



W.P.No.9380 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 11.09.2024

CORAM

THE HON'BLE MRS.JUSTICE V.BHAVANI SUBBAROYAN

W.P.No.9380 of 2024

M/s. Indo Muscat Foods Pvt. Ltd.
No.2A, 55/6, 2nd Floor,
Ramen Villa, New Avadi Road,
Kilpauk,

Presently at:
Plot No.A-17, Part,
SIPCOT Industrial Park,
Irugattukottai

....Petitioner

..Vs..

State Industries Promotion Corporation of
Tamil Nadu Limited,
(A Government of Tamil Nadu Undertaking)
CIN I U74999TN1971SGC005967
19-A, Rukmani Lakshmipathy Road,
Post Box No.7223,
Egmore, Chennai – 600 008.

...Respondent

PRAYER: Writ Petition filed under Article 226 of the Constitution of

India seeking to issue a Writ of Certiorarified Mandamus to call for the

records of show cause notice dated 01.01.2024 Ref. No. P-



W.P.No.9380 of 2024

I/Iru/Indomuscat/100/1999 issued by the Respondent and to quash the same and consequently direct the Respondent to extend the time period by two years for commencement of business and pass orders accordingly.

For petitioner : M/s. J.B. Abithabanu
For Respondent : Mr. Abishek Murthy
(Standing Counsel for SIPCOT)

ORDER

This Writ petition has been filed seeking to issue a Writ of Certiorarified Mandamus to call for the records of show cause notice dated 01.01.2024 in Ref. No. P-I/Iru/Indomuscat/100/1999 issued by the Respondent and to quash the same and consequently direct the Respondent to extend the time period by two years for commencement of business and pass orders accordingly.

2. The case of the petitioner is that (i) the petitioner being the Hotel industry, is doing business in various country for the past 30 years, having rich experience in the business of industrial bakeries and retail outlets and hotels. In order to commence the said business in India, two



W.P.No.9380 of 2024

companies by name (1) Indo-Musca Foods Private Limited, the Petitioner company and (2) Indo Muscat Bakery Private Limited have been incorporated and approached the Respondent for allotment of land to commence the business. Accordingly, the Respondent vide allotment letter dated 30.06.1999 allotted the property at Survey No 96, Plot No. A-17 part admeasuring to an extent of 0.97 acre in SIPCOT's Industrial Park at Irungattukottai within the village limit of Thandalam Taluk of Sriperambathur, Sub-Registration District of Chengalpattu in Kancheepuram District to the Petitioner for manufacturing Cakes, Sweet Meats and Savouries and vide another allotment letter dated 30.06.1999 wherein it was allotted Plot No.A16 and A17 part ad-measuring to an extent one acre in the name of the sister concern of the Petitioner namely Indo Muscat Bakery Private Limited for the of running bakery cum coffee shop and restaurant. On payment of Rs.78 Lakhs, the Respondent transformed the Industrial land and permitted them for running restaurants and lodging rooms too. In respect of land allotted to the Petitioner for setting up the manufacturing unit, the Petitioner commenced the construction of the building. The Petitioner has got Letter of Intent dated 18.01.2018 from a Spanish Company named "Dulcesol" for a joint venture operation in production and distribution of cookies,



W.P.No.9380 of 2024

cakes in Indian and Oman for Indo Muscat Bakery Private Limited market. When the construction work was in process and the Petitioner was working towards the commencement of manufacturing unit, Covid-19 came. Due to pandemic, the Petitioner had a financial crunch and the unit could not be started as planned.

(ii) In the year 2023, the Petitioner again started its construction work. The Respondent is well aware of the said fact and issued a letter dated 06.04.2023 calling upon the Petitioner to complete the project quickly. The Petitioner vide letter dated 09.05.2023 replied to the Respondent and sought for extension for a period of 3 years to commence the business. When the Petitioner was awaiting for the extension letter, to the shock and surprise of the Petitioner, the Respondent issued a 90 days show cause notice dated 01.01.2024 calling upon the Petitioner to show cause why action should not be taken against the Petitioner to cancel the allotment for breach of condition. There was no breach of condition by the Petitioner and the Petitioner has utilized the land only for the purpose for which it was allotted. The time period for commencement of the business was duly extended from time to time. The same is evident from the letter dated 06.04.2023 issued by the



W.P.No.9380 of 2024

Respondent. Thus the Petitioner vide letter dated 05.02.2024 sent a reply to the Respondent and sought for time extension of two years' time period. However there was no response from the Respondent. While the 90 days notice period expires on 31.03.2024, the Petitioner apprehends that the Respondent may cancel the allotment based on the impugned show cause notice. The construction in the property is half way through and the Petitioner is taking genuine efforts to complete the construction. The Petitioner has paid all development and maintenance charges upto date without due. The Petitioner has already spent huge money and had put up construction over the land called upon. Further, the petitioner has also entered into a Joint Venture Agreement with a foreign company and the Petitioner has taken all steps to commence business. Only due to pandemic, the business could not be commenced. The lease period is for 99 years ie up to the year 2098. In such circumstances the allotment is cancelled the Petitioner would be put to irreparable loss and hardship. Hence left with no other option, the petitioner is filling the present Writ Petition praying to quash the show cause notice dated 01.01.2024 issued by the Respondent.

