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W.P.Nos.17059, 17061 &
19636 of 2024

In the High Court of Judicature at Madras

Reserved on: 09.4.2025	Delivered on: 17.4.2025
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Coram :

The Honourable Mr.Justice N.ANAND VENKATESH

Writ Petition Nos.17059, 17061 & 19636 of 2024
& WMP.Nos.18802, 18804, 21496 & 21497 of 2024

M/s.Embassy Property Developments
Private Limited, represented herein
by its Authorized Signatory
Mr.A.K.Raghavan

...Petitioner in
All the WPs

Vs

- 1.The Inspector General of
Registration, 100, Santhome
High Road, Mylapore,
Chennai, Tamil Nadu-600028.
- 2.The District Registrar, 47/8,
West Tambaram, Tambaram,
Chennai, Tamil Nadu-600045.
- 3.The Sub-Registrar, Pallavaram,
7th Main Road, New Colony,
Chromepet, Jameen Pallavaram,
Chennai-600044.

...Respondents in
All the WPs



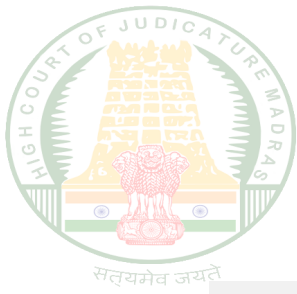
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PETITIONS under Article 226 of The Constitution of India praying
for the issuance of

(i) a Writ of Declaration declaring that during the subsistence of the Special Economic Zone status, all the instruments pertaining to the lands being subject matter of the Planning Permit No.C/PP/MSB/IT/25 (S-01 TO S-61/2018) bearing No.11913 in Letter No.C3(S)/9316/2017 dated 23.6.2018 issued by the Chennai Metropolitan Development Authority and Building Permit No.367/18/F1 dated 26.10.2018 issued by Commissioner, Pallavaram Municipality or in favour of the Developer/Co-Developer or for the purpose of the activities of the Special Economic Zone are exempt from stamp duty under Section 3 of the Indian Stamp Act, 1899 (WP.No.17059 of 2024);

(ii) a Writ of Mandamus directing the third respondent to admit the Scheme of Arrangement dated 19.8.2022 in No.3(Karnataka)/CP.No.26/CAA-11/2022/(RD(SER)/Sec.233 of the Companies Act 2013 and corrigendum bearing No.3/Kar/26/RD(SER)/CAA-1/233/2022/5341 dated 15.11.2023 issued by Regional Director, Hyderabad kept pending registration P/Pallavaram/67/2024 on the file of the third



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respondent and register the same in accordance with the Registration Act 1908 (WP.No.17061 of 2024); and

(iii) a Writ of Certiorarified Mandamus to call for the records pertaining to the Letter bearing No.427 of 2024 dated 18.6.2024 issued by the third respondent to the second respondent, quash the same and consequently direct the third respondent to admit the demerger orders kept pending registration P/Pallavaram/67/2024 on the file of the third respondent and direct the third respondent to register the demerger orders kept pending registration P/Pallavaram/67/2024 in accordance with Registration Act, 1908 (WP.No.19636 of 2024).

For Petitioner	: Mr.Vijay Narayan, SC for for Mr.G.Vivekanand in WP.No.17059 of 2024 Mr.R.Sankaranarayan, SC for Mr.G.Vivekanand in WP.No.17061 of 2024 Mr.Sathish Parasaran, SC for Mr.G.Vivekanand in WP.No.19636 of 2024
For Respondents	: Mr.P.S.Raman, AG Assisted by Mr.U.Bharanidharan, SGP



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COMMON ORDER

W.P.No.17059 of 2024 has been filed seeking for a Writ of Declaration to declare that during the subsistence of a Special Economic Zone (SEZ) status, all the instruments pertaining to the lands covered under the planning permit dated 23.6.2018 issued by the Chennai Metropolitan Development Authority (CMDA) and the building permit dated 26.10.2018 issued by the Commissioner of Pallavaram Municipality in favour of the developer/co-developer for the purpose of activities of the SEZ are exempt from payment of stamp duty under Section 3 of the Indian Stamp Act, 1899 (for short, the Stamp Act).

