land as per Petitioner's representation dated 02.08.2017 submitted on 03.08.2017, by conducting Field Measurement Survey Work/Cadastral Survey work along with Revised Possession Certificates to Petitioner.

43.2 In **W.P. No. 566 of 2018**, the Appellant sought:

(a) quashing of the 48th minutes of meeting of State High Level Clearance Committee dated 31.08.2017 passed by Respondent No. 1 in so far as concerning the Petitioner at Sl.No.5.2;

(b) quashing of the Mahazar dated 22.11.2017 drawn by Respondent No. 3 at 1.00 PM as being highly arbitrary, illegal and in teeth of interim order dated 22.11.2017 made in WP No. 52937/2017 passed by this Court;

(c) a declaration that the action of Respondent No. 3 to draw Mahazar dated 22.11.2017 at 1.00 PM despite the interim order granted by this Court in WP No. 52937/2017 around 11.30 am on 22.11.2017 directing to maintain status quo in so far as possession

is highly arbitrary, illegal and in gross violation of principles of natural justice and also abuse of process of law;

(d) a declaration that the action of Respondent No. 1 in not considering Petitioner's applications dated 16.08.2013 and online application dated 19.11.2013 for consideration of representations dated 06.11.2013 and thereby conducting meeting dated 31.08.2017 and taking impugned decision for resumption of land from Petitioner without giving any opportunity of hearing to Petitioner is highly arbitrary, illegal and in gross violation of natural justice; and

(e) a declaration that the action of Respondent No. 1 in not considering Petitioner's representation dated 31.07.2017 before Respondent No. 1 and representation dated 02.08.2017 before Respondent No. 2 and thereby conducting the meetings dated 31.08.2017 and 04.11.2017 and passing the impugned decision for resumption of land from Petitioner without giving any opportunity of hearing to Petitioner is highly arbitrary, illegal and in gross violation of natural justice.

43.3 In **W.P. No. 41829 of 2019**, the Appellant sought:

(a) quashing of the Corrigendum bearing No. CI 04 SPI 2018 dated 08.03.2018 issued by Respondent No. 1 as highly arbitrary, illegal and contrary to decision made under the Proceedings of 35th SHLCC dated 14.05.2014;

(b) quashing of the communication bearing No. KIADB/HO/Allot/C.No.21837/2619/2018-19 dated 22.05.2018 addressed by Respondent No. 2 in favour of Respondent No. 3 as highly arbitrary, illegal and contrary to law; and

(c) a declaration that the action of Respondent Nos. 1 & 2 in changing the name of village from Baikampady to Kenjaru village and thereby allotting 160 Acres of Petitioner's land at Kenjaru Village in favour of Respondent No. 3 is highly arbitrary, illegal and contrary to law.

IMPUGNED JUGDMENT

44. The learned Single Judge examined the relevant facts and has observed that the appellant had shown no commitment or conviction to utilise the subject land for the purpose for which it sought and provided. It had abandoned the project for which the lands were handed over. It had submitted proposal for other

projects without there being any conviction to implement them. The learned Single Judge also faulted SHLCC for blindly approving the projects without ascertaining the appellant's capability, and KIADB for handing over the subject lands in favour of Nagarjuna Chemicals and Fertilizers Limited [NCFL] without there being any arrangement. The learned Single Judge held that it was a blatant misuse of statutory power and authority.

45. The court held that after the appellant had expressed its inability to continue with establishing the steel plant, there was no Justification for the SHLCC to clear further twelve projects. The court observed that there was no due diligence, due care and good faith exercised by SHLCC.

46. The learned Single Judge also observed as under:

"32. Undisputedly the said provision becomes invocable in the cases where there has been violation of terms and conditions of allotment or lease or holding of the land without any authority. In the instant case admittedly there has been no execution of deed of lease or deeds of sale in favour of the petitioner pursuant to the purported first allotment. After voluntary cancellation of the first allotment, the petitioner had surrendered portions of land in terms of the proceedings dated 22.05.2001 and had even admittedly received substantial portion of cost of land paid by it to the KIADB. Though while approving the second and

third project, the land which remained with the petitioner is sought to be read as subsequent allotments, the same runs contrary to the very contention of the petitioner that the first allotment remained intact. Thus, there is inherent mutually destructive inconsistency in the stand taken by the petitioner. However, by the impugned order dated 11.11.2013, the State Government has put at rest the issue of allotment by formally canceling the same and seeking to resume the land which order has attained finality in view of withdrawal of the writ petition in W.P.No.57644/2013 as noted hereinabove."

47. The learned Single Judge found that the Government Order dated 11.11.2013 directing cancellation of any allotment and resumption of the land, had attained finality as the appellant had withdrawn the writ petition, being WP No.57644/2013.

48. The appellant had complained that the *status quo* order was passed at 12.30 P.M and the possession of the subject land was taken over at 1.00 P.M. The contention that the status quo order passed by this court had been violated was countered on behalf of the KIADB. It was submitted on behalf of KIADB that the process of drawing *mahazar* was completed prior to the communication of the said *status quo* order, which would be effective only on communication. The court observed that it was open for the appellant to take any action for disobedience of the order.

However, the order dated 11.11.2013 for resumption of the land had attained finality in view of the appellant withdrawing its earlier petition, the appellant's challenge to the resumption of the land, was unsustainable.

49. The learned Single Judge deprecated the manner in which the entire process of allotment was undertaken and also directed that enquiry be held by an authority not less than the Principal Secretary of the State considering the magnitude, the extent of land, and the manner in which it was dealt with.

SUBMISSIONS

50. Mr. Nandakumar C. K, learned Senior Counsel appearing for the appellant contended that the appellant had volunteered to surrender the entire subject land to the extent of 986.52 acres to KIADB in the year 2001 since it had decided not to set up the integrated steel plant. However, the KIADB had expressed its inability to accept the surrender due to lack of demand and the budget. He submitted that it was agreed that the KIADB would facilitate allotment of surrendered portions of the land to third parties. He contended that in the given circumstances the appellant could not be faulted for retaining the subject lands.

