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W.P. No.17072 of 2022

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 04.11.2025

CORAM:

THE HON'BLE MR. JUSTICE M.DHANDAPANI

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and W.M.P.Nos.16376, 16377 & 16378 of 2022

M/s.Dynaspede Integrated System Pvt Ltd.,
Rep. by its Director N.Mohanram
135, 136-A SIPCOT Industrial Complex
Hosur-635 126.

... Petitioner

vs.

State Industries Promotion Corporation
of Tamilnadu Limited
Regd Office: 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 praying to issue Writ of Certiorarified Mandamus, calling for the records culminated in impugned letter Lr.No.P-1/SIP-H/ DIGITRAC/2007-1 dated 04.04.2022 by the respondent, be set aside and quash the same as illegal and subsequently direct the respondent to modify the lease deed based on the calculation arrived by the petitioner in representation dated 24.08.2021.



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For Petitioner : Mr.R.Prabhakaran

For Respondents : Mr.P.Ganesan

Additional Government Pleader
for Mr.Ravi, Standing Counsel

ORDER

This writ petition has been filed challenging the impugned order dated 04.04.2022 passed by the respondent and directing the respondent to modify the lease deed based on the calculation arrived by the petitioner in representation dated 24.08.2021.

2. The case of the petitioner is that the petitioner was founded as “Integrated Systems” in the year 1978 and later incorporated as M/s.Dynaspede Integrated Systems” in the year 1981. The petitioner had purchased a land measuring 1.14 acres situated at 136 A SIPCOT Industrial Complex, Hosur vide lease agreement dated 31.12.1981 and subsequently confirmed by lease cum sale deed dated 01.02.1990. Subsequently, M/s.Digitrac Power Controls Pvt. Ltd, a sister company of M/s.Dynaspede Integrated Systems Pvt. Ltd had purchased a land measuring 1.78 acres under 99 years lease situated at 135



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SIPCOT Industrial Complex, Hosur vide lease agreement dated 08.01.1993. The

respondent vide its order dated 05.01.2005 has made a policy decision on the

transfer fee that the units which is functioning for more than 3 years would be

50% of the differential plot cost. Thereafter, in November 2005, the circular has

been made by the respondent, wherein the plot cost has been revised and the

plot cost per acre was Rs.12,00,000/-. In the year 2006, the petitioner along

with M/s.Digitrac Power Controls Pvt. Ltd., Macrocomm Convergence (India)

Pvt. Ltd., Esco Electronics Pvt. Ltd decided to merge as a single entity under the

name M/s.Dynaspede Integrated Systems Pvt. Ltd and filed a company petition

in C.P 28 to 30 of 2007 before this Court. This Court, by its order dated

09.06.2007 permitted to merge with M/s.Dynaspede Integrated Systems Pvt. Ltd

with effect from 01.04.2006. Thereafter, the petitioner sent a letter to the project

officer, SIPCOT, Hosur dated 12.07.2007 intimating the respondent to make

necessary changes and to oblige with the order passed by this Court. The

petitioner has been sending several representations to consider the differential

land cost based on their calculation. The respondent has been sending the same

sort of replies to pay a sum of Rs.62,30,000/- along with processing fee which



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shows that the respondent have not analysed their representations and

adamantly sending them the same sort of replies, which pushed them to send a

detailed representation with calculations on 10.08.2021 and 24.08.2021 &

27.09.2021 and requested them to consider their genuine request. Whiles, on

26.10.2021, the respondent has sent a reply stating that to remit the differential

plot cost and regularisation charges of Rs.72,05,270/- with interest at 12% p.a.

in single payment within 15 days, failing which the approval granted vide their

letter dated 11.03.2021 shall stand cancelled. Being aggrieved by the same, the

petitioner requested time till December 2021 to settle the issue, since their

major board members were not in station. The respondent, by their letter dated

04.04.2022 has communicated the petitioner to clear the default amounts within

90 days from the date of this notice and also informed that if the payment has

not been remitted, the allotment of plot No.135/1.78 acres, SIPCOT Industrial

Park, Hosur, Phase-I stands cancelled. Aggrieved by the said impugned order,

the present writ petition has been filed.



