IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08-07-2025

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THE HONOURABLE MRS.JUSTICE T.V.THAMILSELVI

CMA No. 2325 of 2024
AND
CMP NO. 18401 OF 2024

1. The Lakshmi Vilas Bank Ltd
Cathedral Road Branch No.70,
Cathedral Road, Ch - 086. rep. by its
Chief Manager, now amalgamated with
D.B.S. Bank India Ltd.
R.K.Salai(Cathedral Road) Branch,
Citadel No.117/2, 117/4, Dr/
Radhakrishnan Salai, Mylapore, Ch-04.

Appellant(s)

Vs

1. Chief Controlling Revenue Authority
cum Inspector General of Registration,
Chennai - 28.

2.District Revenue Officer (stamps)
Chennai.

3.Sub-registrar
29, South Mada St, Tiruporur - 110.

Respondent(s)

CMP No. 18401 of 2024

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29, South Mada St, Tiruporur - 110.

Respondent(s)

CMA No. 2325 of 2024

PRAYER

To proceedings of the Chief controlling Revenue Authority Cum Inspector General of Registration, Chennai and made in Na.Ka.No.55845/N1/2016 dated 01-02-2024 and received by the appellant herein on 06-02-2024 the first respondent herein in confirming proceedings of the District Revenue officer(Stamps), Chennai made in R.C.No.1123/2015/A6 dated 03-10-2016

CMA No. 2325 of 2024

For Appellant(s): Mr.N. Damodaran

For Respondent(s): Mr.M.Suresh Kumar Aag
Asst.By Mr.C.Sathish
Govt.Advocate

JUDGEMENT

This Civil Miscellaneous Appeal has been filed challenging the proceedings of the Chief controlling Revenue Authority Cum Inspector General of Registration, Chennai and made in Na.Ka.No.55845/N1/2016 dated 01-02-2024 and received by the appellant herein on 06-02-2024 the first respondent herein in confirming proceedings of the District Revenue officer(Stamps), Chennai made in R.C.No.1123/2015/A6 dated 03-10-2016.

2. M/s. Orchid Chemicals and Pharmaceuticals Ltd., Alathur had availed a short term loan of Rs.50.00 cores from Lakshmi Vilas Barik, Catherdral Road Branch, Chennai.(in short "appellant bank") and for this deed the said company mortgaged the landed properties and Structures within of Pattipulam village to the appellant Bank. The extent of the landed property is 36.09 Acres. Thereafter the above mentioned Company made default in returning the loan amount and consented to sell the mortgaged property to the bank to set off the entire loan

dues to the bank. Consequently, the appellant bank purchased the property as Non-Banking Asset, vide sale deed No.15088/2013, dated 24.05.2013. The appellant bank remitted and amount of Rs. 4,15,17,000/ towards the stamp duty and an amount of Rs.59,31,000/- towards the Registration fee. From observation it is revealed that the Guideline Value followed by the Bank in the sale deed is Rs.1,10,000/- per cent in total and Rs.1,74,000/- per cent for survey number 250/3A only. Whereas the sub- Registrar, Thiruporur had considered the Guideline value as Rs.1000 per Sq.ft. and thus calculated Rs.1,57,35,24,000/- as land value and Rs. 18,26,50,400/- as building value and in total the amount was calculated as Rs. 1,75,61,74,400/-. For this total amount 7% stamp duty value is calculated and fixed as Rs. 12,29,32,208/- but the appellant bank authority had paid Rs. 4,15,17,100/- as stamp duty and hence the Sub-Registrar involved this document under the provisions of 47A(1) of Indian Stamp Act1899, mentioning Rs.8,14,15,108/- as deficit stamp duty and forwarded the document to the District Revenue Officer, (stamps), Chennai. On receipt of the recommendations of the Sub-Registrar, Form- I Notice was served to the buyer appellant Bank and the then Tahsildar (Stamps) inspected the sites on