50.1 He contended that KIADB and the Government of Karnataka had encouraged the appellant to submit the proposal as it could not be disposed of. He contended that on being encouraged by the KIADB and the Government, the appellant had submitted proposal for setting up nine projects, which were approved.

50.2 He contended that as per the agreement, JESCO had released 200 acres of land for construction of offices and stadium in terms of letter dated 07.05.2008. However, the KIADB had stalled the projects by demanding surrender of land measuring 193.57 acres from the lands that was approved for various projects, instead of accepting the land already surrendered. He contended that the KIADB was illegally demanding land from the approved projects and failed to issue revised possession certificates or execute lease-cum-sale deeds. Therefore, the appellant was compelled to approach this Court by filing a writ petition in WP No.41727/2010. He contended that since the approval for the nine projects was due to expire, the appellant had approached the State Government to extend the validity of the government orders and execute the lease deeds or approve the revised project comprising

a fertilizers and chemicals complex and an Integrated Township Project over an area spanning 548.69 acres of land.

50.3 He contended that, therefore, the Government Order dated 18.08.2011 was issued approving the revised project. He contended that since 200 acres of land had already been surrendered in terms of the letter dated 15.04.2008, the State Government issued a revised Government Order dated 07.05.2012 deleting the conditions for surrender of 193.57 acres of land. Therefore, the said writ petition was disposed of on 05.06.2012.

50.4 Mr. Nandakumar also contended that the State and KIADB had violated the statutory provisions under the KIAD Act and it had failed to issue revised possession certificates, execute lease-cum-sale deeds and had stalled the projects by demanding the return of part of the subject land.

50.5 He contended that it was mandatory for KIADB to follow the procedure as prescribed under Section 34-B(1) of the KIAD Act. However, KIADB had not afforded the appellant. He further contended that the subject land was validly allotted in favour of the appellant and the possession certificated are required to be considered as valid allotments. On the aforesaid premise, he

contended that the action taken by the KIADB for resuming lands without following the process under Section 34B of the KIAD Act. was illegal.

50.6 He referred to the decision of the Supreme Court in **Krishna Ram Mahale vs. Shobha Venkat Rao: (1989) 4 SCC 131, Maria Margarida Sequeira Fernandes and others vs. Erasmo Jack De Sequeira: (2012) 5 SCC 370** and contended that the possession once lawfully handed over could not be unilaterally disturbed. He also contended that the KIADB's failure to execute lease-cum-sale deeds and revise possession certificates infringed Article 300A of the Constitution of India.

51. Mr. Basavaraj V. Sabarad, learned Senior Counsel advanced contentions on behalf of KIADB. He submitted that there were no allotment letters in respect of the subject lands and in absence of any allotment letter or execution of the lease, no notice was required to be issued under Section 34B of the KIAD Act to resume the subject lands. He referred to the decision of the Supreme Court in **Orissa Industrial Infrastructure Development Corporation Vs MESCO Kalinga Steel Ltd. and others: (2017)5 SCC 86** in support of his contention. He also relied on the decision of this

Court in **M/s. Kamalalayaa Real Estates LLP vs. The Karnataka Industrial Areas Development Board and another**: Writ Petition No.279/2024 decided on 12.01.2024 and **M/s. Naveen Infotech vs. State of Karnataka and others**: **NC 2024 KHC 32647**.

52. Mr. Aravind Kamath, learned ASG appearing on behalf of the Union of India contended that the Indian Coast Guards were handed over possession of 160 acres of land for construction of training center, which was of vital national importance. He submitted that construction of boundary wall had been completed and civil works are being undertaken.

REASONS and CONCLUSION

53. It is apparent from the given facts that JESCO had come into possession of the subject land pursuant to its proposal to establish an integrated steel plant in Mangaluru with an investment of ₹1,200 crores in the first phase and further, ₹800 crores in the second phase. SHLCC had considered the appellant's proposal for setting up the integrated steel plant and had made various recommendations in the said regard. The Government of Karnataka accepted the said recommendations and issued a Government Order dated 15.06.1992, *inter alia*, according its

sanction to KIADB to provide 1600 acres of land out of 1842.51 acres of land to the appellant. KIADB was, thus, required to make the allotment and provide the subject lands. Further other departments were also required to accord approvals that may be required.

54. It is material to note that immediately thereafter, KIADB had, allotted 160 acres of land in several survey numbers of Baikampady and Panambur villages of Mangalore in terms of the letter dated 31.10.1992 issued pursuant to JESCO's application dated 25.08.1992. It is important to note that the said allotment letter set out various conditions of allotment. The relevant extract of the said letter setting out some of the terms and conditions are set out below:

"1. This letter of allotment shall become effective if the allottee fulfils the following conditions, namely:-

a) The allottee shall pay the initial deposit as required under paragraph (5) of this letter within three months from the date of receipt of this letter.

b) The allottee shall fulfil any one of the following requirements within a period of three months from the date of receipt of this letter, namely:-

(i) Loan has been sanctioned or assured either by any approved financing institution or any commercial bank; and copy of the sanction of assurance is furnished to the Board.

(ii) Firm orders for supply of major portion of plant and machinery and other equipment are placed by the allottee

with the suppliers and a copy of the order is furnished to the Board.

(iii) In cases requiring industrial licence from the Government of India, a copy of letter of Intent/industrial licence furnished to the Board, and

(iv) In case the allottee who propose to enter into foreign collaboration or import capital goods/raw materials clearance from the concerned Ministry of the Government of India as obtained and a copy of such clearance is furnished to the Board.

