IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THURSDAY, THE NINTH DAY OF JULY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT APPEAL NO: 643 OF 2026

Writ Appeal under clause 15 of the Letters Patent Preferred Against Order Dated 03-03-2026 in W.P.No.4554 of 2026, on the file of the High Court.

Between:

1. Indian Oil Corporation Limited, (formerly M/s IBP Co. Ltd.,), Rep.by its Managing Director, Office at Indian Oil Bhavan, Fateh Bagh, Mosapet, Kukatpally Industrial Estate, Sanathnagar, Hyderabad.
2. The Divisional Retail Sales Head, Secunderabad Divisional Office, Indian Oil Corporation Ltd., Indian Oil Bhavan, Fatehbagh, Moosapet, Kukatpally, Industrial Estate, Sanath Nagar (Post), Hyderabad - 500 018.

...APPELLANTS

AND

1. J.Vara Laxmi, W/o J.Murali, Aged about 58 years, Occ. Business, R/o H.No.7-72/1/1, Maruthi Nagar, Opp. Santosh Nagar, Hyderabad
2. Smt. Moola Padma, W/o Late Moola Mohan Goud, Aged about 57 years, Occ. Household, R/o H.NO. 8-1-293/A/1, Dwaraka Nagar Colony, Darga Shaik Pet, Golconda, Hyderabad.
3. Moola Sagar Goud, S/o Late Moola Mohan Goud, Aged about 39 years, Occ. Business, R/o H.N0.8-1-293/A/1, Dwaraka Nagar Colony, Darga Shaik Pet, Golconda, Hyderabad.
4. Moola Sandeep Goud, S/o Late Moola Mohan Goud, Aged about 38 years, Occ. Business, R/o H.NO. 8-1-293/A/1, Dwaraka Nagar Colony, Darga Shaik Pet, Golconda, Hyderabad.
5. Moola Samrat Goud, S/o Late Moola Mohan Goud, Aged about 36 years, Occ. Business, R/o H.NO. 8-1-293/A/1, Dwaraka Nagar Colony, Darga Shaik Pet, Golconda, Hyderabad.

6. Moola Sanjay Goud, S/o Late Moola Mohan Goud, Aged about 35 years, Occ. Business, R/o H.NO. 8-1-293/A/1, Dwaraka Nagar Colony, Darga Shaik Pet, Golconda, Hyderabad.
7. Union of India, Ministry of Petroleum and Natural Gas, rep. by its Director, Shastri Bhavan, New Delhi.
8. T.Anjaneyulu, S/o Late Sri Hemagiri, aged about 60 years, Occ. Business, R/o H.No. 17-1-382N/1/4, Vyshali Nagar, Sagar Road, Hyderabad.
9. J. Murali, S/o Venkaiah, aged about 61 years, Occ.Business, R/o 7-791/1, Maruthi Nagar, Opp. Santosh Nagar, Hyderabad.

...RESPONDENTS

<u>I.A. NO: 2 OF 2026</u>

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the order dated 03.03.2026 made in W.P.No.4554 of 2026, pending disposal of the above Writ Appeal.

Counsel for the Appellant: SRI SRIKANTH KAVETI

Counsel for the Respondent No.1 to 6: SRI P.RAMACHANDRAN

Counsel for the Respondent No.7: SRI N.BHUJANGA RAO,
DEPUTY SOLICITOR GENERIAL OF INDIA

Counsel for the Respondent No.8 & 9: SRI G.ANANDAM

The Court delivered the following: JUDGMENT

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

**THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND**

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT APPEAL No.643 of 2026

DATE: 09.07.2026

Between:

Indian Oil Corporation Limited,
(formerly M/s IBP Co. Ltd.,),
Rep. by its Managing Director,
Hyderabad and another

....Appellants

And

J. Vara Laxmi and 8 others

....Respondents

JUDGMENT

Heard Sri Srikanth Kaveti, learned counsel for the appellants; Sri P.Ramachandran, learned counsel for respondent Nos.1 to 6 and perused the record.

2. This writ appeal is preferred under Clause 15 of the Letters Patent, against the order dated 03.03.2026 passed by the learned Single Judge in W.P.No.4554 of 2026. By the said order, the learned Single Judge allowed the writ petition filed by respondent Nos.1 to 6 herein (the original land owners) and directed the appellants to vacate the subject property within a period of thirty (30) days from the date of receipt of the said order and handover the subject property to the writ petitioners/respondent Nos.1 to 6 herein (the original land owners)

Factual matrix

3. Respondent Nos.1 to 6 are the absolute owners of the subject property bearing Plot Nos.5 and 6, Northern Part, in Block X, forming part of Sy.Nos.58 to 68, admeasuring 1186 Sq. Yds. situated at Ward No.5, Block No.5, Vijayawada National Highway Road No.9, Sahebnagar Khurd Village, Hayathnagar Revenue Mandal, Ranga Reddy District. The said property was acquired by them under registered Sale Deeds bearing Document Nos.2388 and 2390 of 2003 dated 28.05.2003.