01.08.2015 an Consequently Form-II Notice was served on 28.11.2015. The buyer bank viz. the Lakshmi Vilas Bank has filed the Memorandum of objections dated 22.01.2016 before the Authority. In the memorandum the appellant bank objected the involvement of their document under the provisions 47A(1) of Indian Stamp Act-1899 is highly non- Procedural, Contradictory and against natural justice. The appellant bank further prayed for personal hearing in order to explain the anomalies in the procedures followed. Whereas the buyer bank had already been called for enquiries and some of the authorized persons of the bank were continuously contacted through phone to settle the pending document but the process protracted for long. Finally District Revenue Officer (Stamps), Chennai took a decision to inspect the site in question to bring the process to a conclusion. Thereafter he along with Tahsildar (Stamps) personally inspected the lands and the constructions on 21.09.2016. The site was identified by the officials of M/s. Orchid Chemicals, they experienced a different phenomena of personal inspection as the entry in to the site started with covering the silencer pump of our jeep with a defensive instrument Though the main entrance started at Alathur village of Thiruporur Taluk, they had to cross through several Chemical and other Companies to reach the site in question. The land stretch starts at the end point of the Orchid Company, a bitumen road runs south west. The entire land i.e.36.09 Acres sporadically having boilers, Coolants and Stocking sheds and the remaining lands are kept vacant, naturally covered with bushes. In between the Land Stretch, brackish land also is lying to a certain extent. The entire land in question comes under the land jurisdiction of Pattipulam village. Every inch of the land reveals its presence in a highly protected, defensible zone. On observation, the request of the bank authorities that the land value has been raised without application of mind and the Guide line value should be considered cannot be accepted. The entire lands in Pattipulam village cannot be hold in par with he present lands considering their presence, location and the natural geographical position of coming under Industrialzone. As per the rules in vogue, the lands falling under Industrial zone cannot be considered as ordinary and agricultural lands and the same yardstick to measure and conclude in the case of lands for ordinary uses cannot be followed in the case of the Bank's property, which is a part and parcel of M/s. orchid chemicals and pharmaceuticals Ltd.

3. Hence, the DRO(Stamps) concluded and determined that the fixation of the guideline value as Rs.1000/-per Sq.ft. and building value estimated by AEE (PWD)/Registration Department Chennai vide field Inspection Number 927/ AEE/14 dated 22.09.2014 As Rs. 29 14,94,724/- (Rupees Twenty nine Crores fourteen lakhs, ninety fours thousand seven hundred and twenty four only) are justified as really, representing the field value and building value and thus confirm, maintain the fixation of Guide line Value by the Sub-Registrar. Hence, he ordered that the appellant bank authorities to pay the deficit stamp duty mentioned in Form-II and retrieve the pending document

4. Challenging the fixation of the value made by the DRO stamps the bank has preferred the appeal before the Inspector General of Registration Chennai, on hearing both sides, final order was passed by the Inspector General of Registration by holding that entire land come under the sub category of Industrial Zone and not a agricultural land thereby per square feet Rs.1,000/- was fixed by the DRO Stamps as such is justifiable and same was confirmed and in respect of fixation of the value of the the building, based upon the executive engineer of PWD the Inspector General of Registration by relying

ratio laid down in Duncans Industries Ltd Vs. State of U.P the Inspector General of Registration not fixed value for the machinery since on the date of inspection officials not permitted to value the machinery. However, liberty was granted to the DRO to collect the amount with regard to value of the machinery. Now the said order dated 01.02.2024 was challenged before this Court.

5. The learned counsel for the appellant filed this appeal on the following grounds:

i. The impugned proceedings of the second respondent herein and as confirmed by the first respondent herein in fixing the guideline value of the vacant land at Rs. 1,000/- per square feet with respect to the properties subject matter of purchase under the sale deed, dated 24.05.2013 by the appellant herein in fixing the building value at Rs. Rs. 29,14,94,724/- is most illegal, arbitrary, as against the mandatory provisions of the Indian Stamp Act, 1899 as amended therein and the Rules made therein and as against the principles of natural justice.