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3. The learned counsel for the petitioner would submit that admittedly, the petitioner's sister company namely M/s.Digitrac Power Controls Pvt. Ltd., entered into a lease agreement on 08.01.1993 for the land measuring an extent of 1.78 acres under 99 years lease situated at SIPCOT Industrial Complex, Hosur. It is equally undisputed fact that the petitioner along with M/s.Digitrac Power Controls Pvt. Ltd., decided to merge as a single entity under the name M/s.Dynaspede Integrated Systems Pvt. Ltd and this Court, vide its order dated 09.06.2007 permitted to merge with M/s.Dynaspede Integrated Systems Pvt. Ltd with effect from 01.04.2006. Immediately, the petitioner has been repeatedly sending several representations to accept the merger and make necessary changes to merger and seek for scheme of amalgamation of M/s.Digitrac Power Controls Pvt. Ltd., with M/s.Dynaspede Integrated Systems Pvt. Ltd and agreed to pay the differential land cost. The petitioner has made the first representation on 17.08.2007 and another representation was made on 19.01.2013. For which, the respondent sent a letter to the petitioner requesting to furnish the shareholding pattern of Digitrac Power Controls Pvt. Ltd and M/s.Dynaspede Integrated Systems Pvt. Ltd and audited annual accounts for



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processing leasehold rights with clean copy. Immediately, the petitioner sent a reply to the respondent. However, without considering the relevant facts, at the right time, the respondent made an demand for 50% differential land cost in the year 2020 which is impermissible. As per the petitioner's calculation even in the year 2021, the differential land cost amounts to only Rs.41,91,400/-. Therefore, the demand made by the respondent to the tune of Rs.65,77,619/- is not sustainable. Accordingly, he prayed to allow this writ petition.

4. The learned Additional Government Pleader appearing for the respondent filed a counter affidavit in which it is stated as follows:

A. With respect to ground (1), the petitioner was granted sufficient extension of time, vide letters dated 16.4.2021, 19.07.2021, 26.10.2021 to remit the differential land cost and regularization charges for having effected the change in management of the company during the year 2006 itself, i.e before the order dated 09.06.2007 passed by this Court for Scheme of amalgamation.

Further, the petitioner was also informed that if they fail to remit the payment



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within the permitted period, action will be initiated as per the terms and conditions of the allotment order/sale deed/lease deed.

B. With respect to ground (2), as the change in the management of the company was effected during the year 2006, the demand was raised for 10% differential land cost in respect of lease deed executed Plot No.135/1.78 acres and for regularisation charges in respect of Sale Deed executed Plot No.136-A measuring 1.14 acres as per the policy decision for the approval/regularization of change in management indicated in O.O.No.1/2005, dated 05.01.2005 & 2/2014, dated 11.02.2014 respectively.

C. With respect to ground (3), the averments made by the petitioner in this ground is incorrect. The orders in O.O No.25 of 2005 for revision of plot cost, i.e Rs.12,00,000/- per acre could not be taken into consideration as the petitioner had not furnished the particulars called for vide letter dated 06.03.2013 for examining their request, inspite of reminder letters sent to them on 12.04.2013 and 25.10.2013. Finally, the petitioner had furnished the full-fledged proposal for change in management during the year 2020, vide their



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request dated 16.10.2020 and on perusal of the same, the change in management

proposal was processed by taking into consideration the then prevailing plot cost, i.e Rs.72,50,000/- per acre for arriving at the differential plot cost, which worked out to Rs.62,30,000/- as given below:

Prevailing Plot Cost	Rs.72,50,000/-
Plot Cost at the time of allotment per acre	Rs.2,50,000/-
Difference	Rs.70,00,000/-
Differential land cost for 1.78 acres area	Rs.1,24,60,000/-
50% Differential land cost	Rs.62,30,000/-

Moreover, the petitioner themselves, vide their letter dated 30.11.2021 had requested extension of time for the settlement of the dues till 31.12.2021 which shows that the petitioner was agreeing to the above method of calculations and the respondent had initiated action against them since the petitioner had not turned up even after the said committed period.