If the allottee fails to pay the initial deposit as provided under condition (a) or fails to fulfil at least one of the requirements as required under condition (b) within the stipulated period or the extended period as the case may be, this letter of allotment shall be treated as automatically cancelled.

2. (a) Within 15 days after the allotment became effective, a letter confirming the allotment shall be issued:

(b) If the allotment does not become effective, 50% of the amount paid shall be forfeited, provided in respect of allotments exceeding 10 acres the Board may, in its discretion, reduce the forfeiture amount to 25%.

3. The allotment of land will be on lease-cum-sale basis. The price of the land allotted is payable as follows:-

4. 99% down payment and the balance payable in 20 equal annual instalments with interest at a rate of 13% per annum or such other rate as may be fixed by the Board from time to time on the unpaid balance subject to a rebate of 3% for prompt payment. The annual instalment will be treated as rent for the purpose of the lease.

5. The price of the land shall be determined by the Board and intimated to the allottee after finalisation of the compensation payable to the land owners. However, for the purpose of this allotment, the cost of the land is fixed at the tentative rate of Rs.18,201 per acre On this basis. you are

requested to remit a sum of Rs.28,83,039/- towards the 99% cost and an annual rent, at a nominal rate of 1,457/- per annum for a period of 20 years together with interest at the rate mentioned in para (4) above. Suitable bank charges for clearance shall be included in respect of cheque drawn on outstation banks. At the end of 21 years, the lease shall be converted into a sale subject to fulfillment of all other conditions of the lease and payment of the full price of the land as finally fixed by the Board, subject to adjustment of initial deposit and rents already paid.

6. The lease agreement with the Board shall be executed in the first instance within one month from the date of confirmatory letter of allotment issued under par.

7. The time schedule given shall be adhered to-

1. For execution of lease agreement and taking possession of the land.	One month from the date of receipt of confirmatory 1 letter of allotment.
2. For getting the approval of the Board for blue prints.	Six months from the date of receipt of this letter.
3. For commencement of civil engineering works.	Three months from the date of approval of the blue prints.
4. For completion of works and erection of the factory.	Twenty months from the date of this letter.
5. For commencement of production	Twenty four months from the date of this letter.

8. Failure to fulfil any of the condition (1) to (5) of para 7 shall result in the allotment being cancelled and 28% of the amount paid till then shall be forfeited.

9. The industry should be started after obtaining necessary licences/clearances/approvals from the concerned, such as Government of India, State Government etc..

10. Plans of the proposed factory should be got approved by the apex Board before starting construction.

11. Written approval of the Engineer-In charge about the alignment of the fencing of the compound wall should be obtained before its erection.

12. The valley, if any running across the plot shall not be disturbed till such time as suitable alternative for the drainage with the approval of the proper authorities is devised.

13. The Board reserves the right to cancel the allotment for violation of all, or any of the conditions.

14. On being satisfied that the land is not put to the use for the purpose for which it was asked for, the Board will be free to re-enter upon and take possession of the whole or that part of the land which has not been put to propose use,

15. If necessary, the interest in this plot of land may be offered as security in order to obtain financial assistance from the Government or Corporate bodies, like Life Insurance Corporation of India, Karnataka State Financial Corporation, Trustees of Debentures Stock or Banks with the previous permission of the Board.

16. It should be distinctly understood that this letter of allotment does not amount to any commitment on the part of the Board.

17. The Board reserves its right to increase the tentative price of the land indicated at para 5 of page 3 of this letter after completion of all development works and finalisation of court awards if any.

18. The allotment is subject to the condition that you should give right of way to officials of Kudremukh Iron Ore Company Limited, and Mangalore Refineries and Petro Chemicals Limited for maintenance works of pipe line in respect of lends in location No.1 indicated in the sketch.

19. The company should obtain necessary clearance for the project from Karnataka State Pollution Control Board and Environment and Ecology Department and furnish a copy before commencement of work."

55. Admittedly, the conditions as set out in the said allotment letter were not complied with. It is also not dispute that 160 acres of land, as mentioned in the said letter, was not provided to the appellant. However, the said letter is important because it sets out the terms and conditions which were required to be complied with by the appellant. It is not disputed that these are the general conditions, which are imposed by KIADB for allotment of lands. The allotment letter refers to appellant's application dated 25.08.1992 and it is not disputed that the said application was made in respect of the integrated steel plant proposed to be set up by JESCO. Admittedly, the said conditions so stipulated were not fulfilled.

56. However, it transpires that thereafter, KIADB acquired and handed over parcels of land to JESCO without any allotment letter by simply issuing any possession certificates, which merely stated that the possession of the lands were handed over. The appellant also paid the tentative costs. It is stated that 986.52 acres of land was handed over to the appellant in this manner.

57. The appellant has set out a tabular statement in its affidavit filed on 27.10.2025, setting out the details of handing over

possession of 986.52 acres of land. The same is reproduced below:

Possession (PC) of Land handed over to JESCO by KIADB (Land in Acres)					
Village	PC dated 07.10.96	PC dated 25.04.97	PC dated 20.09.99	PC dated 26.06.00	Total
Land	Govt. Land	Pvt. Land	Pvt. Land	Pvt. Land	
	1	2	3	4	5=1+2+3+4
Baikampady	95.81	68.27		45.88	209.96
Thokur	83.07	205.96		1.40	290.43
Kenjar	14.25	324.29		16.66	355.20
Kulai	11.62		32.86	86.45	130.93
Total	204.75	598.52	32.86	150.39	986.52

58. The appellant did not set up the integrated steel plant and decided not to go ahead with the project. JESCO claims that in the year 2001, it had volunteered to surrender the subject land. However, the record does not indicate that there is any letter communicating its desire for the said effect. However, the record indicates that a meeting of KIADB was held on 22.05.2001 in which the issue of taking over of lands from JESCO was considered. The minutes of the meeting also indicate that 986.52 acres in Mangaluru Taluk was handed over to NCFL as a part of the commitment given to JESCO. The possession of the lands was handed over as and when payments towards land costs were

received without issuing any letter of allotment setting out the terms and conditions. Further, no lease-cum-sale agreement executed between the parties.

