



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 20TH DAY OF FEBRUARY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C.M. POONACHA

WRIT APPEAL NO. 917 OF 2024 (GM-KIADB)

BETWEEN:

1. THE KARNATAKA INDUSTRIAL AREA
DEVELOPMENT BOARD
#49, 4TH AND 5TH FLOOR
EAST WING, KHANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001
REPRESENTED BY ITS
CHIEF EXECUTIVE OFFICER
& EXECUTIVE MEMBER
2. THE JOINT DIRECTOR
THE KARNATAKA INDUSTRIAL AREA
DEVELOPMENT BOARD
NO.49, 4TH & 5TH FLOOR
EAST WING, KHANIJA BHAVAN
RACE COURSE ROAD
BENGALURU - 560 001

...APPELLANTS

(BY SRI B.B. PATIL, ADVOCATE)

AND:

1. M/S MALEMAPATI INDUSTRIES
NO.23, 5TH MAIN, 1ST CROSS
'B' BLOCK, VINAYAKANAGAR
BENGALURU - 560 017

Digitally
signed by
AMBIKA H B
Location:
High Court of
Karnataka



REPRESENTED BY ITS PROPRIETOR
JAGANNADHARAO M

2. THE STATE OF KARNATAKA
REPRESENTED BY ITS
PRINCIPAL SECRETARY
COMMERCE AND INDUSTRIES DEPARTMENT
VIKASA SOUDIA
BENGALURU - 560 001

...RESPONDENTS

(R-1 IS SERVED & UNREPRESENTED;
BY SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-2)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO ALLOW THE WRIT APPEAL AND SET ASIDE THE ORDER DATED 14/09/2023 PASSED BY LEARNED SINGLE JUDGE IN WRIT PETITION NO.2921/2016 (GM-KIADB) ALLOWING THE PETITION OF RESPONDENT NO.1 BY DIRECTING THE APPELLANTS TO REFUND A SUM OF RS.4,90,000/- WITHIN A PERIOD OF TWO MONTHS FROM THE DATE OF RECEIPT OF THE COPY OF THE ORDER, FAILING WHICH IS SHALL BE ENTITLED TO INTEREST @ 12 % PER ANNUM.

THIS APPEAL, COMING ON FOR PRELIMINARY HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

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

ORAL JUDGMENT

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

1. For the reasons stated in the affidavit accompanying the application – I.A.No.1/2024, the same is allowed and the delay of 249 days in filing the appeal is condoned.



2. The appellants have filed the present appeal impugning an order dated 14.09.2023 passed by the learned Single Judge of this Court in Writ Petition No.2921/2016 (GM-KIADB) [**impugned order**]. Respondent No.1 had filed the said petition, *inter alia*, praying as under:

- "a. Declare that the respondents have no right to change the mode of allotment from Lease-cum-Sale for a period of 10 years to a Lease for a period of 99 years after the allotment is made and
- b. Consequently, Quash the Government Order bearing No.CI 511 SPQ 2013, dated 7.8.2014 [Annexure B] and Quash the order dated 21.12.2015 bearing No.IADB/HO/Allot/AS/20233/824 [Annexure D].
- c. Direct the respondents to abide by the terms of the Allotment letter dated 5.7.2013 in so far as it relates to the allotment by Lease cum Sale Basis for a period of 10 years.
- d. Restrain the respondents from demanding or collecting the balance sums from the petitioner until all the amenities that is required to establish an area as an Industrial Area are provided."

3. During the course of the said proceedings, the respondent had surrendered its allotment and sought refund of the amounts paid to appellant No.1 [**KIADB**]. Accordingly, the prayers made in the writ petition were amended and the following additional prayer was sought:

- "da) Declare that the respondents cannot withhold a sum of Rs.4,90,000/- while refunding the sum paid by the petitioner and direct the respondents to



refund the said sum of Rs.4,90,500/- to the petitioner with interest at 18% p.a."