ii. The third respondent herein had not acted as mandated under the provisions of the statute, in that the said authority ought to have adverted to the fact that as the registered authority vested with specific power, the said authority shall register the sale deed, dated 24.05.2013 presented for registration by the vendor of the appellant herein, as per the provisions of Sub-Section (1) of Section 47-A of the Indian Stamp Act, 1899 as amended therein and hereinafter referred to as the said Act and that of the Tamil Nadu Stamp (Prevention of Undervaluation of Instruments) Rules, 1968 hereinafter called the said Rules and if the said authority has reason to believe that the market value of the property has not been truly set forth in the instrument, he may refer the document to the Collector namely the second respondent herein for determination of the correct market value of the properties subject matter of the conveyance.

Iii. The third respondent had acted against the provisions of the said Act and the Rules made therein, in that, in the present case, instead of following the above mandatory procedure, the authority kept the sale deed pending as pending Document No. 26 of 2013 without even raising any objection as to the valuation of market value of the said property as stated by the appellant herein and only after repeated demands by the appellant bank for the return of the document, the said respondent sent the notice, dated 17.09.2013 directing the appellant bank to remit the deficit stamp duty of Rs. 1,53,27,200/- and the registration fee of Rs. 21,89,600/- by way of D.D with a further direction to get back the document after such remittance of the deficit stampduty.

iv. The third respondent had acted arbitrarily in sending the notice dated 17.09.2013 at his whims and fancies wherein the said authority, had not even disclosed on what basis he had arrived at the alleged market value of the properties subject matter of sale deed, dated 24.05.2028 in question before calling upon the appellant herein to remit the deficit stamp duty as demanded in thesaidnotice.

v. The third respondent had acted against the provisions of the said Act and the Rules made therein in that after receipt of the objection to the notice, dated 17.09.2013 made by the appellant, not only, had failed to return the document in question after registration, but leisurely, after nearly two years from the date of presentation of the sale deed, the said authority sent a reference to the second respondent herein seeking for determination Stamp (Prevention of Undervaluation of Instruments) Rules, 1968 hereinafter called the said Rules and if the said authority has reason to believe that the market value of the property has not been truly set forth in the instrument, he may refer the document to the Collector namely the second respondent herein for determination of the correct market value of the properties subject matter of theconveyance.

vi. The third respondent had acted against the provisions of the said Act and the Rules made therein, in that, in the present case, instead of following the above mandatory procedure, the authority kept the sale deed pending as pending Document No. 26 of 2013 without even raising any objection as to the valuation of market value of the said property as stated by the appellant herein and only after repeated demands by the appellant bank for the return of the document, the said respondent sent the notice, dated 17.09.2013 directing the appellant bank to remit the deficit stamp duty of Rs. 1,53,27,200/- and the registration fee of Rs. 21,89,600/- by way of D.D with a further direction to get back the document after such remittance of the deficit stamp duty.

Vii. The third respondent had acted arbitrarily in sending the notice dated 17.09.2013 at his whims and fancies wherein the said authority, had not even disclosed on what basis he had arrived at the alleged market value of the properties subject matter of sale deed, dated 24.05.2028 in question before calling upon the appellant herein to remit the deficit stamp duty as demanded in the said notice.

Viii. The third respondent had acted against the provisions of the said Act and the Rules made therein in that after receipt of the objection to the notice, dated 17.09.2013 made by the appellant, not only, had failed to return the document in question after registration, but leisurely, after nearly two years from the date of presentation of the sale deed, the said authority sent a reference to the second respondent herein seeking for determination. The Form II Notice, dated 28.11.2015 issued by the second respondent herein enclosing the provisional order is also against the mandatory provisions of Sub-Rule (4) of Rule 4 of the said rules, in that the said authority had failed to disclose the basis on which the said authority had arrived at the provisional market value of Rs. 1000/- per square feet with respect to the properties in question and in directing the appellant herein to remit the deficit stamp duty of Rs.8,14,15,108/- and on this short ground the entire proceedings as initiated and as proceeded with by the respondents herein is liable to be set aside by this Hon'ble court.

