



CNR: KAHC010023812023

NC: 2026:KHC:48322
WP No. 1018 of 2023

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO. 1018 OF 2023 (GM-ST/RN)

BETWEEN:

M/S. SUNDRAM FINANCE LIMITED
HAVING ITS REGISTERED OFFICE AT NO.21
PATULLOS ROAD, CHENNAI - 600 002
REPRESENTED BY ITS AUTHORIZED
REPRESENTATIVE SRI. RENUKA PRASAD
LEGAL MANAGER
AGED ABOUT 45 YEARS
REGISTERED UNDER INDIAN COMPANIES ACT 1913.
...PETITIONER

(BY SRI. NISCHAL DEV B.R, ADVOCATE)

AND:

THE DEPUTY COMMISSIONER OF STAMPS
AND DISTRICT REGISTRAR,
SHIVAJINAGAR REGISTRATION DISTRICT
3RD FLOOR, TATA NAGAR, 3RD CROSS
NEAR TO BALAMURIGANAPATHI TEMPLE ROAD
BBMP WARD NO. 8, BANGALORE - 560 092.
...RESPONDENT

(BY SRI. MANJUNATH RAYAPPA, AGA)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF
THE CONSTITUTION OF INDIA PRAYING TO QUASHING THE
ORDER BEARING NO.GNR/ADJ/08/2022.23 DATED 06.09.2022

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Location: High
Court of
Karnataka





PASSED BY RESPONDENT (ANNEXRUE-A). DIRECTING THE RESPONDENT TO RECALCULATE AND RE-ADJUDICATE THE STAMP DUTY PAYABLE BY THE PETITIONER UNDER ARTICLE 11 UNDER THE SCHEDULE TO THE KARNATAKA STAMP ACT 1957 AND ETC.,

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:
CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The petitioner has called in question the order dated 06.09.2022 passed by the respondent at Annexure-A, whereby the respondent has determined the stamp duty payable on the arbitral award and has also imposed penalty while determining the duty chargeable on the said award.

2. Heard the learned counsel for the petitioner and the learned Additional Government Advocate appearing for the respondent-State. Perused the material on record and the impugned order.

3. The facts, in brief, are that the petitioner is the beneficiary of an arbitral award passed by the sole Arbitrator in



Arbitration Case No.PR/SF/402/2019, directing the respondents jointly and severally to pay a sum of Rs.3,25,003.70/- together with interest at 18% per annum from 08.10.2019 till the date of realization and costs of Rs.5,000/-. The award further records that a sum of Rs.23,500/- paid by the respondents during the pendency of the arbitral proceedings was liable to be deducted from the award amount.

4. Pursuant to the award dated 30.06.2021, the petitioner submitted a representation dated 11.08.2022 before the respondent seeking adjudication/determination of the stamp duty chargeable on the arbitral award. The respondent, by the impugned order, determined the stamp duty payable and, in addition thereto, imposed a penalty. Aggrieved by the said order, the petitioner is before this Court.

5. Learned counsel for the petitioner would contend that the petitioner had approached the respondent authority only for determination of the stamp duty chargeable on the arbitral award and, therefore, there was no justification for imposing any penalty. It is further contended that the respondent, while determining the stamp duty, has failed to take into



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consideration the actual amount awarded under the arbitral award and has proceeded to determine the duty on a basis which is neither discernible from the award nor supported by the material on record. Reliance is placed on the judgment of this Court in Volvo Group India Private Limited v. Deputy Commissioner of Stamps and District Registrar.

6. Per contra, the learned Additional Government Advocate would support the impugned order and contend that the stamp duty determined by the respondent is in accordance with law and does not warrant interference by this Court.

7. In view of the rival contentions, the following points arise for consideration:

i. Whether the determination of stamp duty made by the respondent on the arbitral award is in accordance with law?

ii. Whether the respondent was justified in imposing penalty while determining the stamp duty payable on the arbitral award?

iii. What order?



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Finding on Point Nos.i and ii:

8. Before examining the controversy, it would be appropriate to take note of the operative portion of the arbitral award, which reads as under:

"In the result, an award is passed directing the Respondents jointly and severally to pay the Claimants a sum Rs.3,25,003.70ps/- (Rupees three Lakhs twenty five Thousand and three and seventy Paise Only) with further interest @18% p.a., from 08/10/2019 till the date of realization and costs of Rs.5,000/-.