59. It is material to note that 204.75 acres of land had been handed over to JESCO free of cost. Notwithstanding the same, the KIADB was of the view that *"in the absence of the terms and conditions of allotment, it would be difficult to resume the land and such an action might result in litigation, the clearance was likely to consume lot of time."*² The minutes of the KIADB meeting held on 22.05.2001 does not support the contention that there was any voluntary offer by the KIADB to hand over possession of 986.52 acres of land. It appears that JESCO had offered to surrender the land but on certain terms. The minutes also indicate that JESCO had made a claim of ₹1566.42 lakhs on account of alleged expenditure incurred by it towards costs of reports and manpower. It is clear from the said minutes that there was no offer for JESCO to voluntarily surrender the subject lands against refund of the amount paid to KIADB. On the contrary, it appears that JESCO had demanded higher. The said minutes indicate that JESCO had

² The minutes

incurred ₹30.79 crores towards the cost of land, including expenditure incurred. The minutes also indicate that it was also deliberated that the costs of development would be high and further, KIADB would not be in a position to repay the payments made and the expenditure incurred by JESCO.

60. KIADB had expressed its intention to take over 500 acres of land for a proposed township and directed that steps be taken for the same. It also considered desirable that the report be submitted by the consultant to enable KIADB to propose a price for the said land. At the material time there were various proposals by various companies and accordingly, the lands admeasuring 204.96 acres were taken over and provided to other industries. It is however material to note that the land allotted to other industries were at significantly of higher costs.

61. JESCO surrendered 204.96 acres of land and was paid consideration calculated at ₹5,62,449/- per acre. This was significantly higher than the price paid by JESCO to KIADB. It also surrendered an additional 32.86 acres of lands for development of rehabilitation and resettlement colony for which it states that it did not receive any consideration.

62. As noted above, 204.75 acres of land was provided to JESCO free of cost. However, JESCO was paid for the lands allocated to other industries.

63. It also appears that the appellant continued to be in possession of the subject land pursuant to the possession certificates, which were only to enable JESCO to establish the Integrated Steel Plant. Since, JESCO decided not to pursue the said project, the subject land was required to be surrendered. It is JESCO's case KIADB had committed default in not handing over revised possession certificates pursuant to the approvals granted for the projects that were proposed subsequently. It is implicit that the earlier possession certificates were not sufficient.

64. The appellant had furnished an affidavit on 27.10.2025, which was at the fag end of the hearing and after the oral submissions on behalf of the respondents was completed. The said affidavit contains averments to the effect that the KIADB had failed to comply with the KIAD Act, *inter alia*, by failing to issue revised possession certificates.

65. Notwithstanding that it was not pursuing the project for which it had taken over the lands, the appellant submitted another

proposals for setting up the Free Trading and Warehousing SEZ over an area of 125 acres to set up IT / ITES - SEZ over 250 acres of land. At the material time, JESCO had claimed that it was holding 748.70 acres of land.

66. The SHLCC approved the said proposals as well. However, the same were subject to the condition that the appellant would provide 200 acres of land to the District Administration for constructing offices and stadium and further, 80.91 acres to Mangalore SEZ Limited.

67. There is a controversy whether the appellant had surrendered 200 acres of land as required. According to the appellant, it had done so in terms of the letter dated 07.05.2008.

68. The letter dated 07.05.2008 issued by JESCO indicates that it had surrendered possession of 200 acres, out of which 134.87 acres were in Baikampady village and 65.13 acres were in Thokur village. It is material to note that the JESCO was provided 95.81 acres in Baikampady village free of cost and 83.07 acres in Thokur village, free of cost. Thus, essentially, it claims to have surrendered only 39.06 acres in Baikampady village, which were not provided free of cost to JESCO. However, it continued to retain

part of the lands in Thokur, Kenjar and Kulai villages that were provided free of cost.

69. It is stated on behalf of the KIADB that KIADB did not accept the surrender of 200 acres of land as offered but, the KIADB had identified another parcel of land, which was required to be surrendered. The minutes of the three hundredth meeting of the KIADB held on 21.05.2010 are placed on record. The said minutes indicate that the land proposed to be offered by the appellant for the cricket stadium was covered in a CRZ area and therefore, the same was not acceptable. KIADB resolved that notice be issued to JESCO to surrender the parcels of lands identified out of the 748.70 acres of land. Subsequently, on 27.09.2010, the KIADB directed JESCO to surrender 193.57 acres out of the lands remaining with the appellant. There is some mismatch in the extent of lands referred to in various minutes. Whereas, the minutes of the meeting of the KIADB held on 21.05.2010 record that 748.70 acres of land were with the appellant, the minutes of the meeting held on 27.09.2010 indicate the area as 742.26 acres of land.

70. Admittedly, the appellant did not implement the projects for setting up of the IT/ITES- SEZ and free trading and warehousing SEZ over a land measuring 375 acres of land.

71. In the meanwhile, JESCO also furnished proposal for setting up seven other projects over lands measuring 173.69 acres. These proposals were also approved by SHLCC at the meeting held on 19.11.2008. Admittedly, none of these projects were implemented.

72. It is contended on behalf of the appellant that KIADB had stalled the projects by demanding 193.52 acres of lands that were required for the approved projects and refusing to issue the revised possession certificates. However, at the material time, there were nine approved projects: two SEZs, one over 125 acres and the other over 250 acres; and seven other projects over 173.69 acres. No work was executed on the ground in respect of any of these nine projects.