ix. The impugned proceedings, dated 03.10.2016 issued by the second respondent herein in determining the guideline value at Rs.1000/- per square feet for the vacant land and the value at Rs.29,14,94,724/- for the building situated therein with respect to the subject properties, is most illegal, arbitrary and as against the principles of natural justice in that

x. the second respondent had failed to give an opportunity for personal hearing in spite of specific demand made by the appellant herein and as per the mandatory provisions of the said Act and the Rules made therein thus violating the principles of natural justice;

xi. The entire findings of the impugned proceedings of the second respondent in determining the market value of the properties in question as stated supra, proceeds on the wrong presumption that the main entrance to the properties in question, started at Alathur Village and from the factory premises of M/s Orchid Chemicals and Pharmaceuticals Ltd., one had to cross through several chemical and other companies to reach the site in question, which findings on the face of it most unreasonable, in that the properties subject matter of the sale deed and subject matter of purchase by the appellant, could be reached only through the mud road situated in the Pattipulam Village, not from the entrance of the M/s Orchid Chemicals and Pharmaceuticals Ltd., as strongly projected by the second respondent herein for arriving at the market value of the properties.

Xii. The second respondent herein had arrived at the aforesaid findings without even adverting to the sale deed, dated 24.05.2013 and the schedule of properties as incorporated therein whereas no right of way through the factory building of the vendor of the appellant herein was given and the appellant shall have no right to use the factory building of the vendor to reach its properties.

Xiii. The second respondent on inspection having found that most of the lands had been kept vacant and covered with bushes and there are brackish water and has been used for draining the chemical waste and used for the storage of chemical liquid, had committed a serious error in fixing the market value as Rs. 1,000/- with respect to the land on the wrong presumption and assumption that the lands in question comes under the Industrial Zone and is a protected zone.

Xiv. In this respect the second respondent herein had failed to advere the fact that the properties subject matter of purchase by the appellant bank is situated at Pattipulam Village bordering Alathur Village are SIPCOT INDUSTRIAL ESTATE and that area are only classified as industrial zone.

Further, the properties situated at Pattipulam Village especially the properties in question which are situated just adjacent to the Buckingham Canal is not an Industrial Property also not in Industrial Zone. Therefore, the failure to advert to the said fact and in assuming the property in question is located in an Industrial Zone is most illegal and arbitrary.

xv. That the findings of the second respondent that every inch of the land reveals its presence in a highly protected, defensible zone is most unfounded when the fact remains that most part of the vacant land has been used for draining and storing the chemical wastes which resulted in degrading the quality of the soil and water which made the land unfit for human habitation, besides the second respondent had failed to take note of the fact that on the eastern side of the lands in question runs the Buckingham Canal and due to which, there is a total prohibition of development activities of whatever nature in the properties in question as per law.

Xvi. Besides, the second respondent had failed to take note of the fact that due to non-user, the RCC Sheds have been in a dilapidated condition except few RCC Sheds and for which the correct valuation of Rs. 18,26,50,400/- has been stated by the appellant bank in the sale deed.

xvii Besides, the finding of the second respondent that the lands has to be considered as the industrial zone on the wrong notion that one has to enter the properties in question after passing the multiple level security system besides switching off the Mobile Phones while entering and to cover (K) It is submitted that by raising various grounds when the appellant bank challenged the impugned proceedings of the second respondent herein before the first respondent, the said authority without considering both factual and legal aspects, issued the impugned proceedings, dated 01.02.2024 which on the face of it is most illegal, arbitrary and as against the principles of natural justice, in that

(1) The said authority called for a report from Assistant Inspector General of Registration (Chengalpattu) who said to have been inspected the properties in question along with the Sub-Registrar, Tiruporur and seems to have been

submitted the Inspection Report in Letter No.1193/B1/2023, ed 28.12.2023 and which report had been relied upon by the first respondent for reaching his conclusion and in confirming the proceedings of his subordinates.