2. W.P.No.17061 of 2024 has been filed seeking for the issuance of a Writ of Mandamus directing the third respondent to admit the Scheme of Arrangement dated 19.8.2022 issued under Section 233 of the Companies Act, 2013 and the corrigendum dated 15.11.2023 issued by the Regional Director, South East Region (SER), Ministry of Corporate Affairs (MCA), Hyderabad and to register the same in accordance with the Registration Act, 1908.



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3. W.P.No.19636 of 2024 has been filed challenging the letter dated 18.6.2024 issued by the third respondent to the second respondent and for a consequential direction to the third respondent to admit and register the demerger orders, which are kept pending, under the Registration Act, 1908.

4. Heard both

5.The facts leading to filing of these writ petitions are as follows:

(i) One ***M/s.SNP Infrastructure LLP (hereinafter called the land owner)*** was the absolute owner of large extent of lands measuring 29.485 acres at Zamin Pallavaram Village, Pallavaram Taluk, Kanchipuram District. At the instance of the land owner, an application was made to the Ministry of Commerce and Industry (MCI), Government of India (GoI) for development, operation and maintenance of a Sector Specific Special Economic Zone (SEZ) for Information Technology/Information Technology Enabled Services (IT/ITES) Sector in the subject properties under the provisions of the Special Economic Zones Act, 2005 (for short, the SEZ Act).



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(ii) The MCI, through the notification dated 12.2.2008, notified an extent of 27.53 acres to be the SEZ lands and another extent of 2.415 acres as the non SEZ lands. As per the said Notification, the land owner could develop the subject lands either by itself or through a co-developer. Pursuant to that, the land owner approached the petitioner to be the co-developer for the subject lands in respect of the said project. The petitioner was also approved as the co-developer vide approval dated 12.7.2016 issued by the MCI, GoI. Based on that, the land owner entered into a co-developer agreement with the petitioner on 20.5.2016 and leased out the subject properties in favour of the petitioner vide two lease deeds both dated 09.11.2016 registered as doc.Nos.10145 & 10146 of 2016 on the file of the third respondent. Both the lease deeds were exempt from payment of stamp duty at the time of registration.

(iii) That apart, the land owner also gifted certain portions of the subject lands measuring an extent of 1502.306 sq.meters in comprised T.S.Nos.83, 84/1, 84/3 and 85/1 and another extent of 910.51 sq.meters comprised in T.S.Nos.44/1 Part, 47/1 Part, 48/1 Part and 49/1 Part through a registered gift deed dated 02.5.2018 registered as doc.No.3059 of 2018 towards road. Similarly, another



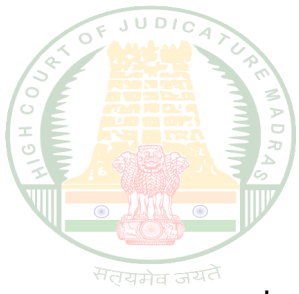
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extent of 11895.82 sq.meters was also gifted through another gift deed dated 02.5.2018 towards Open Space Reserve (OSR) and it was registered as doc.No.3060 of 2018 on the file of the third respondent. The balance extent of lands to the tune of 26.027 acres was sought to be utilized towards the project.

(iv) The petitioner also obtained the planning permit from the CMDA through letter dated 23.6.2018 and the building permit from the Commissioner, Pallavaram Municipality through letter dated 26.10.2018 for the development of the subject lands into the Sector Specific SEZ for IT/ITES Sector. Based on the permits granted by the appropriate Authorities, some phases of the project were completed as per the approval granted and a partial completion certificate was also issued by the CMDA on 01.10.2019 and the second partial completion certificate was issued by the CMDA through the letter dated 27.7.2022. The land owner proposed to denotify an area of 2.261 acres from the SEZ lands and the proposal was placed before the MCI for consideration. Further, the MCI also sanctioned the same through letter dated 18.12.2018.

(v) The specific case of the petitioner is that the entire subject lands including the notified SEZ lands and the non SEZ lands formed



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part of the project and it was developed in phases as Sector Specific SEZ IT/ITES Sector. At a later point of time, the petitioner proposed to demerge its right, interest and title in the project to its wholly owned subsidiary company namely one ***M/s.ESNP Property Builders and Developers Private Limited (for short, the WOS Company)***. It was proposed to be done through a Scheme of Arrangement between the petitioner and the WOS Company as per Section 233 of the Companies Act and the Rules framed thereunder.

