

Raheja Universal Ltd. v. NRC Ltd., (2012) 4 SCC 148

Corporate Laws

Sick Companies and Their Rehabilitation

Ss. 22 and 22-A and 15 to 21 (Ch. III) - Rehabilitation/Restructuring scheme - BIFR's jurisdiction to restrain transfer of sick industrial company's property vis--vis rights acquired under Ss. 53-A and 54, TPA 1882 - Overriding effect of SICA 1985 over TPA 1882 - Effect of BIFR's orders/declarations on underlying rights - Suspension or extinguishment - Taking into consideration object, purpose and nature of SICA 1985 and its provisions, held, matters connected with sanctioning and implementation of rehabilitation/restructuring scheme from date of its presentation or date of its coming into effect, whichever is earlier, fall exclusively within jurisdiction of BIFR - In such case, creditor's demand even if not made part of scheme, held, would not merely for that reason stand excluded from BIFR's jurisdiction, which extends to making changes in instruments, documents, etc. which create rights and liabilities vis--vis sick industrial company and its properties - Any other view, held, would defeat the very purpose of SICA 1985 - Further held, SICA 1985 is a special law vis--vis TPA 1882, which is the general law - Hence, provisions of SICA 1985 shall prevail over provisions of TPA 1882 - In the present case, respondent Company executing agreement for sale of its land to appellant Company to obtain funds for financial restructuring, and receiving part-payment from appellant - Financial position of respondent still not improving - Consortium of creditor banks, therefore, approving rehabilitation scheme, and sale proceeds used under that scheme - Prior to complete implementation of said scheme, respondent Company seeking from BIFR declaration that it was "sick company", and for BIFR to adopt said scheme approved by creditor banks - BIFR, by its order under S. 17(3) of SICA adopting said scheme, appointing an operating agency and restraining sale of respondent Company's assets without prior approval of BIFR - Thereafter, respondent Company executing a second agreement, and pursuant thereto, delivering possession of land concerned to appellant Company - In such circumstances, assets of respondent Company and/or its sale proceeds constituting integral part of scheme being administered by BIFR, held, both agreements of respondent Company with appellant Company regarding sale of land concerned fell within BIFR's jurisdiction under S. 22(3) of SICA 1985 - Hence, BIFR's order upheld and appellant Company's claim under Ss. 53-A and 54, TP Act, 1882, of right to transfer of property free from any restrictions or limitations, held is subject to SICA provisions - It is not that appellant Company has been divested of said right by BIFR - All that has been done is to suspend final transfer of property concerned in favour of appellant Company in accordance with provisions of SICA and limitations imposed therein - Once scheme is implemented or period specified under provisions of Ss. 22(3) and 22(4) expires, declaration made by BIFR would cease to exist and appellant would be entitled to enforce its rights in accordance with law as if no such declaration or restriction ever existed, (2012) 4 SCC 148-A

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Ss. 22 and 22-A vis--vis TP Act, 1882, Ss. 53-A and 54 - Nature of said Acts - Held, SICA 1985 is a special law vis--vis TPA 1882, which is general law and provisions of the former shall prevail over the provisions of the latter, (2012) 4 SCC 148-B

Property Law

Transfer of Property Act, 1882

S. 53-A - Right of transferee under - Extent of, clarified - S. 53-A, reiterated, does not transfer title to transferee in property concerned, (2012) 4 SCC 148-C

Property Law

Transfer of Property Act, 1882

S. 54 - Contract for sale or agreement to sell, reiterated, does not, of itself, create any interest in or charge on property, (2012) 4 SCC 148-D

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S. 22(3) - Power of BIFR under - Scope - Held, it extends to making changes in instruments and documents creating rights and liabilities vis--vis sick industrial company - Rule against redundancy applied for interpreting S. 22(3) - Maxim *lex nil frustra jubet*, referred to, (2012) 4 SCC 148-E

Interpretation of Statutes

Basic Rules

Object of statute taken into consideration, (2012) 4 SCC 148-F

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Ss. 15 to 22-A (Ch. III), 26 and 32 - Mode of interpretation of - Held, said provisions should be read and construed jointly - So read, held, SICA 1985 is a special law in contradistinction to other laws except laws stated therein - It is a self-contained code and by virtue of non obstante provisions contained therein it has overriding effect over other laws, (2012) 4 SCC 148-G

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S. 22(1) - Expression "the like" - Interpretation of - Held, it has to be read "eiusdem generis" to the term "proceedings", (2012) 4 SCC 148-H

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Ss. 22(1), 26 and 32 - Bar under S. 22(1) - Applicability - Held, applicable to proceedings which fall under any class stated in S. 22(1), and have impact of interfering with formulation, consideration, finalisation or implementation of the scheme, (2012) 4 SCC 148-I

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Ss. 22 and 22-A - Object and comparative scope of, explained, (2012) 4 SCC 148-J

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S. 17(3) - Agreement to deliver possession of immovable property to creditor executed subsequent to BIFR's order adopting rehabilitation scheme, appointing operating agency, and restraining sale of assets without prior approval of BIFR - Such agreement, if valid and enforceable - Question left open, (2012) 4 SCC 148-K

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Ss. 3(a) & (b), 4, 5, Preamble and Statement of Objects and Reasons - Legislative history and object of SICA 1985, restated, (2012) 4 SCC 148-L

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Ss. 22, 22-A and 15 to 21 - Nature of SICA 1985, restated, (2012) 4 SCC 148-M

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S. 22 (as ins. in 1994) - Object of, restated, (2012) 4 SCC 148-N

Constitution of India

Arts. 226 and 227 - Maintainability - Joint petition under both the said articles, if maintainable - Question left open, (2012) 4 SCC 148-O