73. On 15.10.2010, KIADB directed the appellant to surrender possession of 193.57 acres of land as identified by it and to return the original possession certificates to enable them to issue a revised possession certificate. The appellant did not comply with

the same and responded by a letter dated 23.10.2010 contending that it had already surrendered 200 acres of land and called upon the KIADB to withdraw the said demand for surrendering 193.57 acres of land in Kenjar and Thokur villages. At that stage, KIADB did not relent and issued another letter dated 03.11.2010 setting out the particulars of 193.57 acres of land in Kenjar and Thokkur villages, which were required, and called upon the appellant to surrender the same by 05.01.2011. The said communication was followed by a letter dated 16.12.2010, whereby KIADB once again directed the appellant to surrender the specified areas of land measuring 193.57 acres in Kenjar and Thokur Villages by 05.01.2011. The appellant was also put to notice that on failure to surrender the said land, KIADB would take steps for forcible possession of the same.

74. The appellant filed a writ petition (being W.P.No.41727/2010) challenging the order dated 16.12.2010 directing it to surrender 193.57 acres of land. In the said petition, an interim order was granted directing that the appellant's possession would not be disturbed.

75. Thereafter, the appellant sought approval of two new projects, one for setting up a fertilizer and chemical complex over an area of 447 acres and the second for an integrated township complex over an area of 101 acres. The SHLCC granted the approval for the fertilizer project to the extent of 423.45 acres subject to the condition of the appellant surrendering of 193.57 acres. The Government of Karnataka issued a Government order dated 18.08.2011 to the aforesaid effect.

76. The appellant represented against the said order on 23.08.2011. It submitted a request to the Hon'ble Minister of Large and Medium Industries, Government of Karnataka, seeking waiver of the condition requiring it to hand over 193.57 acres of land as identified by KIADB.

77. It is material to note that the KIADB required 193.57 acres of identified land for setting up an industrial area. On 14.09.2011, the Chief Executive Officer and The Executive Members of the KIADB furnished their response to the appellant's request for waiver of the said condition. They opposed the same on the ground that 193.57 acres was necessary to develop in the industrial area of Mangalore District.

78. Notwithstanding the above, the Hon'ble Minister of Large and Medium Industries, Government of Karnataka, recommended that the condition imposed in the Government order dated 18.08.2011 requiring surrender of 193.57 acres of land be waived. Following the said recommendation, the Government issued an order dated 07.05.2012 waiving the condition imposed by KIADB to hand over 193.57 acres of land required for KIADB for setting up an industrial area. The said order indicates that out of the 200 acres of land, which was surrendered by JESCO, 48.39 acres of land was found suitable for starting a boundary fee office. The same was directed to be handed over to Mangalore SEZ Limited. Thereafter, the appellant withdrew its writ petition in W.P.No.41727/2010 on 05.06.2012.

79. The aforesaid events pose several questions. The first relates to the surrender of 200 acres of land, which JESCO states that it had voluntarily done. The minutes of the meeting of KIADB held on 21.05.2010 records that the lands proposed to be offered by JESCO for the cricket stadium, was fell in the CRZ area and therefore, the same was not acceptable. KIADB had resolved that JESCO be directed to surrender the lands as identified by KIADB in its possession. Our attention was not drawn to any document on

record, which would explain as to why the 200 acres of land – which were found to be not acceptable by KIADB – was subsequently accepted by KIADB or the Government.

80. It is also material to note that 204.75 acres had been handed over to the appellant free of cost. There could be no impediment for recovering possession of these lands (95.81 acres in Baikampady, 83.07 acres in Thokur, 14.25 acres in Kenjara and 11.62 acres in Kulai villages). Once it was found that JESCO was not proceeding with the project, there could be no impediment in taking over the said lands for which JESCO had not paid any consideration. There could be no issue of return of compensation insofar as the said 204.75 acres of lands are concerned. The extracts of the minutes of 254th meeting of KIADB held on 06.12.2003 also records that the extent of 204.75 acres of land be excluded while arriving at the cost of land as the same were handed over free of cost. The only cost paid by JESCO was for private lands, which were acquired from land owners. Notwithstanding the said minutes, there is no clarity as to further steps taken in respect of the said land.

81. As noted at the outset, the appellant did not implement the project for setting up a fertilizer plant and integrated township, the approval of which was granted in terms of the revised Government order dated 07.05.2012.

82. It is to be noted that approval for setting up the fertilizer and chemical unit was granted on 18.08.2011 and it was valid for two years. The said approval was subsequently modified on 07.05.2012 at the request of the appellant, by withdrawing the condition requiring the appellant to surrender 193.57 acres. The approvals were valid till 17.08.2013. In the meanwhile, the Karnataka Udyog Mitra [KUM], sought information regarding the status of the project, by its letter dated 25.10.2012. The appellant responded by letter dated 08.11.2012 setting out the various steps taken by it. However, it is apparent that even as of 08.11.2012, any concrete steps had been taken on ground to establish the fertilizer plant. The steps taken were largely related to seeking approvals and reports.

83. After the term of the approval had expired, the appellant sent a letter dated 16.08.2013 seeking extension of three years to complete the project. It stated that it had been unable to achieve

the desired level of progress in implementing the two projects – fertilizer and chemical complex over an extent of 447.70 acres and an integrated township over an extent of 101.00 acres. The said letter indicates that the only steps taken by the appellant were regarding “*survey work, soil investigation, water analysis, land filling, fencing, appointment of consultants and financial tie-up and filing applications for seeking approvals*”.

84. The appellant stated in its letter that it was making sincere and vigorous efforts for early clearance and approvals. It acknowledged that it had not been able to achieve the desired level of progress. It claimed that the same was on account of various factors including land documentation, execution of lease-cum-sale deed, recession in the economy, waiting clearance from the Ministry of Environment and Forest. It is material to note that the projects would entail investments of 1984 crores (1500 crores of fertilizer and chemical complex and 484 crores for integrated township). However, there was no indication as to the amount invested. JESCO’s letter did not indicate as to the extent of investments already made or any evidence of incurring the same.