(vi) The Scheme came to be approved by the Regional Director, SER, MCA, Hyderabad vide order dated 19.8.2022. This power was delegated to him by the Central Government in exercise of its power conferred under Section 458 of the Companies Act whereby the Regional Directors of several regions of the MCA can exercise powers under Sub-Sections (2), (3), (4) and (6) of Section 233 of the Companies Act. A Corrigendum to the demerger also came be issued by the Regional Director, SER, MCA, Hyderabad through order dated 15.11.2023. Thus, the original demerger order dated 19.8.2022 and the Corrigendum dated 15.11.2023 governed the Scheme of Arrangement that was approved by the Regional Director, SER, MCA, Hyderabad.



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(vii) In the light of the above orders, the WOS Company replaced the petitioner and stepped into the shoes of the petitioner as the co-developer of the project. Based on that, the petitioner and the WOS Company sought to register the demerger orders with the third respondent so as to enable the WOS Company to carry out the further transactions. Necessary registration charges were paid before the third respondent and the demerger orders were presented for registration on 20.5.2024. However, the third respondent kept the registration pending on the basis of the clarification on the exemption from payment of the stamp duty for the SEZ lands and the non SEZ lands to be obtained from the second respondent.

(viii) The matter was referred to the second respondent for further action through letter dated 28.5.2024. The second respondent, in turn, kept the issue pending. As a result, the further lease deed executed between the WOS Company on the one side and the lessees on the other side were also kept pending since the demerger orders were kept pending registration. Aggrieved by that, W.P.Nos.17059 and 17061 of 2024 have been filed seeking for appropriate declaration and consequential directions to the third respondent to register the



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demerger orders and the subsequent instruments presented for registration.

6. When W.P.Nos.17059 and 17061 of 2024 are pending, the third respondent impounded the instruments in P/67/2024 dated 20.5.2024 and referred the matter to the second respondent under Section 33 of the Stamp Act on 18.6.2024. This was purportedly on the ground that the petitioner did not pay the stamp duty on the instruments namely the demerger orders at the rate of 5% of the property value of the project to the tune of Rs.22,69,81,600/-. The same is put to challenge in W.P.No.19636 of 2024.

7. The third respondent filed a common counter affidavit wherein he took the following stand :

(i) The instrument of demerger confers a right on the WOS Company and hence, it has to be treated as a conveyance. As per G.O.Ms.No.29 dated 01.3.2019 and G.O.Ms.No.47 dated 19.2.2020, such orders of amalgamation, the schemes of reconstruction and the scheme of amalgamation approved by the High Court or the National Company Law Tribunal (NCLT) should be treated as a conveyance. The

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said Government Orders were put to challenge and the First Bench of this Court, in the decision in the case of ***State of Tamil Nadu Vs. M/s.Serene Estate Private Limited [reported in 2024 (3) CTC 561]***, upheld the said Government Orders and also the circular dated 20.11.2018 issued by the first respondent in this regard.

(ii) In view of the same, the demerger orders presented for registration attract stamp duty under Article 23 of Schedule I of the Stamp Act. Since the stamp duty was not paid, the provisions of Section 33 of the Stamp Act were invoked for impounding the instruments and for determination of the stamp duty. The instruments impounded have to be forwarded to the Collector under Section 38(2) of the Stamp Act and thereupon, the Collector has the power to determine the stamp duty under Section 40 of the Stamp Act. Further, any order passed by the Collector under Section 40 of the Stamp Act can be challenged by way of a revision under Section 56 of the Stamp Act before the first respondent.

(iii) In the light of the above, the writ petitions are premature and the action initiated by the respondents is yet to reach its finality. The exemption of stamp duty will apply only if such an instrument serves the purposes of the SEZ. If it does not serve the purposes of



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the SEZ, it would be ineligible for such exemption. The scheme of amalgamation that is eligible for stamp duty exemption pertains to only the orders passed by the High Court or the NCLT and it will not apply to the order passed by the Regional Director, SER, MCA, Hyderabad. That apart, only an extent of 20.485 acres is covered under the SEZ and the extent of 2.415 acres does not form part of the SEZ Notification.

(iv) The third respondent took a very specific stand that the order sanctioning the Scheme of Arrangement has to be construed as a conveyance and such order passed by the Regional Director, SER, MCA, Hyderabad is not eligible for exemption from payment of the stamp duty. Consequently, the petitioner is liable to pay the stamp duty to the tune of Rs.22,69,81,600/-. Ultimately, the the third respondent sought for dismissal of all these writ petitions.