The amounts of Rs.23,500/- paid by the respondent during the pendency of the arbitration proceedings shall be deducted from the award amount.

The claimant is at liberty to repossess and sell the vehicle in its 'as is where is' condition for the price it may fetch and appropriate the sale proceeds against the claim amount due under the arbitration proceeding and will proceed against the respondents for recovery of the shortfall, if any."

(Emphasis supplied)

9. The representation submitted by the petitioner dated 11.08.2022, at Annexure-D, was specifically for stamping of the final arbitral award. Thus, the petitioner had approached the competent authority seeking determination of the duty chargeable on the instrument.



10. This Court, in ***Volvo Group India Private Limited v. Deputy Commissioner of Stamps and District Registrar W.P No.42926 OF 2017***, while considering the relevant provisions of the Karnataka Stamp Act, has examined the procedure applicable where a person approaches the competent authority for determination of the duty chargeable on an instrument. The said judgment, in particular, deals with the question of imposition of penalty in the case of an arbitral award when the party approaches the authority for determination of the stamp duty payable.

11. The principle emerging from the said decision is that where a person voluntarily approaches the competent authority seeking adjudication/determination of the stamp duty payable on an arbitral award, imposition of penalty, in the absence of circumstances warranting such action in law, is not justified. The statutory scheme governing adjudication of stamp duty cannot be construed as authorising the authority to mechanically impose a penalty merely because the instrument is presented for determination of the duty chargeable.



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12. In the present case, the petitioner admittedly approached the respondent authority for determination of the stamp duty payable on the arbitral award. Therefore, the respondent was required to determine the duty strictly with reference to the terms and contents of the arbitral award and in accordance with the applicable provisions of the Karnataka Stamp Act.

13. A perusal of the impugned order, however, does not disclose a proper consideration of the arbitral award. The award quantified the principal amount payable at Rs.3,25,003.70/-, together with interest and costs, subject to deduction of the sum of Rs.23,500/- already paid during the pendency of the arbitration proceedings. The impugned order does not satisfactorily demonstrate the basis on which the respondent has arrived at the particular amount of stamp duty. The determination, therefore, suffers from want of proper consideration of the award and the relevant material.

14. Insofar as the imposition of penalty is concerned, the same cannot be sustained in view of the law laid down by this Court in ***Volvo Group India Private Limited*** (supra). The



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petitioner had not suppressed the instrument or sought to evade payment of stamp duty on the contrary, he approached the competent authority seeking determination of the duty payable. In such circumstances, the imposition of penalty, while undertaking adjudication of the stamp duty, is wholly unwarranted.

15. Consequently, this Court is of the considered view that the impugned order dated 06.09.2022 at Annexure-A cannot be sustained either insofar as the determination of the stamp duty is concerned or insofar as the penalty imposed therein is concerned. The matter therefore requires reconsideration by the respondent authority, particularly with reference to the actual terms and quantum specified in the arbitral award and the stamp duty already paid by the petitioner.

Accordingly, Points No.1 and 2 are answered in the '**negative**' and favour of the petitioner.

Finding on Point No.iii:



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16. For the foregoing reasons, the writ petition is liable to be allowed in part. Hence, this Court proceeds to pass the following:

ORDER

- i. The writ petition is ***allowed in part***.
- ii. The order dated 06.09.2022 passed by the respondent at Annexure-A is hereby quashed and set aside.
- iii. The matter is remitted to the respondent authority for fresh determination of the stamp duty chargeable on the arbitral award, strictly in accordance with law and having due regard to the terms and quantum specified in the arbitral award and the principles laid down by this Court in ***Volvo Group India Private Limited v. Deputy Commissioner of Stamps and District Registrar***(supra).



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iv. While undertaking such determination, the respondent shall take into consideration the stamp duty of Rs.2,438/- already paid by the petitioner.

v. The respondent shall not impose any penalty while undertaking the fresh determination in terms of this order.

vi. If, upon such determination, any differential stamp duty is found payable, the petitioner shall deposit the same in accordance with law.

vii. The respondent shall complete the aforesaid exercise expeditiously, in any event within six weeks from the date of receipt of a copy of this order.

No order as to costs.

**Sd/-
(SACHIN SHANKAR MAGADUM)
JUDGE**