4. On 17.02.2004 respondent Nos.1 to 6 executed a registered Lease Deed bearing Document No.919 of 2004 in favour of respondent Nos.8 and 9 (Sri T.Anjaneyulu and Sri J.Murali), who are the dealers of the subject retail outlet. The said Lease Deed conferred upon the lessees the right to create a sub-lease in favour of any petroleum company and also contained a renewal clause enabling extension of the lease for a further period of a minimum of five years on mutually agreed terms and conditions.

5. Pursuant to the aforesaid Lease Deed, respondent Nos.8 and 9, on 23.09.2004, entered into a registered Sub-Lease Agreement bearing Document No.4329 of 2004 with the erstwhile M/s. IBP Co. Ltd., which subsequently merged with the appellant-Corporation, for a period of twenty years commencing from 23.09.2004 and ending on 22.09.2024.

6. Consequent upon the execution of the said sub-lease and fulfilment of the requisite conditions, the appellants established the petroleum retail outlet in the subject property under the name and style "M/s. Om Sai Service Centre", and the dealership for the said retail outlet was granted to respondent Nos.8 and 9. Necessary licences for storage and sale of petroleum products were also obtained from the competent authorities.

7. Prior to the expiry of lease period, the appellants, by letter dated 11.12.2023, called upon respondent Nos.8 and 9 to submit their offer for renewal of the lease. Pursuant thereto, the dealer represented by respondent No.8 held deliberations with the landowners. The landowners, however, unanimously informed the appellants that they were not willing to extend the lease beyond its stipulated tenure and demanded that vacant possession of the subject property be handed over upon expiry of the lease.

8. Thereafter, the landowners addressed a letter dated 12.02.2024 categorically expressing their objection for renewal of the lease. Subsequently, respondent No.1 issued a legal notice dated 04.11.2024 to respondent Nos.8 and 9 calling upon them to initiate necessary steps for vacating and handing over vacant possession of the subject property, while also intimating that any continued occupation after expiry of the lease would be treated as unauthorized and would entail liability to pay mesne profits at the rate of Rs.5,00,000/ per month. In response thereto, M/s.Om Sai Service Centre, by letter dated 02.05.2025, addressed the appellants requesting them to hand over vacant possession of the subject property without any further delay.

9. As the lease had expired and the appellants continued to remain in occupation, the landowners addressed a representation dated 14.08.2025 to the Joint Chief Controller of Explosives, Petroleum and Explosives Safety Organisation (PESO), Hyderabad, seeking cancellation of the PESO licence on the ground that the appellants no longer possessed lawful authority to occupy the premises. Pursuant thereto, PESO issued a show-cause notice dated 22.08.2025, placed the licence under suspension by proceedings dated 16.09.2025, and ultimately cancelled the licence by order dated 16.12.2025. Consequently, no petroleum retail operations were carried on in the subject premises thereafter.

10. Despite the expiry of lease on 22.09.2024 and the subsequent cancellation of the PESO licence, the appellants continued to remain in possession of the subject premises and failed to hand over vacant possession to the landowners. Aggrieved thereby, respondent Nos.1 to 6 instituted underlying writ petition seeking a writ of *mandamus* directing the appellants to vacate the subject premises and deliver vacant possession.

11. The learned Single Judge, by order dated 03.03.2026, allowed the writ petition, holding that upon expiry of the lease period and in the absence of any renewal, the continued occupation of the appellants had become unauthorized and illegal. Consequently, the appellants were directed to vacate and hand over vacant possession of the subject premises to the writ petitioners within a period of thirty days from the date of receipt of the order.