85. After receipt of the said recommendation, the KUM by a letter dated 25.10.2012 requested CEO and EM of KIADB to conduct a spot investigation and send a report regarding the development work carried out by JESCO on the subject lands. The Joint Director, Dakshina Kannada submitted a report dated 06.12.2013 stating that no development work had been carried out by the JESCO on the property in question. In the meanwhile, the Government issued a communication dated 11.11.2013 directing KIADB to resume the land from JESCO to the extent of 742.26 acres. A plain reading of the said order indicates that it is based on the fact that no industrial activity had been undertaken by JESCO for the last 25 years. It is material to note that the said order also records that JESCO had not surrendered 200 acres of land.

86. On 17.12.2013, the appellant filed a writ petition being W.P.No.57644/2013 impugning the order dated 11.11.2013. On 09.12.2013, this Court passed an ad-interim order directing the appellant not to be dispossessed of the said lands. It is material to note that the appellant had sought two reliefs in the said petition namely, (a) to quash the order dated 11.11.2013 directing resumption of the land; and (b) for a writ in the nature of mandamus to the Government of Karnataka to consider the

appellant's representation dated 16.08.2013 and an online application dated 19.11.2013, *inter alia* seeking extension of the approval.

87. During the course of the proceedings, on 14.06.2017, the petitioner unconditionally withdrew the relief seeking quashing of the order dated 11.11.2013 (prayer a) and confined the petition to the relief as seeking consideration of his representation dated 16.08.2013 and online application dated 19.11.2013. The said petition was accordingly disposed of by an order dated 14.06.2017 in view of the submissions made by the learned Additional Government Advocate that the application would be considered, in accordance with law.

88. In the meanwhile, KIADB had issued a notice dated 10.01.2014 under Section 34-B of the KIAD Act. In terms of the said notice, it was noted that the appellant had failed to utilize the land, which was handed over after a lapse of more than 17 years. The appellant was called upon to remedy the specific breach within a period of ninety days, failing which steps would be taken to terminate the allotment. The said notice continued to be outstanding. However, no steps could be taken for resuming the

land in view of the interim orders dated 17.12.2013 passed by this Court in W.P.No.57644/2013. The appellant continued to enjoy the protection of the said order till it was vacated with the disposal of the writ petition on 14.06.2017. As noted above, the petition was disposed of as the appellant had accepted the order dated 11.11.2013 and had withdrawn the relief seeking setting aside of the said order.

89. The appellant's representation was considered by the SHLCC in its 48th meeting held on 31.08.2017. The minutes of the meeting indicate that the SHLCC had examined the course of events that had transpired after it had approved JESCO's proposal to set up the integrated plant on 07.05.1992. Considering the same, SHLCC resolved to reject the request and the representation for extension dated 16.08.2013 and the appellant's online application dated 19.11.2013 seeking extension of time for implementation of the projects (Fertilizer and Chemical Project and Integrated Township project). The SHLCC also resolved to take necessary action for resumption of the total extent of land provided to JESCO.

90. In the aforesaid backdrop, the KIADB passed an order dated 14.11.2017 under Section 34B(4) of the KIAD Act, directing the appellant to surrender the land within a period of seven days. As noted above, the appellant challenged the said order by filing a writ petition (being W.P.No.52937/2017). On 22.11.2017, this Court passed an order directing status quo. As noted above, it is the respondent's contention that the possession of the lands was taken over at 1.00 p.m. on 22.11.2017 and the *mahazar* to the aforesaid effect has been placed on record. The appellant contends that the said *mahazar* is liable to be set aside, as it was passed in violation of the status quo order dated 22.11.2017. This is countered by the State on the ground that the order dated 22.11.2017 was received after the possession of the land was taken over. The learned Single Judge had rightly found that it was not necessary to examine the same in the writ petition for essentially two reasons. First that the order directing resumption of land – order dated 11.11.2013 – had attained finality. The appellant having withdrawn his challenge to the said order, could not resist the implementation of the same.

91. The appellant's relief was now confined to the question whether it was entitled to extension of time as sought for in its

representation dated 16.08.2013 and its online application dated 19.11.2013. The same was rejected by SHLCC in its 48th meeting.

92. The appellant thus challenged the same by filing a writ petition (being W.P.No.566/2018) challenging the decision of the SHLCC rejecting the representation dated 16.08.2013 and the online application dated 19.11.2013. The appellant also challenged the *mahazar* dated 22.11.2017.

93. The learned Single Judge passed an order dated 08.01.2018 staying further proceedings pursuant to the minutes of the meeting dated 31.08.2017 and *mahazar* dated 22.11.2017. These orders were subsequently modified.

94. KIADB had filed an application seeking permission to allot 160 acres of land at Baikampady village in favour of Coast Guard. This Court modified the status quo order passed in W.P.No.52937/2017 and W.P.No.566/2018 granting liberty to the KIADB to proceed with the allotment of land for establishing Indian Coast Guard Training Centre. The Indian Coast Guard had submitted an application seeking change in the name of the village from Baikampady to Kenjaru and on 08.03.2018, a corrigendum to the aforesaid effect was issued and the allotment letter was

modified. The KIADB also filed an application in W.P.No.566/2018, seeking modification, which was allowed by an order dated 23.04.2018.

95. The appellant filed yet another petition (being W.P.No.41829/2019) impugning the corrigendum. As noted above, these petitions were disposed of by the impugned order.