4. The additional prayer sought was allowed. The present appeal is confined to the direction issued in the impugned order for the return of the amount paid by respondent No.1 on surrender of the allotment. KIADB claims that it is entitled to forfeit a part of the said amount in terms of the allotment letter issued to the respondent. In view of the above, the only question that remains to be examined by this Court is whether the impugned order can be faulted on the ground that it directs refund of the full amount paid by respondent No.1, including the amount of ₹4,90,000/-, which KIADB claims it is entitled to forfeit.

PREFATORY FACTS

5. The respondent proposed to establish a project for manufacturing machine components and accordingly, applied to the State Level Single Window Clearance Committee [**SLSWCC**] seeking approval for the said project. SLSWCC had approved the said project on 13.09.2011 and issued certain directions. The same also included a direction to KIADB to allot 3 acres of land in IT/ITES Park, near BIAL, Devanahalli Taluk [**subject land**]. In



terms of the said directions, the respondent was required to make an application to KIADB along with the initial deposit towards the tentative cost of the subject land.

6. The respondent filed an application dated 11.04.2012 for allotment of the subject land along with an initial deposit of ₹5,00,000/-. Subsequently, respondent No.1 paid additional amounts. In all, respondent No.1 deposited ₹24,50,500/- towards the tentative cost of the subject land.

7. On 30.05.2014, KIADB allotted a plot of land, being plot No.265 in Obadenahalli Industrial Area, measuring $\frac{1}{2}$ acre. There is no dispute that, at the material time, it was KIADB's policy to allot industrial plots on lease-cum-sale basis for a period of ten years. The respondent's application for allotment was also on the said basis.

8. It is the respondent's case that, on inspection of the subject land, it was found to be totally undeveloped and without any amenities, such as roads, electricity, or water supply. While the respondent was pursuing the matter with KIADB regarding the said issues, the State Government issued an Order dated 07.08.2014



materially altering the policy relating to the terms of allotment of industrial plots. In terms of the said Government Order, the transfer of land was to be on a leasehold basis – lease of 99 years and not on a lease-cum-sale basis. The said changed policy was also applicable to the projects that were cleared by the SLSWCC and the KIADB Allotment Committee prior to 23.08.2013, for which the lease-cum-sale agreement had not been signed for specified reasons. The relevant extract of the Government Order dated 07.08.2014 is set out below:

"I. Government is pleased to approve the allotment of land by KIADB in their industrial areas including Single Unit Complexes and Housing Complexes on lease for a period of 99 years.

II. The lease will also apply to such projects cleared by SHLCC/SLSWCC/DLSWCC and KIADB Allotment Committee prior to 23.08.2013, but where lease-cum-sale agreement has not been signed due to the following reasons:

- i) land acquisition is not completed
- ii) land is under litigation and court cases
- iii) layout plan has not been approved
- iv) tentative allotment rate of land has not been fixed
- v) applications filed with partial initial deposit
- vi) for any other valid reasons."

9. Respondent No.1 claimed that it had applied for a bank loan for funding the cost of the project and the bankers had approved



the loan on the premise that the allotment of the subject land was on lease-cum-sale basis and, the respondent, on complying with the requisite conditions, would become the absolute owner of the allotted land.

10. In view of the material change, the respondent sought to surrender the subject land and sought a refund of the allotment amount. KIADB accepted the surrender of the allotment and refunded the amount paid by the respondent, except a sum of ₹4,90,000/-, being 20% of the cost of the subject land, which it retained as a penalty.

11. The learned Single Judge faulted KIADB for levying the penalty on the ground that the respondent could not be compelled to accept the allotment on the terms and conditions that had been substantially changed.

12. We find no infirmity with the impugned order. Since KIADB had materially altered the terms and conditions of the allotment, the respondent was well within its right to surrender the same and to seek refund of the amount paid.

13. The appeal is unmerited and, accordingly, dismissed.



14. The pending interlocutory application also stands disposed of.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(C.M. POONACHA)
JUDGE**

AHB
List No.: 2 SI No.: 24