(II) In this respect it is submitted that the copy of the said Inspection Report was not even furnished to the appellant bank before relying upon the same and on this ground, the findings of the first respondent herein is liable to be set aside by this Hon'ble court for violation of the principles of natural justice.

(III) The inspection report submitted by the District Registrar (Administration), Chengalpattu, dated 05.07.2019 to the first respondent herein has clearly stated that the subject lands were located behind M/s Orchid Chemicals and Pharmaceuticals Ltd., and the vacant lands and buildings purchased by the appellants were used for storing the chemical wastes, for draining the liquid chemical waste and as a catchment area for excess water. Besides, the said authority categorically stated that the third respondent had taken into consideration the market value for the period from 03.02.2014 with respect to the market value of the S. No. 169, East Coast Road without any basis whatsoever for determining the market value with respect to the lands of the appellant herein and the failure to consider the said report by the first respondent and in failing to give any reasons for controverting the said statement of the said authority while passing the impugned order, is most vitiated, arbitrary exercise of power and non-est in law.

(IV) The first respondent herein while passing the impugned proceedings, had also relied upon the report of the second respondent herein, the copy of which report has never been furnished to the appellant herein which again vitiates the entire proceedings of the first respondent herein especially when the said authority had relied upon the said report while arriving at the various conclusions in confirming the valuation as fixed by his sub-ordinates.

(V) The first respondent has committed serious illegality in that thể saig respondent, had relied upon only a portion of the report of his subordinates and had failed to advert to the other portion of the said report wherein the Assistant Inspector General of Registration, Chengalpattu has also stated that the vacant lands and buildings purchased by the appellant herein had been used for storing the chemical wastes, for draining the liquid chemical waste and for draining the excess water and the lands in question have been situated very near to the crematorium ground.

(VI) The findings of the inspection report of the Assistant Inspector General of Registration, Chengalpattu and as incorporated in the impugned proceedings of the first respondent and as relied on by the first respondent herein, proceeded that the second respondent herein has rightly fixed the guideline value at Rs. 1000/- per square feet, as the second respondent by considering the lands in question as Industrial Zone and would have been utilized only for industrial purposes in future as the said lands are unfit for agricultural operations, is most arbitrary and the said report was submitted on a total non-application of mind and with a pre-determined mind. In the present case, if the respondents herein are of the view that the valuation of the properties in question cannot be fixed as per the said provision due to the peculiar facts of the present case, the authorities ought to have refer the matter to the valuation committee constituted under Section 47- AA of the said Act and the Tamil Nadu Stamp (Constitution of Valuation Committee for Estimation, Publication and Revision of Market Value Guidelines of Properties) Rules, 2010 for the determination of the market value of the properties in question and the failure to follow the said procedure under the said provision and in fixing the valuation on mere assumption and presumption is most vitiated and non-est in law.

(Q) The first respondent herein as a Quasi-Judicial authority vested with the statutory powers under the said Act and the Rules made therein ought to have exercised his power in a most judicious manner and ought to have applied his independent mind while determining the market value and in the present case, the first respondent herein not only abdicated his authority to that of his subordinates and has come to a wrong conclusion that what was fixed by the second respondent herein as correct which approach of the said respondent is most illegal, arbitrary and against the principles of natural justice and against the mandatory provisions of law. 2. With regard to Memorandum of Grounds (A) of the appeal, it is submitted that the impugned order passed by the 2nd

Respondent and confirmed by the 1st Respondent in fixing the value of land at Rs.1000/-per Sq.ft and accepting the value of building at Rs.20,60,55,375/- fixed by the Assistant Executive Engineer, P.W.D., are not illegal, arbitrary and the said orders are not in violation of Principles of natural justice as alleged by the appellant.

