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WP.No.19369 of 2024



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24-06-2025

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THE HONOURABLE MRS. JUSTICE N.MALA

WP.No.19369 of 2024

and

WMP.No.21224 of 2024

M/s.Coral Garments,
No.130, Mangalam Road,
Tirupur -641 604,
Rep. by its Partner Mr.Kirubakarasudhan.

Petitioner(s)

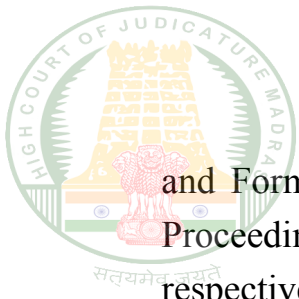
Vs

1.The Managing Director,
State Industrial Promotion Corporation of Tamil Nadu Ltd,
No.169A, Rukmani Lakshmipathy Road,
Egmore, Chennai -600008.

2.The Project Officer/Estate Officer,
State Industrial Promotion Corporation of Tamil Nadu Ltd,
Irungattukottai Industrial Complex,
Kancheepuram District.

Respondent(s)

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying for the issuance of a direction in the nature of Writ of Certiorarified Mandamus, call for the order of the 1st Respondent made in his proceedings in P-I/Iru/Coral Garments/45/2008 dated 22.3.2024 and the consequential Form-A



and Form-B notices issued under Section 4 of the TNPPE Act both made in Proceedings No.PO/SIP/IRU/Coral/2024 dated 19.03.2024 and 04.04.2024 respectively issued by the 2nd respondent and quash the same and consequently direct the 1st respondent to grant further period of 12 months to commence the construction and project in the land allotted to the petitioner in Plot Nos.K-5 and K-6/1.57 Acres at Apparel Park, SIPCOT industrial Park Irungattukottai and pass such further orders.

For Petitioner(s): Mr.Silabanan,
Senior Counsel
for Mr.M.Babu Barveez

For Respondent(s): Mr.Abishek Murthy,
Standing Counsel

ORDER

This writ petition has been filed for issuance of a Writ of Certiorarified Mandamus, call for the order of the 1st Respondent made in his proceedings in P-I/Iru/Coral Garments/45/2008 dated 22.3.2024 and the consequential Form-A and Form-B notices issued under Section 4 of the TNPPE Act, both made in Proceedings No.PO/SIP/IRU/Coral/2024 dated 19.03.2024 and 04.04.2024 respectively issued by the 2nd respondent and quash the same and consequently direct the 1st respondent to grant a further period of 12 months to commence the construction and project in the land allotted to the petitioner in Plot Nos.K-5 and K-6/1.57 Acres at Apparel Park, SIPCOT industrial Park Irungattukottai.

2. The case of the petitioner is that the petitioner is a partnership firm engaged in the textile garments industry. It was allotted 1.57 acres of land (Plot



Nos. K5 and K6) in SIPCOT Industrial Park, Irungattukottai, through a 99-year lease deed dated 02.05.2008 for setting up a garments manufacturing unit. As per the allotment order dated 14.02.2008, the petitioner was required to commence construction within six months and start commercial production within 30 months. However, due to challenges such as the implementation of GST, financial constraints, and the COVID-19 pandemic, the project could not be completed within the stipulated time.

3. Learned counsel appearing for the petitioner submits that the delay in commencing construction and production was due to genuine business hardships beyond its control. He submitted that despite these difficulties, steps were taken to initiate the project, and significant investment had already been made. He also argued that the cancellation of the allotment by SIPCOT on 28.09.2020 was harsh and disproportionate, particularly when the project was near implementation. It sought restoration of the allotment and permission to proceed with the project.

4. Learned Senior Counsel appearing for the petitioner submits that the petitioner has already paid the differential amount up to the year 2021, totalling Rs.2,08,81,000/-, on 05.05.2021. He further submits that the petitioner is willing to pay the differential amount for the period from 2021, till date, as stipulated in the order passed by this Court.



5. A counter affidavit was filed by the respondents in November 2024, wherein he stated that the petitioner was allotted land in SIPCOT Apparel Park, Irungattukottai in 2008 for setting up a garment unit, with clear conditions to commence construction within 6 months and start commercial production within 30 months. Despite repeated opportunities, including extensions and revocation of an earlier cancellation, the petitioner failed to implement the project even after 16 years. Citing this prolonged inaction and breach of terms, SIPCOT cancelled the allotment on 02.03.2024 and initiated eviction proceedings under the Tamil Nadu Public Premises (Eviction of Unauthorised Occupants) Act.

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

7. It is appropriate to refer to the order of this Court, relied upon by the learned counsel for the petitioner, rendered in ***Saravana Sastha Steel India Pvt. Ltd. Vs. The Managing Director, SIPCOT Limited and Ors. (W.P. No. 14877 of 2021 and connected cases)*** dated 24.09.2021. In that case, when a similar plea was raised, the Hon'ble High Court has observed that:

“41. The relevant question is to be decided is, on whose fault, it has been delayed for all these years. As rightly pointed out by the learned Advocate General, the



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SIPCOT cannot be found fault for not providing any infrastructure which has not been committed by them. The delay in taking action against the petitioners for recovery of land or demanding additional cost of the land alone can be attributed to SIPCOT. When once the petitioners have got allotment, they are duty bound to make arrangements for getting the required clearances from various Departments and to implement the project, which they opted. Nothing will happen automatically. The petitioners cannot simply shift the blame on SIPCOT or some other Departments to escape their liability, having delayed the project for a decade or more than that for implementing the projects. The SIPCOT which has been established with an object of industrial development has also slept over the issue for years together.

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44. In view of the above discussion, this court is of the view that the specific contentions raised by the learned counsel for the respective petitioners have been properly addressed by the learned Advocate General and the scheme suggested by SIPCOT is fully acceptable. Therefore, this court feels appropriate that the writ petitions can be disposed of with the following observation:-

i) The petitioners have to opt either to surrender the lands allotted to them and get refund of the amount paid by them after deducting the amount deductible as per the prevailing policy of SIPCOT; (OR)

ii) if the petitioners are willing to retain the lands allotted to them despite such a long delay in implementing the project, they shall make payment of



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WP.No.19369 of 20



the penalty proposed by SIPCOT as indicated in the above mentioned table in 12 equal monthly instalments commencing from the 1st of the English Calendar month from the date of this order and also undertake to implement the project immediately and commence the commercial production within such period of 12 months;

iii) in case the petitioners fails to adhere to the above condition of making regular payment of monthly instalment of penalty or implementing the project within the stipulated period of 12 months, the SIPCOT will have every right to cancel the allotment without any reference to the court;

iv) in the event of surrendering of a part of unused land, the petitioners will have to pay the penalty, if any, after adjusting the amount payable to the petitioners as per the prevailing policy of SIPCOT and they are also bound by the above mentioned conditions for payment of penalty, implementation of the project and the default clause.”

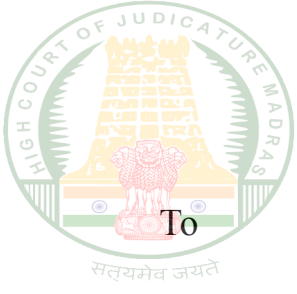
8. In view of the above facts and circumstances of the case and the ratio laid down by this Court stated supra, this **writ petition stands disposed of with the above observations.** No costs. Consequently, connected miscellaneous petition is closed.

24-06-2025

Index: Yes/No

Speaking/Non-speaking order

Cda/gv



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N.MALA., J.

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