96. The principal question that requires to be examined is as to the appellant's right in respect of the subject lands. We concur with the findings of the learned Single Judge that the appellant had no right, title or interest in the subject lands. The possession of the subject lands was handed over on issuance of certificate of possession. Although no allotment was made, any allotment of land by KIADB would necessarily require to be made for the purposes of the Act. In this case, KIADB had issued an allotment letter in respect of 160 acres of land, which set out detailed conditions to be complied with. However, no lands were handed over pursuant to the said allotment letter. And, the subject lands were handed over *albeit* without executing any allotment letter or any other document setting out the conditions on which such allotment could be made.

Plainly, the terms of allotments of the subject lands could not be any different, if the same had been articulated.

97. Indisputably KIADB had handed over possession to JESCO without following any statutory requirements or norms.

98. Karnataka Industrial Areas Development Board Regulations, 1969 [**the Regulations**] set out the manner in which the applications for allotment are required to be made and the manner in which the allotment is to be made. In terms of clause (a) of Regulation 10 of the Regulations, the allotment can be made by KIADB on being satisfied that the person who has made an application is likely to start production within a reasonable period. In terms of clause (c) of Regulation 10 of the Regulations, the application to whom allotment is made is required to be notified to execute an agreement in Form 3 or 4 or 5, as the case may be, with certain modifications.

99. In the present case, no documents were executed for either allotting the said land or setting out the conditions for the allotment. The possession of the subject land was handed over merely on JESCO's proposal that it would set up an integrated steel plant.

KIADB did not undertake any review of the steps taken by JESCO for implementing the project.

100. Since JESCO decided had not pursue the project; the fundamental premise on which land was provided to did not survive. The question whether JESCO would be entitled to recover any amount against the tentative cost paid by it, is a separate issue. Since the subject land was never transferred to JESCO and the very purpose for which the JESCO had taken possession of the lands was admittedly not pursued, it had no right to retain the possession of the same. The subject lands continued to vest with the Government/KIADB.

101. Regulation 5 of the Regulations expressly requires KIADB to decide the manner of disposal of the land. The said regulation is set out below:

"5. Manner of disposal of land.-- The Board shall decide the manner of disposal of land / shed in each industrial area or part thereof, i.e., whether by lease, lease-cum-sale, sale, auction-sale, auction-lease, assignment or otherwise. In each case, the Board will also have the discretion to decide the detailed conditions which shall be binding on the applicant."

102. In the present case, there appears to be no particular decision on record regarding the manner of disposal of land to the appellant. However, the allotment letter dated 31.10.1992 clearly sets out the manner in which the KIADB had decided disposing the land in favour of the appellant. It is also not disputed that the conditions as set out in the said letter are ordinarily imposed by the KIADB.

103. It is a matter of concern as to how the JESCO had acquired the possession of the land without any formal allotment letter and without KIADB setting out the manner of disposal. Copies of the possession certificates, which have since been placed on record, merely record that possession of the subject lands have been handed over to JESCO. We may refer to one such Possession Certificate, Possession Certificate dated 07.10.1996, the same is set out below:

"POSSESSION CERTIFICATE

Sub: Handing over of 204.75 acres of I
land in favour of JESCO (Unit of NFCL)
Ref: 1. INo.RD/72/LGA/92 dt. 21.12.1993.
2. Letter No.CI 84/SPI 95 dt: 4.10.96
from the Principal Secretary
to I.Commerce & Industries Dept.
3. Letter No.KIADB/937/I 9002/96-97

WA No. 1659 of 2024
C/W WA No. 1661 of 2024
WA No. 1703 of 2024

dt. 5.10.96 from Head Office.
4. Letter No.LAQ.1/93-94/596 dt: 18.9.95
of Spl. Land Acquisition Officer,
K.I.A.D.B., Mangalore.

With reference above, I am handing over an extent of 204.75 acres of Govt. land in Kulai, Baikampady, 62 Thokur and Kenjar villages as detailed in Annexure to M/s. JESCO (Unit of NFCL) today the, 7th October 1996."

104. As is apparent, the said Possession Certificate refers to certain letters from KIADB, which are not on record. However, the certificate simply states that the land to the extent of 204.75 acres of Government lands are handed over to JESCO.

105. The contention that the said Possession Certificate must be construed as an allotment letter – as was earnestly contended by Sri Nandkumar on behalf of the appellant – is unmerited. The possession certificate does not set out any terms of allotment. It does not set out whether the subject land would be disposed of by execution of a lease, lease-cum-sale agreement, or otherwise. In each case, KIADB has the discretion to decide the conditions which should be binding on the allottee. However, in the present case, the possession certificates do not set out any conditions.

106. We are thus unable to accept that the possession certificates can be construed as allotment letters which embody the decision of the KIADB for disposal of the subject lands.

107. If the terms and conditions as set out in the allotment letter dated 31.10.1992 – are accepted as the decision of KIADB as to the terms on which allotment of the subject land was to be made – which we are inclined to accept – it is apparent that the allotment was required to be cancelled, as those conditions were not complied with.

108. The subject lands, which measured totally 986.52 acres comprised of two components – 204.75 acres of Government land which was provided free of cost – and 781.77 acres of private land for which certain amounts were paid by the JESCO.

109. The manner in which the possession of the said lands were handed over to JESCO, raises serious questions as to the conduct of the parties. In effect, the authorities have simply parted with possession of the lands, which were acquired for specific purpose, without ensuring that the said purpose is implemented.

110. Once it is clear that the JESCO was not proceeding with the purpose for which possession of the subject lands were provided, it was incumbent upon the KIADB to resume possession of the same. However, the KIADB only resumed part of the land which was then allotted to other industries. It appears that it was also ensured that the process was one that was remunerative to JESCO. The 244.25 acres of land which were allotted to other industries was against the payment of compensation which far exceeded the amount paid by JESCO to KIADB for the private lands. This is despite the fact that the JESCO had no interest in the subject land. And, the Government land was handed over free of costs.

