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W.A.No.761 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 21.08.2023

CORAM :

THE HON'BLE MR.SANJAY V.GANGAPURWALA, CHIEF JUSTICE

AND

THE HON'BLE MR.JUSTICE P.D.AUDIKESSAVU

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Erode Infrastructures Pvt. Ltd.,
rep. by Director M.Jagannathan,
4/337, Srinivas Athathampalayam,
Vallipurathampalayam Post,
Erode-636 112.

.. Appellant

Vs

1.Rail Land Development Authority,
(A Statutory Authority under Ministry of Railways)
rep. by its General Manager (Projects)
Moti Bagh-1,
Near Safdargung Railway Station,
New Delhi-110 021.

2.Rail Land Development Authority,
(A Statutory Authority under Ministry of Railways)
rep. by its Deputy General Manager Land-1,
Moti Bagh-1,
Near Safdargung Railway Station,
New Delhi-110 021.



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3.The Deputy General Manager (Projects),
Rail Land Development Authority,
Moti Bagh-1,
Near Safdargung Railway Station,
New Delhi-110 021.

.. Respondents

Prayer: Appeal under Clause 15 of the Letters Patent against the order dated 29.4.2022 passed by the learned Single Judge in W.P.No.61281 of 2018.

For the Appellant : Mr.V.Raghavachari
Senior Counsel
assisted by Ms.V.Abirame
for M/s.R.Ganesan

For the Respondents : Mr.Siddharth Bahety

JUDGMENT
(Delivered by the Hon'ble Chief Justice)

We have heard Mr.V.Raghavachari, learned Senior Counsel for the appellant and Mr.Siddharth Bahety, learned counsel for the respondents.

2. The order dated 29.4.2022 passed by the learned Single Judge in W.P.No.1281 of 2018 filed by the present appellant is



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assailed.

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3. The present appellant had filed the writ petition seeking a direction against the respondents to execute the lease agreement so as to enable the appellant to complete the project as contemplated under the Regulations.

4. Pursuant to the proposal of the respondents to construct and maintain the railway line for commercial development and tender for development of multi-functional complexes at Erode junction railway station, the appellant had bid. The bid of the appellant for an amount of Rs.3,08,27,800/- was accepted for the lease period of 45 years and letter of acceptance was issued. The appellant did not make payment of the first installment within the time stipulated. The respondents, on 3.1.2018, had cancelled the letter of acceptance, inter alia, the contract. The appellant deposited the first installment with interest on 6.1.2018 and filed the writ petition.



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5. The learned Single Judge allowed the writ petition partly by setting aside the order of the second respondent cancelling the letter of acceptance and forfeiting the amount. The learned Single Judge directed the appellant to pay the remaining installments along with simple interest as stated in the tender condition on or before 29.6.2022.

6. Learned Senior Counsel for the appellant/writ petitioner submits that the learned Single Judge has arrived at a conclusion that the cancellation letter issued by the second respondent is illegal and set aside the same. As such, during the period the matter was pending before this Court, the appellant shall not be liable to pay the interest. According to learned Senior Counsel for the appellant, the appellant is not at fault for the pendency of the matter for such a long period before the learned Single Judge.

7. According to learned counsel for the respondents, the terms of the contract are explicit and clear. As per the terms of the contract, the appellant is required to pay 15% interest on the



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delayed payment so also after the stipulated period, 3% penal interest is also required to be borne by the appellant.

8. It is not disputed that the writ petition was filed in the year 2018 and it took almost four years for the writ petition to be decided.

9. The pendency of the writ petition should not be detrimental to the interest of any party, so also should not enure to the benefit of the party.

10. The writ petition was pending. The appellant had not deposited the remaining installments in Court so as to arrest the charging of interest.

11. The Apex Court, in the case of *Municipal Corporation of Greater Mumbai v. Harish Lamba of Bombay, Indian Inhabitant and others, reported in (2020) 15 SCC 171*, has observed with regard to the payment of interest during the pendency of the writ petition as



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under:

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"29. Applying the principle underlying these decisions, we deem it appropriate to quantify the interest component at the rate of 18% p.a. on the outstanding principal tax amount or the statutory interest as may have been prescribed under the extant Regulations, whichever is less, for the period during the pendency of writ petition and the present appeal, as the case may be. For rest of the default period, from the date of demand notices until payment of the outstanding amount mentioned therein, the respondents shall be liable to pay interest at the rate as prescribed in the extant Regulations applicable in that regard. This would meet the ends of justice."

12. The respondents have not challenged the order passed by the learned Single Judge, wherein its order of cancelling the letter of acceptance is set aside. At the same time, the respondents are also deprived of the use and enjoyment of the amount as the appellant did not deposit the remaining installments.



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13. To balance equities, it will be appropriate if the respondents are allowed to charge interest at the rate of 15% per annum (simple interest) and not the penal interest of 3%.

14. The time awarded by the learned Single Judge has expired.

15. In the light of that, we modify the order and pass the following order:

- (1) The order passed by the learned Single Judge of setting aside the impugned order is maintained.
- (2) The appellant/writ petitioner shall deposit the remaining installments along with simple interest at 15% per annum on or before 05.09.2023.
- (3) If the appellant fails to deposit the amount as directed above on or before 5.9.2023, then the present appeal shall axiomatically stand dismissed.
- (4) If the appellant deposits the amount as directed above, then the parties shall perform



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further part of the contract as is stipulated.

(5) The payment of GST or any other tax, shall be paid as per the terms of the contract.

16. With these observations and directions, the writ appeal is disposed of. There will be no order as to costs. Consequently, C.M.P.No.7403 of 2023 is closed.

(S.V.G., CJ.)

(P.D.A., J.)

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Index : Yes/No
Neutral Citation : Yes/No
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To

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