12. Aggrieved thereby, the appellants have preferred the present Writ Appeal.

Submissions on behalf of the appellants

13. Learned counsel appearing for the appellants, assailed the impugned order and has advanced the following submissions:

i) That the writ petition itself was not maintainable under Article 226 of the Constitution of India. It was submitted that the dispute essentially arose out of contractual rights flowing from the lease arrangements between the writ petitioners (respondents 1 to 6), who are the landowners, and respondent Nos.8 and 9, who are private parties. The appellants are merely sub-lessees under the registered sub-lease. It was contended that the relief sought was for eviction from immovable property, which is a matter falling exclusively within the domain of the competent civil Court, and that such private law disputes cannot be adjudicated in exercise of the extraordinary writ jurisdiction of this Court.

ii) That the writ petition suffered from misjoinder of parties. According to the appellants, the relationship of landlord and tenant existed exclusively between the landowners and respondent Nos.8 and 9 under the principal lease deed, whereas the appellants were only sub-lessees under an independent contractual arrangement. It was argued that the writ petitioners could not invoke the writ jurisdiction to enforce purely contractual rights arising out of a lease agreement and seek eviction of the appellants through a writ of *mandamus*. The appellants sought to distinguish the rights of the original landowners from those arising under the sub-lease executed in their favour.

iii) Reliance was placed upon the renewal clause contained in the registered Lease Deed dated 17.02.2004. It was submitted that the Lease Deed expressly contemplated renewal of the lease for a further period of not less than five years on mutually agreed terms and conditions. According to the appellants, instead of participating in negotiations for renewal, the writ petitioners directly approached the PESO seeking cancellation of the licence, thereby acting in an arbitrary and high-handed manner. It was further contended that the existence of the renewal clause constituted a distinguishing feature which was not considered by the learned Single Judge while placing reliance upon the earlier judgments involving eviction of petroleum company upon expiry of petroleum outlet leases.

iv) That the action of the PESO authorities in suspending and subsequently cancelling the petroleum licence was illegal and contrary to the principles of natural justice. It was submitted that the impugned proceedings were initiated solely at the instance of the writ petitioners and that the appellants were not afforded an adequate or effective opportunity of personal hearing before such drastic action was taken. Consequently, it was argued that the cancellation of the licence itself stood vitiated.

v) That they had been making *bona fide* efforts through respondent Nos.8 and 9 to negotiate renewal of the lease with the landowners and had never asserted any independent right adverse to the owners. Their continued occupation was *bona fide* and founded upon ongoing negotiations for renewal. It was therefore submitted that no element of arbitrariness could be attributed to the appellants so as to justify invocation of the writ jurisdiction under Article 226 of the Constitution of India.

Submissions on behalf of the respondents

14. *Per contra*, learned counsel for the respondents advanced the following submissions:

i) That the Hon'ble Supreme Court as well as this Court have consistently held that where a public authority or an instrumentality of the State continues to occupy the property of a private citizen even after expiry of the lease, such unauthorized occupation is amenable to judicial review under Article 226 of the Constitution. The appellants, being an instrumentality of the State within the meaning of Article 12 of the Constitution, cannot be permitted to continue in unauthorized occupation of private property and simultaneously question the maintainability of the writ petition.

ii) That the objection regarding joinder of parties is wholly misconceived. The writ petition had been instituted by the owners of the subject property seeking a direction against the appellants, who were admittedly in possession of the premises. The dealers (respondent Nos.8 and 9) had merely been impleaded as necessary parties in view of the contractual arrangements between the parties. Their presence or otherwise had no bearing upon the maintainability of the writ petition. Thus it was contended that the appellants cannot question the *locus* of the owners to seek recovery of possession of their own property, particularly after the expiry of the lease term.

iii) That the renewal clause formed part of the principal lease deed executed between the landowners and respondent Nos.8 and 9, and not the sub-lease executed in favour of the appellants. In any event, the clause itself made renewal contingent upon mutually agreed terms and conditions. Since the landowners had unequivocally communicated their unwillingness to renew the lease by their communications dated 12.02.2024 and subsequent legal notice, no enforceable right accrued in favour of the appellants to compel renewal of the lease or to continue in possession against the wishes of the owners.

iv) That the proceedings initiated by PESO under the Petroleum Rules, 2002 constituted an independent statutory exercise and had no bearing upon the maintainability of the writ petition. Even assuming that the appellants had any grievance regarding the cancellation of the licence, the same could only be agitated before the appropriate forum. Such grievance cannot furnish a justification for continued occupation of the subject premises after expiry of the lease. It was contended that the cancellation of the licence merely reinforced the legal position that the appellants no longer possessed any lawful authority to continue operating the outlet or occupying the premises.

v) That the appellants had continued to occupy the subject premises despite expiry of the lease, categorical refusal of renewal by the landowners, issuance of repeated notices demanding vacant possession, and eventual cancellation of the PESO licence. That such conduct amounted to arbitrary and unauthorized occupation by an instrumentality of the State, thereby infringing the constitutional guarantee under Article 300-A of the Constitution of India.