111. In the present case, agricultural lands were acquired. It is obvious that several farmers would have lost their means of livelihood from the said lands. The acquisition would be justified if the public purpose for which it is acquired was fulfilled, as the same would generate employment. However, it is apparent that instead of acquisition of land working in public interest, it has worked quite to the contrary. Apart from JESCO aggregating possession of large tracts of land, which it would find extremely difficult to do without the statutory machinery for land acquisition, no other

person benefited. We concur with the learned Single Judge that the manner in which the authorities and the Government have proceeded, requires to be enquired into. It also appears that the conduct of certain persons may fall foul of the provisions of the Prevention of Corruption Act, 1988. We were inclined to issue directions in this regard. However, at this stage, we consider it suffice to direct that an enquiry be conducted by a team of persons headed by a person not below the rank of Secretary to the Government of India, in order to examine the manner in which the public property has been dealt with. Needless to state that if the enquiry finds that any offence punishable under the Prevention of Corruption Act or any other law has been committed, the concerned authorities shall take necessary steps to institute proceedings in this regard.

112. The contention that the appellant was required to be afforded further opportunities under Section 34-B of the KIAD Act or the belated action taken by the respondents was in violation of principles of natural justice, is unpersuasive. First of all, Section 34B of the KIAD Act is inapplicable in the facts of this case. The said section would be applicable only where allottee of any premises has violated any terms and conditions of the allotment.

113. In the present case, it is contended on behalf the appellant that Possession Certificates must be deemed to be allotment. It is difficult to accept the said contention. In fact, there is no specific order or instrument allotting the subject lands. Further, if it is assumed that the subject lands were allotted, it would also be necessary to assume that it was on the conditions as set out in the allotment letter dated 31.10.1992.

114. No instrument of transfer (lease-cum-sale or sale) had been executed and registered in favour of the appellant. Thus, the question of the appellant acquiring any right or interest on the subject lands does not arise. Absent any right or interest in the subject land, and failure to use the same for the purpose for which the possession was handed over, KIADB's resumption of the same cannot be faulted.

115. We consider it relevant to refer to the decision in the case of ***Orissa Industrial Infrastructure Development Corporation vs. MESCO Kalinga Steel Limited and Others : (2017) 5 SCC 586.*** In the said case, MESCO had applied for 2500 acres of land to Orissa Industrial Infrastructure Development Corporation (IDCO). IDCO in turn had requested the Government to issue necessary

orders for possessing the allotment. The Government of Orissa had conveyed its principal approval for allotment of land of 2500 acres for establishing a steel plant. In the first place, IDCO had requested MESCO to take over possession of 1756.29 acres of land and to submit a draft lease for execution. MESCO took over possession of the land but did not execute the lease deed. There were other issues, which were also raised in the said case. IDCO had issued a notice for resumption of the land and issued a notice directing payment of consideration and resumption of land and finally resumed the land and the possession later was cancelled. In the said context, the Court held that the relationship of lessor and lessee never came into being in the absence of a lease deed. The possession was enjoyed by MESCO without execution of a lease deed. The Court held that *"MESCO had no enforceable right for grant of any relief by mere handing over of possession."* Accordingly, the Court set aside the order of the High Court directing to execute a lease in respect of part of the said lands.

116. In the present case as well, the appellant acquired no right or interest in the subject land. Having stated the above, we also note that a notice under Section 34-B of the KIAD Act was in fact issued to the appellant on 10.01.2014 expressly calling upon the appellant

to remedy the breach of not undertaking the industrial work, failing which the land would be resumed. It is the appellant's response that the delay was *inter alia* attributable to recession in economy and delay in KIADB in execution of lease-cum-sale deed. It is also material to note that the appellant responded by stating that Section 34-B of the KIAD Act was not applicable. It is KIADB's stand in response to the said notice that Section 34-B is not applicable. The appellant had claimed that,

"KIADB cannot invoke Section 34-B on JESCO under Karnataka Industrial Areas Development Act, 1966 in the absence of terms and conditions on allotment of land as KIADB has not executed Lease cum Sale Deed so far and while JESCO is executing the approved projects. Any action of KIADB in the matter is a contempt of court as the matter is before the High Court of Karnataka."

117. The contentions advanced on behalf of the appellant before this Court are clearly contrary to the aforesaid stand as articulated in the letter sent in response to the notice dated 10.01.2014. Thus, the appellant cannot make a grievance of the process under Section 34-B of the KIAD Act not being followed. It is also material to note that the said notice had been issued after an order dated 11.11.2013 was passed for resumption of the subject lands. As noted above, that order had been challenged and was then

withdrawn on 14.06.2017 and had thus attained finality. The notice dated 10.04.2014 was outstanding as on that date and the period of ninety days as provided in the notice was over. It is clear that the appellant had confined its relief for seeking consideration of its representation for extension of the approval for the project. The said extension was duly considered by SHLCC at its meeting held on 31.08.2017 and the same was rejected. Thereafter, KIADB had issued a final order under Section 34-B(4) of the KIAD Act.

118. The appellant was provided sufficient opportunity spanning over several years to address the issue as to why the lands should not be resumed. Having confined its relief to only seeking for consideration of the representation for extension of time for completing the project – which was duly considered – it is not open for the appellant now to challenge the order of resumption albeit on the ground that Section 34-B had not been followed particularly when it was the appellant's stand that the said section is inapplicable in the absence of any allotment or lease-cum-sale in its favour.

119. We find no merit in the present appeal. The same is accordingly, dismissed.

WA No. 1659 of 2024
C/W WA No. 1661 of 2024
WA No. 1703 of 2024

120. JESCO has enjoyed the possession of the subject land for several years till it was taken over. We clarify that this order would not preclude the State / KIADB from making an appropriate claim for compensation for the same. The question whether the appellant would be entitled to refund of the amount paid or any portion of the same, is also left open.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(C M JOSHI)
JUDGE

KS / AHB