8. This Court has carefully considered the submissions of the learned counsel on either side and perused the materials available on record and more particularly the impugned order in one of the writ petitions.



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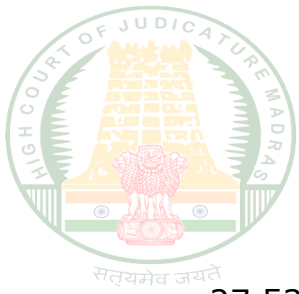
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9. This Court is called upon to decide the following two issues that arise for consideration :

(1) Whether the demerger orders passed by the Regional Director, SER, MCA, Hyderabad are eligible for exemption under Clause (3) of the Sixth Proviso to Section 3 of the Stamp Act by virtue of such amendment brought into by Section 57 read with Part III to the Third Schedule of the SEZ Act ? and

(2) Whether the portion of the land measuring 2.415 acres, which was categorized as the non SEZ lands, will also be entitled for such exemption in the light of the language used in Clause (3) of the Sixth Proviso to Section 3 of the Stamp Act.

10. The undisputed facts are that the MCI, GoI, through the letter dated 25.6.2007, granted formal approval for the proposed development, operation and maintenance of the Sector Specific SEZ for IT/ITES Sector. This formal approval was granted for an extent of



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27.53 acres out of 29.485 acres owned by the land owner. In so far as the extent of 2.415 acres of land is concerned, it was not part of the SEZ Notification. It fell only within the category of non SEZ land. Thereafter, exchange of land took place between the Government and the land owner whereby an extent of 0.20.0 hectares of the Government land came to be exchanged for 0.20.3 hectares belonging to the land owner. The petitioner came into the scene as the co-developer pursuant to the approval granted by the MCI dated 12.7.2016.

11. It will be relevant to take note of Sections 2(f) and (g) of the SEZ Act, which are extracted as hereunder :

"2. In this Act, unless the context otherwise requires,—

.....

(f) "Co-Developer" means a person who, or a State Government which, has been granted by the Central Government a letter of approval under Sub-Section (12) of Section 3;

(g) "Developer" means a person who, or a State Government which, has been granted by the Central Government a letter of approval under



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Sub-Section (10) of Section 3 and includes an authority and a co-developer."

12. It is quite clear from the above definitions that for all purposes, a co-developer is as good as a developer, which is also evident from the approval granted by the MCI dated 12.7.2016. It is also not in dispute that the two lease deeds dated 09.11.2016 were entered into between the land owner and the petitioner pursuant to the co-development agreement dated 20.5.2016 and both of the lease deeds were registered as doc.Nos.10145 and 10146 of 2016 on the file of the third respondent. It is pertinent to note that the stamp duty was exempted while registering those two lease deeds.

13. It is also relevant to take note of Clauses (E), (F) and (G) in the lease deed dated 09.11.2016 registered as doc.No.10145 of 2016, which are extracted as hereunder :

"E. Lessor and the lessee pursuant to their negotiations to develop, operate and maintain the project, entered into a co-developers agreement (as defined hereafter) proposing to appoint the lessee as the co-developer, subject to the lessee being approved as the co-developer by the Ministry



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of Commerce (MoC) and Board of Approvals as per the SEZ Regulations for the schedule property and the lessee of the non SEZ lands.

F. The lessee pursuant to the execution of the said co-developer agreement made an application to the Authority under the SEZ Regulation and the MoC vide approval dated 12th July 2016 ('Lessee's LoA') granted approval to the lessee herein as the co-developer for the development, management and the maintenance of the project on the schedule property.

G. Pursuant to the Notification in terms of recital F above, and in continuation of the said co-developer agreement, the lessor is granting the leasehold rights of the schedule property to the lessee with the right to take up the development, operation and maintenance of the project. Simultaneously with the execution of this lease deed, the parties hereto have also executed the lease deed for the non SEZ lands."

14. The notified lands measuring an extent of 27.07 acres have been described as the schedule property. In so far as the extent of 2.415 acres is concerned, it has been made clear in the lease deed dated 09.11.2016 registered as doc.No.10146 of 2016 that those lands will be utilized for carrying out the purposes of the SEZ being



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developed on the SEZ lands as part of the project. Thus, even though an extent of 2.415 acres fell outside the SEZ lands, it can only be utilized for carrying out the purposes of the SEZ being developed on the SEZ lands as per the approval granted by the MCI.

