**Supreme Court's Verdict Shapes Industry Landscape: Mining Lease Saga**

**Case Title:** Chief Secretary Government of Odisha vs. Bharat Process & Mechanical Engineers Limited (In Liquidation) And Others

**Case No.:** Civil Appeals a/o. SLP (C) Nos.7315-7316 of 2021

**Dated on:** MAY 17, 2024

**Coram:** J. SANJIV KHANNA, J. DIPANKAR DATTA

**Facts**:

In this case, the Government of Odisha is appealing a decision involving the renewal of mining leases for three ore blocks. The dispute centres around Bharat Process & Mechanical Engineers Limited (BPMEL), a company in liquidation, and its subsidiary, Odisha Mineral Development Company Ltd (OMDC), which managed the mining operations. The leases were originally granted to Bird and Company, which was nationalized in 1980, transferring ownership to the Central Government and later to BPMEL. However, BPMEL became financially troubled and was ordered to be wound up in 2004. UCO Bank, a creditor, assigned its recovery rights to TGP Equity Management, leading to legal complexities. The High Court had directed the formation of a committee to decide on the lease renewals, involving the Central and Odisha governments, OMDC, and hearing TGP. Now, this appeal challenges various court decisions about the lease renewals and the legal standing of TGP.

**Issues**

* Whether the High Court at Calcutta was justified in directing the formation of a High-Powered Committee comprising no more than three members, representing the Union of India, State of Odisha, and OMDC.

**Legal Provisions:**

**Rule 72 of the Mineral (Other than Atomic and Hydrocarbon Energy) Concessional Rules, 2016**: It states that before January 12, 2015, all mining leases for minerals given to a government company or corporation are automatically considered to have been granted for a duration of fifty years.

**Section 4A (4) of the Mines and Minerals (Development and Regulation), Act 1957**: It states that if the holder of a mining lease doesn't start producing and dispatching minerals within two years of receiving the lease, or if they stop production and dispatch for two years after starting, the lease will end two years from when it was granted or from when production stopped.

**Section 446(2)(d) of the Companies Act, 1956**: It gives the company court the power to entertain or dispose of any suit or proceeding against a company, or any claim made against it.

**Section 457(1)(b) of the Companies Act, 1956**: Under this Section the company is allowed to continue its operations to the extent required for the purpose of winding up the company in a manner that is beneficial.

**Section 201 of the Indian Contract Act, 1872**: Termination of agency.

**Contentions of the Appellant:**

The appellant, the Government of Odisha, contends that the High Court's decision to form a committee for lease renewals involving the Central Government, the Odisha Government, and other stakeholders, including TGP Equity Management, is erroneous. They argue that the lease renewal decisions should be within the jurisdiction of the state government alone, without the involvement of other parties. Additionally, the appellant challenges the High Court's rulings regarding the liquidation proceedings of BPMEL and the assignment of recovery rights to TGP, asserting that these matters should be handled differently.

**Contentions of the Respondent:**

Bharat Process & Mechanical Engineers Limited (BPMEL) and others, herein the respondents, contended that the directions given by the High Court regarding the renewal of mining leases were justified, given the history of ownership and management of the leases involving BPMEL and its subsidiary, Odisha Mineral Development Company Ltd (OMDC). Further, they argued that the involvement of all stakeholders, including TGP Equity Management, was necessary for a fair and equitable decision on the lease renewals. Additionally, they raised objections to the delay in the liquidation proceedings of BPMEL and any attempts by the appellant to overturn previous court decisions regarding the lease renewals. However, it can be determined that their contentions focused on upholding the High Court's decisions and ensuring a just resolution considering the complex legal and financial history of the mining leases involved.

**Court’s Analysis & Judgement:**

Based on the intricate analysis made by the hon’ble court, it examined the history of mining leases granted to Bird and Company, which were later transferred to Bharat Process & Mechanical Engineers Limited (BPMEL) and its subsidiary, OMDC. BPMEL faced financial difficulties and was ordered to be wound up, leading to legal disputes with creditors like UCO Bank, whose rights were later assigned to TGP Equity Management. Further, the court considered the validity of lease renewals and the involvement of various stakeholders and upheld a decision directing the formation of a committee involving the Central and Odisha governments, OMDC, and TGP to decide on the lease renewals. Moreover, it can be said that the court's judgment emphasized on fair consideration of all parties' interests and adherence to legal procedures in the resolution of the mining lease issues.

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**Judgement Reviewed By- Shramana Sengupta**