15. We have taken note of the respective contentions urged and perused the material on record.

Consideration by this Court

16. The principal contention of the appellants, that the writ petition is not maintainable as the dispute arises out of a contractual relationship between the private parties and essentially concerns recovery of possession of immovable property, for which the remedy lies before the competent Civil Court, is misconceived. It is well settled that where the action complained of, is that of the State or an instrumentality of the State within the meaning of Article 12 of the Constitution of India, and such action is arbitrary, unreasonable or unsupported by authority of law, the jurisdiction of this Court under Article 226 of the Constitution can be invoked notwithstanding the existence of a contractual relationship.

17. The issue regarding the maintainability of the writ petition seeking directions against a petroleum company to vacate leased premises after the expiry of the lease is no longer *res integra*. In this regard, the Hon'ble Supreme Court in ***National Company v. Bharat Petroleum Corporation Limited***[1] (at para 29) held as follows:

> "29. As observed by the High Court, the conduct of Respondent 1 BPCL in continuing with the occupation of the said premises without paying any rent from 31-12-2009 is unbecoming of a statutory corporation, which is a State within the meaning of Article 12 of the Constitution of India. We therefore find that while directing the respondents to vacate the said premises and hand over peaceful and vacant possession to the appellant, it will also be necessary in the interests of justice to direct Respondent 1 BPCL to pay arrears of market rent from 31-12-2009, till the date of delivery of possession at the market rate."

18. It is to be noted that the learned Single Judge has rightly rejected the objection as to maintainability. The appellants, being a Government of India (GOI) undertaking, are under a constitutional obligation to act fairly and reasonably, and their continued occupation of the subject property after expiry of the lease, despite the landowners having unequivocally declined renewal thereof, constitutes arbitrary State action amenable to judicial review under Article 226 of the Constitution of India.

19. The aforesaid principle stands reinforced by the decisions of the Hon'ble Supreme Court in ***ABL International Limited v. Export Credit Guarantee Corporation of India Limited***[2], and ***Joshi Technologies International Inc. v. Union of India***[3], wherein it has been held that although disputes arising purely out of contractual obligations ordinarily fall outside the ambit of writ jurisdiction, the

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[1] (2021)13 SCC 121
[2] (2004) 3 SCC 553
[3] (2015) 7 SCC 728

extraordinary jurisdiction under Article 226 of the Constitution can nevertheless be invoked where the impugned action of the State is arbitrary, unreasonable or suffers from a public law element.

20. In the case on hand, the public law element is manifest. It is an admitted position that the sub-lease in favour of the appellants expired on 22.09.2024. Equally undisputed is the fact that the landowners had categorically communicated their unwillingness to renew the lease. The appellants nevertheless continued to remain in possession of the subject property without any subsisting legal authority. The present proceedings are not instituted for enforcement of contractual rights or for specific performance of any agreement. Rather, the writ petition seeks redress against the continued unauthorized occupation of private property by an instrumentality of the State, thereby infringing the constitutional protection guaranteed under Article 300-A of the Constitution of India, which mandates that no person shall be deprived of his property save by authority of law.

21. It is also pertinent to note that consequent upon the expiry of the lease and the representation submitted by the landowners, the competent authority under the Petroleum Rules, 2002, namely the PESO, first suspended and thereafter, cancelled the licence for operation of the retail outlet on the ground that the licensee no longer possessed lawful authority over the site. Although the validity of the said proceedings may constitute an independent cause of action, the same undeniably fortifies the conclusion that the appellants had no subsisting legal entitlement to continue in possession of the subject premises.

22. Further, even before the learned Single Judge, the appellants did not dispute either the expiry of the lease or the suspension of the licence, but merely contended that efforts for renewal of the lease were still underway. Such a contention, in our considered view, cannot confer any legal right to continue in possession contrary to the express wishes of the owners. As observed by the Hon'ble Supreme Court in ***C.Albert Morris v. K. Chandrasekaran***[4], mere litigious possession cannot be regarded as lawful possession.

23. Equally untenable is the objection regarding joinder of parties. The writ petition has been instituted by the owners of the subject property, who are directly aggrieved by the continued occupation of their property by the appellants. The mere fact that the dealers (respondent Nos. 8 and 9) have also been impleaded as party respondents does not in any manner affect or impair the maintainability of the proceedings. The relief sought is essentially against the appellants, who admittedly continue to remain in possession of the premises. Therefore, the writ petition is not in the nature of a suit for eviction against private parties, but one seeking judicial review of the arbitrary action of a State instrumentality in continuing to occupy private property without authority of law.