15. There is no dispute with regard to the fact that while the planning permission was given by the CMDA through permit dated 23.6.2018, it also covered the non notified (non SEZ) land. The land owner also submitted a proposal for partial denotification of an extent of 2.261 acres from the notified SEZ lands and the same was considered by the State Government and by communication dated 18.12.2018 made to the Development Commissioner, Madras Export Processing Zone (MEPZ), SEZ, Tambaram, Chennai-45, a no objection certificate was granted for partial denotification subject to certain conditions, which are extracted as hereunder :

"8. I am directed to convey the No Objection Certificate of the Government for partial de-notification of 0.906 hectares (2.261 acres) of SEZ area allotted to M/s.SNP Infrastructure LLP, Zaminpallavaram Village, Tambaram Taluk,



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Kancheepuram District subject to the following conditions :

(1) After denotification, the contiguity should not be affected.

(2) The Company will have to refund all the duties & tax concessions availed in respect of land, buildings and machinery in respect of the area proposed for denotification.

(3) Such denotified parcels of land would be utilized towards creation of infrastructure which would subserve the objective of the SEZ as originally envisaged.

(4) Such land parcels after denotification will conform to land use guidelines/master plans of the State.

(5) The company will realign the compound wall/fencing to maintain the contiguity for SEZ area after denotification."

16. The petitioner entered into a demerger and proposed to demerge its rights, interest and title in the project to the WOS company. At this juncture, it will be relevant to take note of the provisions of the Companies Act, 2013. The demerger was proposed to be done through the scheme of arrangement for a more focused and concentrated approach in completing the construction, operation and



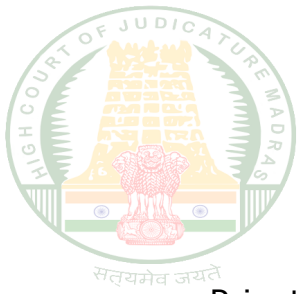
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maintenance of the project. It is the Central Government, which normally grants approval for the demerger and confirms the Scheme of Arrangement by passing an order.

17. However, through the Notification dated 19.12.2016, in exercise of powers under Section 458 of the Companies Act, 2013, the Central Government delegated to the Regional Directors, MCA of various regions such as Mumbai, Kolkatta, Chennai, New Delhi, Ahmedabad, Hyderabad and Shillong the powers and functions vested in the Central Government under certain provisions of the Companies Act, 2013. This included Sub-Sections (2), (3), (4), (5) and (6) of Section 233 of the Companies Act, 2013.

18. Pursuant to the above delegation of powers, the Regional Director, SER, MCA, Hyderabad, being the jurisdictional Authority, passed the demerger order dated 19.8.2022. Thereafter, a Corrigendum dated 15.11.2023 to the demerger order was issued to correct a typographical error that had crept in by wrongly describing the WOS company as M/s.ESPN Property Builders and Developers Private Limited instead of M/s.ESNP Property Builders and Developers



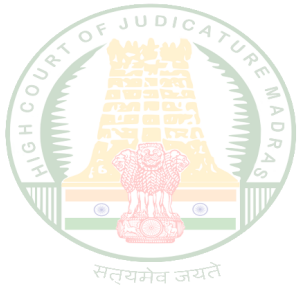
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Private Limited. The effect of the above orders is that the WOS Company replaced the petitioner and stepped into the shoes of the petitioner as the co-developer in the project.

19. Even in the orders passed by the Regional Director, SER, MCA, Hyderabad, the project lands and also the building details have been specifically incorporated in the annexure. In view of the same, the Assistant Development Commissioner, MEPZ, SEZ, Tambaram, Chennai-45 effected the name transfer from the name of the petitioner to M/s.ESPN Property Builders and Developers Private Limited, which was subsequently corrected as M/s.ESNP Property Builders and Developers Private Limited, which is the WOS Company.

20. The Regional Director, SER, MCA, Hyderabad, by virtue of the delegated power, had the jurisdiction to pass such a demerger orders and in view of the same, the WOS Company replaced the petitioner and stepped into the shoes of the petitioner as the co-developer. Thereafter, recognition that was granted to the petitioner under Section 2(f) and (g) of the SEZ Act will equally apply to the WOS Company.



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21. The actual trigger started when the demerger orders were presented for registration before the third respondent by claiming exemption from payment of the stamp duty.