3. The learned counsel for the petitioner submits that the



W.P.No.9380 of 2024

Respondent without considering the fact that the Petitioner has been running a bakery the adjacent premises, in the subject property, part of construction is completed as well as they had entered in to a Joint Venture Agreement with a Spanish Company, the respondent has issued the impugned Show Cause Notice dated 01.01.2024 in Ref. No. P-I/Iru/Indomuscat/100/1999 stating to show cause why action should not be taken against the Petitioner to cancel the allotment for breach of condition.

4. It has been further submitted by the learned counsel for the petitioner that only due to pandemic there was a delay in the commencement of the project. The Respondent having issued the letter dated 06.04.2023 calling upon the Petitioner to commence the business at the earliest ought not to have issued the impugned notice. Further, the Petitioner has used the premises for the purpose for which it was allotted and he has never misused the same. There is no proper reason stated for issuing the impugned notice. In the impugned show cause notice the Respondent has given 90 days time to cancel the allotment. Hence, the Petitioner apprehends the Respondent may cancel the allotment of the land of the Petitioner at any time. Hence urgent orders are required



W.P.No.9380 of 2024

restraining the Respondents from taking any steps based on the Show Cause notice dated 01.01.2024. the show cause notice issued by the Respondent is unsustainable and liable to set aside.

5. The learned counsel for the respondent submits that as per the condition No.3 (vii to ix) of the Allotment order and Lease deed Condition Nos. 18 & 19, the Petitioner should have commenced production within 30 months from the date of Allotment order. However, they failed to commence construction of factory building. Subsequently, extension of time was granted on 01.06.2005 for commencement of commercial production by April 2006 in the allotted Plot No.A-17pt. measuring 0.97 acre allotted to M/s.Indo Muscat Foods Pvt. Ltd. based on their sister company M/s.Indo Muscat Bakery Pvt.Ltd., who has implemented the project in the allotted plot. However, again the Petitioner failed to commence the construction, hence further Extension of time was granted to the Petitioner on 6.3.2006 for commencement of commercial production by December 2007 in the allotted Plot.

6. It has been further submitted by the learned counsel for the respondent that even though sufficient time was granted to the Petitioner,



W.P.No.9380 of 2024

the Petitioner Company failed to commence the construction. Hence, 15 days Show cause was issued on 30.05.2007 for non-implementation of the project in the allotted Plot. The Petitioner vide letter dated 08.06.2007 replied to the Show Cause Notice that they would utilize the plot to operate Bakery from Coffee shop with Restaurant and to set up operate a new Hotel with rooms in Plot Nos.A-16 & A-17 pt and to set up a factory for the production of Bakery, Cakes, Sweet meats, savouries and Food products. Subsequently, the request of the Petitioner company was placed before the Board at its meeting held on 18.6.2008 and also resolved the request of the Petitioner has been rejected by the Board and it was Resolved to proceed with eviction proceedings for non- utilization of land allotted to the Petitioner and the same has been communicated vide letter dated 3.7.2008 to the petitioner and issued cancellation order on 14.07.2008 to M/s.Indo Muscat Foods Pvt. Ltd. Based on the board decision.

7. The learned counsel for the respondent further submitted that aggrieved by the aforesaid Cancellation order and communication letter, the petitioner has filed two Writ Petitions in W.P.Nos.18130 and 18846 of 2008. On 11.11.2008, M/s.Indo Muscat Bakery Pvt.Ltd,



W.P.No.9380 of 2024

requested Government intervention. Government in its letter dated 21.11.2008 has forwarded a copy of the letter dated 11.11.2008 and requested to offer remarks of the petition. The respondent reviewed this in its Board at its meeting held on 5.2.2009 and resolved to allow M/s.Indo Muscat Bakery Pvt.Ltd., to operate a Bakery cum Coffee Shop with a Restaurant and set up a new Hotel with Rooms, subject to collection of differential land cost of Rs.78.00 lakhs for the Plot Nos.A-16 & A-17 and other Plot No.A- 17 pt. shall be utilized for manufacturing purposes and to withdraw W.P.No.18846/2008 filed by M/s.Indo Muscat Bakery Pvt.Ltd., and the same was informed on 9.3.2009 and they paid differential land cost of Rs.78,00,000/- on 11.6.2010. Approval was granted on 27.10.2010, but the Petitioner failed to utilize the land.