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[4] (2006) 1 SCC 228

24. It is to be noted that the reliance placed by the appellants on the renewal clause in the registered Lease Deed dated 17.02.2004 is misplaced. The renewal clause forms part of the principal Lease Deed executed between the landowners (respondent Nos. 1 to 6) and the dealers (respondent Nos. 8 and 9). The appellants are not parties to the said Lease Deed. Their right, if any, emanates exclusively from the registered Sub-Lease Agreement dated 23.09.2004 executed between respondent Nos.8 and 9 and the erstwhile M/s.IBP Co. Ltd., now merged with the appellant-Corporation. Therefore, the renewal clause contained in the principal lease cannot, by itself, be construed as conferring an independent or enforceable right upon the appellants to continue in possession after expiry of the sub-lease.

25. Even otherwise, the renewal clause expressly stipulates that renewal shall be *"on mutually agreed terms.'* The expression necessarily postulates a *consensus ad idem* between the contracting parties and does not confer an automatic or unilateral right of renewal. The material placed on record unmistakably demonstrates that the landowners had, through their communications dated 12.02.2024, the legal notice dated 04.11.2024 and the subsequent correspondence, unequivocally expressed their unwillingness to renew the lease. The record further discloses that all negotiations between the parties had failed. In such circumstances, the appellants cannot compel the landowners to enter into a fresh contractual relationship or claim any right to remain in possession on the strength of a clause expressly made subject to mutual agreement.

26. It is also an admitted position that the registered Sub-Lease Agreement dated 23.09.2004 was executed for a fixed term of twenty years commencing from 23.09.2004 and expired on 22.09.2024 by efflux of time. The appellants have not pointed to any provision in the sub-lease conferring a right of renewal or extension in their favour. Once the contractual term came to an end, the sub-lease stood determined by efflux of time and the appellants ceased to have any lawful authority to continue in occupation of the subject premises. Their continued possession thereafter cannot be sustained.

27. The appellants have also assailed the proceedings of the PESO on the ground that the suspension and subsequent cancellation of the licence were in violation of the principles of natural justice. In our considered view, the said contention does not advance the case of the appellants. The proceedings initiated by PESO under the Petroleum Rules, 2002 constitute an independent statutory exercise. Even assuming that the appellants have a sustainable grievance against the said proceedings, the same would not confer upon them any right to continue in possession of the subject property after expiry of the lease. Their remedy, if any, against the order passed by PESO lies in accordance with law before the appropriate forum. The alleged illegality in the licensing proceedings cannot be invoked to justify or perpetuate their continued occupation of the subject premises, which, upon expiry of the lease, is otherwise unsupported by any subsisting legal right.

Conclusion

28. For the foregoing reasons, this Court is of the considered view that the learned Single Judge has committed no error, either on facts or in law, warranting interference by this Court.

29. Accordingly, the Writ Appeal is dismissed. The appellants are directed to hand over vacant and peaceful possession of the subject property to respondent Nos.1 to 6 within three (03) months from the date of receipt of a copy of this judgment, after removing all their installations and other movable assets therefrom. Failing such compliance, respondent Nos.1 to 6 shall be at liberty to recover possession in accordance with law.

As a sequel, miscellaneous petitions, pending if any, stand closed. No costs.

SD/- MOHD. ISMAIL
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Managing Director, Indian Oil Corporation Limited, (formerly M/s IBP Co. Ltd.,), Office at Indian Oil Bhavan, Fateh Bagh, Mosapet, Kukatpally Industrial Estate, Sanathnagar, Hyderabad.
2. The Divisional Retail Sales Head, Secunderabad Divisional Office, Indian Oil Corporation Ltd , Indian Oil Bhavan, Fatehbagh, Moosapet, Kukatpally, Industrial Estate, Sanath Nagar (Post), Hyderabad - 500 018.
3. The Director, Ministry of Petroleum and Natural Gas, Shastri Bhavan, New Delhi, Union of India.
4. One CC to SRI SRIKANTH KAVETI, Advocate [OPUC]
5. One CC to SRI P.RAMACHANDRAN, Advocate [OPUC]
6. One CC to SRI G.ANANDAM, Advocate [OPUC]
7. One CC to SRI N.BHUJANGA RAO, DEPUTY SOLICITOR GENERIAL OF INDIA, High Court for the State of Telangana at Hyderabad [OPUC]
8. Two CD Copies

HIGH COURT

DATED: 09/07/2026

JUDGMENT

WA.No.643 of 2026

DISMISSING THE WRIT APPEAL,

WITHOUT COSTS

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17/07/26