22. The precursor for such exemption from payment of the stamp duty on amalgamation/merger is traceable to the circular of the first respondent dated 20.11.2018. In so far as the SEZ is concerned, it is traceable to the circular of the first respondent dated 26.12.2018. Paragraph 6 of the circular provides for the clarifications.

23. Pursuant to the above circulars, G.O.Ms.No.29 dated 01.3.2019 came to be issued, by which, the Government clarified through two Notifications appended to the said Government Order the stamp duty and the registration fee payable relating to amalgamation and reconstruction of companies. For proper appreciation, the relevant portions in the said Government Order are extracted as hereunder :



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"APPENDIX
NOTIFICATION – I

In exercise of the powers conferred by Clause (a) of Sub-Section (1) of Section 9 of the Indian Stamp Act, 1899 (Central Act II of 1899), the Governor of Tamil Nadu thereby reduces the duty chargeable under the said Act in respect of instruments of transfer of property relating to amalgamation or reconstruction of companies to two percent of the market value of the immovable property or 0.6 percent of the aggregate of the market value of the shares, whichever is higher.

NOTIFICATION – II

In exercise of the powers conferred by Section 78-A of the Registration Act, 1908 (Central Act XVI of 1908), the Governor of Tamil Nadu is of the opinion that it is necessary so to do in the public interest hereby reduces the fee payable under the said Act to Rs.30,000/- (Rupees thirty thousand only) in respect of instruments of transfer of immovable property relating to amalgamation or reconstruction of companies."

24. G.O.Ms.No.47 dated 19.2.2020 came to be issued clarifying that the reduction in the stamp duty by virtue of the scheme under the Companies Act, 2013 will apply only to those orders passed by the



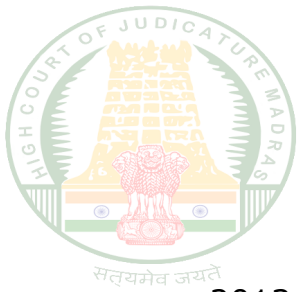
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High Court or the NCLT. This Government Order did not contemplate or even take note of the powers conferred on the Central Government to delegate the powers to the Regional Directors of various regions of the MCA for granting approval under certain provisions, which included Sub-Sections (2), (3), (4), (5) and (6) of Section 233 of the Companies Act, 2013.

25. The respondents have taken a stand that as per the Notifications issued in the above Government Orders, reduction in stamp duty will be applicable only with respect to the orders sanctioning the scheme of amalgamation or reconstruction of companies by the High Court or the NCLT and the order passed by the Regional Director, SER, MCA, Hyderabad is not eligible for reduction in stamp duty as per G.O.Ms.No.47 dated 19.2.2020.

26. The above stand taken by the respondents is wholly unsustainable. The Government has not even taken note of the fact that the issue of amalgamation/merger no longer comes before the High Court and the appropriate Authority is only the NCLT. That apart, the Government was oblivious of the fact that the Companies Act,



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2013 conferred powers on the Central Government and further powers on the Central Government to delegate its powers to the Regional Director, MCA in certain circumstances. Therefore, to confine the reduced stamp duty only to those orders passed by the High Court or the NCLT is wholly unsustainable.

27. However, G.O.Ms.No.47 dated 19.2.2020 pales into insignificance by virtue of the amendment that was brought into the Stamp Act by virtue of the powers conferred under Section 57 of the SEZ Act, which enables the Central Government to include the amendment of enactments in the Third Schedule and accordingly, Part III was included in the Third Schedule to the SEZ Act. It reads as hereunder :

"In Section 3, in the proviso, after Clause (2), insert,—

'(3) any instrument executed, by, or, on behalf of, or, in favour of, the Developer, or Unit or in connection with the carrying out of purposes of the Special Economic Zone.

Explanation.—For the purposes of this clause, the expressions "Developer", "Special Economic Zone" and "Unit" shall have meanings



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respectively assigned to them in Clauses (g), (za) and (zc) of Section 2 of the Special Economic Zones Act, 2005'."

28. In the light of the above amendment, Clause (3) was added in the Sixth Proviso to Section 3 of the Stamp Act, which makes it abundantly clear that no duty is chargeable under the Stamp Act where any instrument is executed by or on behalf of or in favour of the developer or unit or in connection with the carrying out of purposes of the SEZ. The Explanation appended also makes it even more clear that the definitions of the expressions '**developer**', '**special economic zone**' and '**unit**' will have the same meaning respectively assigned to them under Section 2(g), (za) and (zc) of the SEZ Act.