8. It has been further submitted that the Petitioner in their letter dated 9.5.2023 has informed that they were planning to commence their production after construction of an RCC building approximately 12,000 sq.ft. in their compound. Meanwhile, there was social menace like COVID and thereafter due to the side effects of COVID, they were unable to go further and that they had entered into an agreement with an



W.P.No.9380 of 2024

International company to set up an industrial Bakery unit with their technical support and since the International Company had some financial constrain that they had requested the Petitioner to hold the commencement of the project for 3 more years. Hence, the petitioner decided to hold the project for 3 more years and requested the Respondent to grant extension of time for 3 more years for commencement of the project.

9. The learned counsel for the respondent further submits that the Project Officer, SIPCOT, Irungattukottai in his e.mail/letter dated 14.12.2023 has informed that the Plot No.A-17 Pt. allotted to M/s.Indo Muscat Foods Pvt.Ltd., was inspected on 14.12.2023 and that there is no Construction activity for the past one year and that the building has not been completely built to start production. Further, the allottee has to pay an amount of Rs.2,30,478/- towards Maintenance charges, Road/Land sharing cost-PIDP scheme and Interest on Road sharing charges and Interest on Maintenance charges to SIPCOT.

10. It has been further submitted that the petitioner was given opportunity from time to time by granting extension of time to commence



W.P.No.9380 of 2024

their operations. However, they failed to utilize the opportunity given and not implemented the project for the 24 years. As per the prevailing policy in vogue (O.O. No.43/2020 dated 07.10.2020) who have not completed the construction for more than 7 years, 90 days' notice has been issued on 01.01.2024 for non- implementation of the project in the allotted Plot.

11. The learned counsel for the respondent further submits that the contention of the petitioner is that due to covid pandemic, their business could not be commenced which cannot be accepted. As Covid pandemic during 2020 and lasted till 2021, while the plot was allotted during 1999 and the petitioner had kept the valuable plot vacant without any activity. The above 90 days notice dated 01.01.2024 addressed to the Petitioner company has been returned by the Postal Department with remarks as "No such address in this address". However, the Project Officer, SIPCOT, Irungattukottai in his e.mail / letter dated 13.01.2024 has informed that he has affixed the notice in the premises located at Plot No.A-17 measuring 0.97 acre allotted to the Petitioner Company and enclosed the Photographs.



W.P.No.9380 of 2024

12. It has been further submitted that in response to our above 90 days' notice, on 05.02.2024 the Petitioner has informed that since there was no significant activity during the Covid period, requested for further extension of time for 3 years and shall complete the work and start the manufacturing activity within the extended period of three years. The Respondent has issued 90 days' show cause notice on 01.01.2024 and had not given any extension of time, as requested by the Petitioner.

13. The learned counsel for the respondent further submits the Respondent being an Industrial Promotion Corporation in Tamilnadu is responsible for proper monitoring over right usage of valuable industrial land alienated / acquired as per Government orders. Hence, SIPCOT often review the status of industrial plots allotted to the industrial units, after obtaining periodical reports from the respective Project officers. Action was initiated for issue of notices followed by cancellation order not only to the petitioner industry but to all the units who have not implemented the project within the stipulated period.

14. Heard both sides and perused the materials available on record.



W.P.No.9380 of 2024

WEB COPY

15. On perusal of the materials available on record, it is seen that the Petitioner was given with opportunities for extension of time to commence construction however, the petitioner has not utilized the plots allotted for industrial purposes, as per the terms and conditions, which violates condition No.3 (vii to ix) of the Allotment order and Lease deed Condition Nos.18 & 19. Hence, as per the said conditions, this Court is of the view that the Respondents have complied the procedures established under law and as per the Surrender policy, the petitioner has the option to surrender the plot and avail a refund equal to the amount remitted with a deduction of 1% of the total amount remitted, for the plot surrendered. That option can be availed by the petitioner. The Writ petitioner has not made out a case for showing any indulgence from this Court as the SIPCOT has to review the status of the industrial plots allotted to the industrial units and only after their satisfaction, the same can be considered and the petitioner was also given an extension of time, the same has not been taken into account and they have not completed the work and started the manufacturing activity within the extended period of three years and 90 days show cause notice was also issued on 01.01.2024 and there will not be any further extension of time. Hence, this Court is of



W.P.No.9380 of 2024

the view that the petitioner has not made out any case for interference and
the same has to be dismissed.

16.Accordingly, this Writ Petition is dismissed. No costs.

.09.2024

Index : Yes/No
Internet: Yes/No
Lbm

To

Plot No.A-17, Part,
SIPCOT Industrial Park,
Irugattukottai.



WEB COPY



W.P.No.9380 of 2024



WEB COPY



W.P.No.9380 of 2024

V.BHAVANI SUBBAROYAN, J.,

Lbm

W.P.No.9380 of 2024

11.09.2024