7. The learned counsel for the respondents raised the following grounds:

i. With regard to Memorandum of Grounds (B) of the appeal, it is submitted that larger extent of property i.e., acres 36.09 of land together with buildings constructed thereon were conveyed to the Appellant under the Deed of sale dated 24.5.2013. The lands have been valued at Rs.41,04,49,600/- and the building has been valued at Rs. 18,26,50,400/- totaling Rs.59,31,00,000/- by the parties. The vendor, M/s Orchid Chemicals & Pharmaceuticals Ltd and the Purchaser, The Lakshmi Vilas Bank are not agriculturists. Further, the vendor is not doing any agricultural activities in the said lands and the Purchaser Bank will also not going to undertake any agricultural activities. When the property details examined, it was found that the lands are abutting the SIDCO lands of

Alathur village. Hence the document was kept pending in No. P 260/2013 to find whether prima facie there is undervaluation of the properties. After detailed examination, this Respondent has reason to believe that the market value of the properties have not been truly set forth anddecided to refer the document under Section 47-A(1) of Indian Stamp Act. Accordingly this Respondent registered the pending document in No.p260/2013 as No.15088/2013 and referred the same to the Collector Under Section 47-A(1) of the Indian Stamp Act for determination of market value.

ii. With regard to Memorandum of Grounds (C)and (D) of the appeal, it is submitted that Section 47-A(1) of the Act provides that if the Document is believed to be undervalued, the Registering officer may, after registering the document, refer the same to the Collector for determination of market value. This respondent has registered the document on 29.10.2013 and referred the same to the 2nd respondent for determination of market value.

iii. With regard to Memorandum of Grounds (E) of the appeal, is submitted that the value of machineries could not be done by the approved valuers as the parties have not permitted the valuers to inspect and value the machineries. Hence, the delay in making reference to the 2nd Respondent is unavoidable. Section 47-A(1) of the Act does not prescribe any limitation in making reference to the Collector after the date of registration.

iv. With regard to Memorandum of Grounds (F) of the appeal, it is submitted that the lands are not agricultural lands. Hence this Respondent has proposed the rate of Rs.1000/- per sq.ft considering it as a special type of land that can be developed as industrial sites as the extent of land available for development is 36.09 Acres. The 2nd Respondent has sent Form I notice based on the report of this Respondent as prescribed under rule 4 of the Tamil Nadu Stamp (Prevention of Undervaluation of Instruments) Rules, 1968 inviting representation to show that the market value has been truly set forth in the document and hence the said Form I notice sent by the 2nd Respondent is in accordance with law. 7. is submitted that the 2nd Respondent has made local enquiry and provisionally determined the market value of the properties as prescribed under Rule 5 of the said Rules. Thereafter the 2nd Respondent has communicated the copy of order provisionally determining the market value of the properties along with the notice in Form II and called upon the parties to lodge their objections as specified in Rule 6 of the said Rules.

v. With regard to Memorandum of Grounds (H) of the appeal, it is submitted thatthe combined boundary of the entire lands have not been furnished in the document. But, separate boundaries for 16 Items of land have been mentioned in the document and boundaries for 13 Items of land have not been mentioned. The Vendor is entitled to use the SIDCO Road to their lands situated in SIDCO Alathur Village and the subject lands in Pattipulam Village which is contiguous to the Alathur Village properties. When rear side lands are sold, the existing pathway right will also be available to the Purchaser. The Purchaser could not have purchased the property without any access from the road to the property. Though pathway right is not specifically given in the document, the only access to the properties are from the SIDCO Road passing through the Vendor's retained portion of lands. As the adjacent lands have been developed as Industrial Estate by TNSIDCO, the subject lands are likely to be developed for Industrial purposes. If the lands is not fit for any agricultural use or residential use, it can certainly be used for Industrial purposes as the adjacent lands are already developed as Industrial area. This Industrial area is exclusively made for Pharma Companies and already several Pharma Companies are in production in the vicinity of the subject lands. The Building has been inspected by the Assistant Executive Engineer, PWD, who is the competent person to value the buildings and valued the properties at Rs.20,60,55,375/-against the value of Rs. 18,26,50,400/- set forth by the parties to the document. The Assistant Executive Engineer, PWD has valued the building after considering the condition of the building and also by giving the due depreciation to the value of the building. Hence the value determined by the Assistant Executive Engineer, PWD is absolutely correct and cannot be considered as excess over the actual value. Had the Appellantapplied for furnishing of copy of the inspection report of the Deputy Inspector General of Registration, Chengalpattu, it would, have been issued to the Appellant. It is now seen as the Appellant has applied for issue of copy of inspection report of the Deputy Inspector General of Registration, Chengalpattu, under Right to Information Act, 2005, the Public Information Officer has declined to furnish the same in accordance with the provisions of the Right to Information Act, 2005. The value of the building has been determined as Rs.20,60,55,375/-only and not as Rs.29,14,94,724/- as alleged by the Appellant.