29. Section 3 of the Stamp Act is the Charging Section. The levy of duty is on the instrument and not on the transaction. The above Proviso was inserted to the Stamp Act by the SEZ Act namely the Central Act 28 of 2005 with effect from 23.6.2005.



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30. On a combined reading of Section 2(f) and (g) of the SEZ Act, this Court has already concluded that the term '**developer**' will include a co-developer.

31. Initially, the petitioner was the co-developer and by virtue of the demerger orders granting approval for the Scheme of Arrangement, the WOS Company replaced the petitioner and stepped into the shoes of the petitioner as the co-developer. This Court has also held that the approval granted for the demerger by the Regional Director, SER, MCA, Hyderabad is valid for all purposes under the Companies Act, 2013. In view of the same, the exemption granted under Clause (3) of the Sixth Proviso to Section 3 of the Stamp Act will apply to the instruments pertaining to the lands falling within the SEZ. The said two Government Orders cannot override the specific provisions of the SEZ Act and the Stamp Act, which are Central Enactments and which provide for such exemption of the stamp duty.

The first issue is answered accordingly.

32. Now, moving into the second issue, the learned Advocate General appearing on behalf of the respondents vehemently contended



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that if at all the stamp duty exemption is applicable, it has to confine itself only to those lands falling within the SEZ and that such exemption could not be extended to the extent of 2.415 acres, which, admittedly, falls out of the SEZ (non SEZ) lands and for which, a denotification order has been passed by the State Government and communicated to the Development Commissioner, MEPZ, SEZ, Tambaram, Chennai-45 through the letter dated 18.12.2018.

33. The learned Advocate General appearing on behalf of the respondents further submitted that for the lands, which are denotified, the company must refund all the duties and tax concessions and consequently, the stamp duty exemption will not extend to those lands, which have been denotified.

34. In order to appreciate the said submission, it will be relevant to take note of the definition of the term '**Special Economic Zone**' as defined under Section 2(za) of the SEZ Act. It means each SEZ notified under the Proviso to Sub-Section (4) of Section 3 and Sub-Section (1) of Section 4 (including free trade and warehousing zone) and includes an existing SEZ.

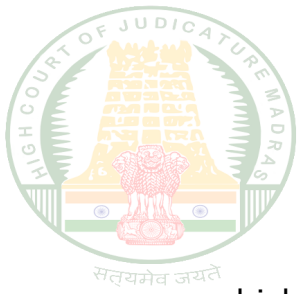


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35. The approval granted by the MCI dated 25.6.2007 for setting up of a Sector Specific SEZ for IT/ITES Sector covered a total extent of 27.53 acres, which was owned by the land owner. The remaining land measuring an extent of 2.415 acres is not part of the SEZ Notification. It is also admitted that an extent of 2.261 acres was denotified from the SEZ lands. On going through the entire scheme, it is seen that the entire subject lands including the notified SEZ in the SEZ lands, the non SEZ lands and the denotified lands are being put to use only towards development, operation and maintenance of the Sector Specific SEZ for IT/ITES Sector. The planning permit and the building permit have been obtained by showing all these lands.

36. The language used under Clause (3) of the Sixth Proviso to Section 3 of the Stamp Act is wide enough to include even the lands, which are utilized in connection with carrying out the purposes of the SEZ. While interpreting a beneficial legislation, the aim is to give a wider and liberal meaning and when there are more than one interpretation, the Court must adopt the interpretation, which will ultimately give the remedy to the beneficiary. In other words, the one,



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which is more in consonance with the object of the legislation, must be preferred and a liberal interpretation should be given.

37. Useful reference can be made to the judgment of the Apex Court in the case of ***Union of India Vs. Prabhakaran Vijayakumar*** [reported in 2008 (9) SCC 527].