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D. With respect to ground (4) & (5), the judgments passed in the cases (W.P No.2229/2012 & W.P.31959/2012) allowing the writ petitions with a direction to execute Modified Lease Deed without demanding different land cost could not be taken as precedent for the present relight sought for by the petitioner, as the facts are different in both the cases. However, an appeal was preferred against the order passed in M/s.T.H. Infrastructure Pvt. Ltd., wherein the Hon'ble Bench had upheld the order of the learned single Judge and against which the respondent had preferred appeal before the Supreme Court where the Hon'ble Supreme Court had directed the Company to remit half the amount demanded i.e Rs.4,50,00,000/- within 4 weeks and give an undertaking to pay the balance in case SIPCOT succeeds and thereafter to execute lease deed in favour of the Company, and such transfer of lease was subject to the outcome of the pending Appeal and the appeal is pending as on date. Therefore, the said cases cannot be in any way be said to support the case of the petitioner. Further, in the present case, the demand raised by the respondent pertains to approval of change in management of the petitioner company, which had been effected without obtaining prior approval of this respondent. Further, the petitioner is yet

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to furnish the shareholding pattern of their company upto individual level duty

certified by a CA, as called for vide letters dated 26.10.2021 and 04.04.2022.

Also, in respect of sale deed executed Plot No.136-A, measuring 1.14 acres, the petitioner is yet to remit the regularisation charges amounting to Rs.9,75,270/- (including GST @ 18%) demanded by the respondent, vide letter No.P-I/SIP-H/Digitrac/2007-2, dated 04.04.2022.

E. With respect to ground (6), pending approval for change in management and execution and registration of Modified Lease Deed in favour of M/s.Dynaspede Integrated Systems Pvt. Ltd., the request made for NOC for mortgaging the leasehold/sale deed property shall not be examined and they were advised vide letter dated 11.03.2021 to apply the NOC applications through SIPCOT portal.

F. With respect to ground (7) & (8), the petitioner's representations were considered and reply was also sent and therefore, the statement of the petitioner on this ground does not deserve to be accepted.



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5. Heard the learned counsel on either side and perused the records.

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6. The facts of the present case are not in dispute. Admittedly, the petitioner's sister company namely M/s.Digitrac Power Controls Pvt. Ltd, had purchased a land measuring 1.78 acres under 99 years lease situated at SIPCOT Industrial Complex, Hosur vide a lease agreement dated 08.01.1993. As per the office order in O.O No.1/2005 dated 05.01.2005, the respondent made a policy decision on the transfer fee that the units which are functioning for more than 3 years, the transfer fee would be 50% of the differential plot cost, in respect of any future amalgamations. In the November 2005, the circular has been made in CIR No.25 of 2005, and the land cost per acre was fixed as Rs.12,00,000/-. However, in the year 2006, the petitioner along with M/s.Digitrac Power Controls Pvt. Ltd and other sister companies, decided to merge as a single entity under the name M/s.Dynaspede Integrated Systems Pvt. Ltd., the petitioner company and filed a company petition in C.P 28 to 30 of 2007 before this Court. This Court, by its order dated 09.06.2007 permitted the merger of the Mr.Company with M/s.Dynaspede Integrated Systems Pvt. Ltd with effect from



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01.04.2006. The merger took place as per the order of this Court, the petitioner

sent its first representation on 17.08.2007 informing the respondent of amalgamation for the purpose of collecting the differential cost from the petitioner and thereafter, other two representations were made by the petitioner on 21.12.2007 and 19.01.2013. On 06.03.2013, the respondent sent a letter to the petitioner to furnish the shareholding pattern of Digitrac Power Controls Pvt. Ltd., and M/s.Dynaspede Integrated Systems Pvt. Ltd and Audited Annual Accounts for processing leasehold rights with clean copy. From the letter, it can be presumed that prior to the said letter, the shareholding pattern of the petitioner company and the Digitrac Power Controls Pvt. Ltd., was not furnished to the respondent enabling them to fix the differential cost as sought by the petitioner and subsequently, the petitioner forwarded the shareholding pattern, to the General Manager of SIPCOT along with relevant documents on 06.04.2013. Again, the respondent sent letters to the petitioner on 12.04.2013 and 25.10.2013, to furnish the shareholding pattern of Digitrac Power Controls Pvt. Ltd., and M/s.Dynaspede Integrated Systems Pvt. Ltd for processing leasehold rights. Thereafter, the petitioner sent a letter dated 20.05.2017,