vi. With regard to Memorandum of Grounds (1) of the appeal, it is submitted that the 2nd Respondent has not arbitrarily fixed the value of subject lands at Rs.1000/- per Sq.ft., as alleged by the Appellant. The 2nd Respondent has inspected the properties, made local enquiry and by considering various factors having a bearing on the value, has determined the market value as Rs.1000/- per Sq.ft.,

vii. With regard to Memorandum of Grounds (3) of the appeal, it is submitted that the limitation of 3 months for passing the final 'order prescribed under Rule 7 is only directory and non mandatory as per the Judgement of the Apex Court in the case of Inspector General of Registration Vs K.Baskaran

Civil Appeal No.2586 of 2020 @ SLP (C) 15790/2019 dated 15.6.2020.

viii. With regard to Memorandum of Grounds (K) of the appeal, it is submitted that the 1st Respondent has considered in detail the various grounds of the Appellant before passing the impugned order dated 1.2.2024 and hence it is not illegal or arbitrary.

ix. With regard to Memorandum of Grounds (L) of the appeal, it is submitted that the1st Respondent may inspect or cost to be inspected the property as per Rule 11-A of the Tamil Nadu Stamp (Prevention of Undervaluation of Instruments) Rules, 1968 and accordingly directed the Deputy Inspector General of Registration, Chengalpattu to inspect the property and send the report. The 1 Respondent has considered the report of the Deputy Inspector General of Registration, Chengalpattu and accepted the same as there was no ground to differ from his report.

x. With regard to Memorandum of Grounds (M) of the appeal, it is submitted that the respondents 1 & 2 have obviously have taken into account the points prescribed under Rule 5 of the Tamil Nadu Stamp (Prevention of Undervaluation of Instruments) Rules, 1968 for determination of market value before passing the orders.

xi. With regard to Memorandum of Grounds (N) of the appeal, it is submitted that the valuation committee constituted under Section 47-AA of the Stamp Act is for formulation of policy, methodology and administration of the market value guidelines. The valuation committee is not empowered to determine the market value of any property. Hence the contention of the Appellant that the authorities ought to have referred the matter to the valuation committee, is not sustainable.

xii. With regard to Memorandum of Grounds (O) of the appeal, it is submitted that when there are machineries which are embedded to the earth, the same has to be treated as immovable property and stamp duty is also payable on such machineries as laid down in Duncan Industries Limited Vs State of Uttar

Pradesh and reported in AIR 1998 SC 72. The direction by the 1[a] Respondent to the 2nd Respondent to value the machineries by an approved valuer is in accordance with law and it is not barred by limitation.

xiii. With regard to Memorandum of Grounds (P) of the appeal, it is submitted that the parties to the document have not allowed the valuer to inspect the machineries and hence it was mentioned in the order of the 1 Respondent and directed the 2nd Respondent to get value of the machineries through the approved valuer and collect the due stamp duty for the machineries also.

xiv. With regard to Memorandum of Grounds (Q) of the appeal, it is submitted that the 1 Respondent has exercised his powers with utmost judicious manner and determined the market value of the subject property independently by evaluating the report of the Deputy Inspector General of Registration, Chengalpattu. In the case of Inspector General of Registration VsK.Baskaran Civil Appeal No.2586 of 2020 @ SLP (C) 15790/2019 dated 15.6.2020, the Apex Court has held as follows:-

xv. Therefore, in observing that the inspection ought to have been carried out by the Inspector General of Registration himself, and such function could not have been delegated, the High Court failed to appreciate the principles laid down by this Court. Any report that was called for was essentially in the nature of rendering assistance to the appellate authority in discharge of its functions. The final order passed by the appellate authority, after considering all the necessary material, must be taken to be one rendered by the appellate authority on its own, and there was no delegation of any essential functions vitiating exercise of power. We do not, therefore, find any impropriety or invalidity touching upon the exercise of power by the appellate authority. We, thus, accept the contentions raised by the learned counsel for the Appellants, and set aside the view taken by the High Court in that behalf.

Xvi . The ground with respect to delegation of power under Rule 11-A was taken in all these matters, on the basis of which the High Court set aside the determination made by the appellate authority. The conclusions of the High

Court in that behalf being erroneous, we set aside said conclusions in each of the matters, and restore the findings arrived at by the appellate authority on the basis of the report called for in exercise of power under Rule 11-A in all the matters.

xvii. With regard to Memorandum of Grounds (R) of the appeal, it is submitted that the disadvantages affecting the value of the properties have been taken into account while fixing the market value. As there is large undervaluation and consequently there is huge amount of stamp duty and registration fee is due to the ex-chequer, the request of the Appellant to release the document to the Appellant is not tenable.

8. By submitting the above grounds, the learned counsel for the respondents submits that order of the first respondent dated 01-02-2024 in Na.Ka.No.55845/N2/2016 in confirming the order made in RC.No.1123/2015/A6, dated 03-10-2016 passed by the District Revenue Officer(Stamps) is neither arbitrary nor against the principle of natural justice.

Hence, he prays to dismiss this appeal.

9. Heard the submission of the learned counsel for the appellant and the respondents.

10. Considering the submissions on either side and also the facts reveal that the respondent has proposed the rate of Rs.1,000 per square feet for the subject land. Considering the subject land is special type of land that can be developed as industrial site and an extent of land available for development is 36.09 acres. But according to the appellant the subject land is vacant land with some sheds situated in that Survey Number at Pattipullam village but the adjacent to that land many factories and building are situated at the Alathur Village which is located at SIPCOT Industrial Estate, which is no way connected with the subject land and it is not declared as industrial area by the appropriate authority. Therefore, the guideline value fixed by the respondent is arbitrary and illegal which is against the principle of natural justice. The fact remains that subject land along with other properties belongs to M/s. Orchid Chemicals and Pharmaceuticals limited, which was availed loan with appellant

bank and thereafter it has committed default thereby the appellant initiated proceedings and in order to settle the liability M/s. Orchid Chemicals and Pharmaceuticals limited, has sold its portion of the property to the appellant bank by retaining pharmaceutical company. The subject land is abetting to SIPCOT land at Alathur village. Though, as on date no industries are functioning there but it is special type of land that can be developed as industrial sites in future therefore this Court is inclined to fix Rs.700/- per square feet as market value of the subject land instead of Rs.1000/- per square feet as fixed in the impugned order. Therefore, the impugned order dated 01.02.2024 is hereby set aside and the appellant bank is directed to pay Rs.700/- per square feet and balance duty to be paid within three months from the date of receipt of a copy of this judgement.

11. In respect of valuation of the building, Rs.18 crores already fixed is confirmed. Further, the appellant is directed to pay the balance stamp duty along with proportionate registration fee with interest subject to rules and it is made clear that there is no value fixed for machinery.

12. In the result, this Civil Miscellaneous Appeal is disposed of. No Costs.

Pending petition(s), if any, is/are closed.

08-07-2025

pbl
Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No

CMA No. 2325 of 2024

To

1.Chief Controlling Revenue Authority
cum Inspector General of Registration,
Chennai - 28.

2.District Revenue Officer (stamps)
Chennai.

3.Sub-registrar
29, South Mada St, Tiruporur – 110.
4. The Section officer, V.R Section,
High Court, Madras.

T.V.THAMILSELVI J.

pbl

CMA No. 2325 of 2024
AND CMP NO. 18401
OF 2024

08-07-2025