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requesting the name change in Lease Deed No.65/1981 from Digitrac Power

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Controls Pvt. Ltd to the petitioner company. Thereafter, the respondent sent a letter on 31.07.2019 to the petitioner approving the transfer of leasehold rights with transfer fee. Thereafter, an office order was passed by the respondent on 13.01.2020 in O.O No.19/2019, relating to the revised cost. Subsequently, the petitioner made a representation to the respondent on 02.11.2020 requesting No Objection certificate for mortgaging the property with the bank. However, the respondent sent a letter dated 11.03.2021 approving the amalgamation of Digitrac Power Controls Pvt. Ltd with the petitioner on condition of payment of a sum of Rs.70,86,000/- and thereafter, there were series of correspondences in between the petitioner and the respondent, resulting in the passing of the present impugned order.

7. The respondent contended that the revision of land cost to Rs.12,00,000/- vide its circular in CIR No.25 of 2005 could not held to be unsustainable for the simple reason that the petitioner had not furnished the



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particulars called for by the respondent vide letter dated 06.03.2013 for

examining their request, inspite of reminder letters sent to them on 12.04.2013

and 25.10.2013. The petitioner had furnished the full-fledged proposal for

change in management during the year 2020, vide their request dated

16.10.2020 and on perusal of the same, the change in management proposal was

processed by taking into consideration, the then prevailing plot cost i.e

Rs.72,50,000/- per acre for arriving at the differential plot cost. Therefore, the

total amount fixed by the respondent at Rs.1,24,60,000/- cannot be faulted.

8. Admittedly, the petitioner did not take steps to get amalgamation for name transfer from 2006 to 2020. On 02.11.2020, the petitioner sent a representation to the respondent requesting No Objection certificate for mortgaging the property with the Bank. However, the petitioner had no intention to get approval for amalgamation from the respondent by way of name transfer. In this back ground, during the year 2022, the respondent passed the impugned order demanding payment of land cost at the prevailing rate of the



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year 2020, amounting to Rs.62,30,000/- in respect of 1.78 acres along with a

processing fee of Rs.17,700/- and interest at 12% per annum, in respect of Plot

No.135, measuring 1.78 acres, which had been granted on leasehold basis to

Digitrac Power Controls Pvt. Ltd., and was subsequently merged with the

petitioner. However, the facts of the case clearly portray that there was a delay

on the part of the petitioner in initiating steps to obtain approval for the

amalgamation, and equally there also arose a delay on the part of the respondent

in granting such approval as the representation of the year 2007 evoked

response from the respondent only in the year 2013 after which delay occurred

on the side of the petitioner. Therefore, to strike a balance, this Court directs the

petitioner to pay a sum of Rs.62,30,000/- along with a processing fee of

Rs.17,700/-, but without interest, within a period of eight (8) weeks from the

date of receipt of a copy of this order. Upon receipt of the said amount, the

respondent is directed to approve the amalgamation by effecting the transfer of

name from Digitrac Power Controls Pvt. Ltd. to that of the petitioner.



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9. With the above observation, this writ petition stands disposed of. No

costs. Consequently, connected miscellaneous petitions are closed.

04.11.2025

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation : Yes/No

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To

The State Industries Promotion Corporation

of Tamilnadu Limited

Regd Office: 19-A, Rukmani Lakshmipathy Road

Post Box No.7223, Egmore

Chennai-600 008.

M. DHANDAPANI, J.



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W.P. No.17072 of 2022 and
W.M.P.Nos.16376, 16377 &
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