38. In the case in hand, the Legislature wanted to provide for the establishment, development and management of the SEZ in order to promote exports with a view to provide an international competitive environment for exports. Accordingly, Section 57 of the SEZ Act entrusted certain powers on the Central Government to bring about amendments to certain enactments to fulfill the object of the SEZ Act. Accordingly, the amendment was brought into under the Stamp Act and an exemption was given from payment of stamp duty in respect of the instrument executed by or on behalf of or in favour of the developer or units or ***in connection with the carrying out of the purposes of the SEZ.***



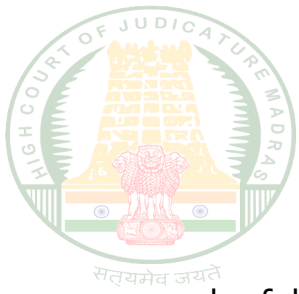
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39. The exemption does not confine itself only to those lands falling within the SEZ. But, it is also extended to the lands utilized in connection with the carrying out of the purposes of the SEZ. In order to give effect to such a benefit conferred by the Legislature, such an exemption must be extended also to those lands namely an extent of 2.415 acres (non SEZ land), which is used for carrying out the project in the SEZ lands as is evident from the materials placed before this Court. ***The second issue is answered accordingly.***

40. The learned Advocate General appearing on behalf of the respondents submitted that the order passed in the case of ***Mahindra World City Developers Limited Vs. the District Registrar Registration Department Chengalpattu & 2 others [W.P.No. 19179 of 2023 etc. cases dated 27.6.2023]*** need not be gone into in the case in hand since the same is under consideration by a Division Bench of this Court in W.A.No.880 of 2025.

41. It is not necessary for this Court to rely upon the said order dated 27.6.2023 since that was a case where a residential apartment complex was constructed in the SEZ and it was approved by this Court



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by following the common judgment of a Division Bench of this Court in the case of ***the Chief Controlling Revenue Authority-cum-Inspector General of Registration, Chennai-28 & 2 Others Vs. Ms.Deepti Ahuja & another [W.A.Nos.1940 & 2058 of 2019 dated 22.7.2019]***.

42. In the case in hand, the non SEZ lands measuring 2.415 acres is not going to be used for any other purpose except in connection with the development, operation and maintenance of the Sector Specific SEZ IT/ITES Sector. Hence, extension of such a benefit of exemption from payment of the stamp duty is traced on a plain reading of the provisions under the Stamp Act and it is not necessary to rely upon the above order dated 27.6.2023.

43. During the pendency of W.P.Nos.17059 and 17061 of 2024, an interim order has been granted by this Court on 31.7.2024, which reads as hereunder :

"These writ petitions have been filed to declare that during the subsistence of the Special Economic Zone (SEZ) status, all the instruments pertaining to the lands being subject matter of the



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planning permit dated 23.06.2018 issued by the Chennai Metropolitan Development Authority and building permit dated 26.10.2018 issued by the Commissioner, Pallavaram Municipality in favour of the developer for the purpose of the activities of the SEZ are exempt from stamp duty under Section 3 of the Indian Stamp Act, 1899 and to admit the Scheme of Arrangement dated 19.08.2022 and the Corrigendum dated 15.11.2023 issued by the Regional Director, Hyderabad, which are kept pending registration on the file of the 3rd respondent and register the same in accordance with the Registration Act, 1908.

2. It is the specific contention of the learned Senior Counsel appearing for the petitioner that as far as the petitioner is concerned, they are developer notified under the provisions of the SEZ Act. The Demerger Order was passed on 19.08.2022, followed by a Corrigendum dated 15.11.2023, which are collectively referred as Demerger Orders. According to the learned Senior Counsel, as per Section 3(3) of the Stamp Act, the petitioner is totally exempted from payment of stamp duty. However, the said documents were not registered and impounded.

3. The learned Advocate General appearing on behalf of the respondents submitted that since the demerger was not done by the Court orders or



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by the NCLT, the stamp duty payable by the petitioner is 5%, whereas, it is the contention of the learned Senior Counsel for the petitioner that it is only 2% payable. As far as SEZ is concerned, the petitioner is not liable to pay stamp duty as claimed by the learned Advocate General. It is his further contention that since heavy investment was made in SEZ, further transfer by way of lease is totally stalled, because of the impounding of the documents. Hence, the learned Senior Counsel submitted that some interim arrangement has to be made.

4. Considering the various provisions pointed out by the learned counsel on either side, this Court is of the view that the petitioner shall deposit a sum of Rs.7.50 crores on the file of the SRO, Pallavaram, without prejudice to their rights in the writ petitions, as an interim arrangement. On such deposit, the Sub Registrar, Pallavaram, shall make necessary endorsement in the instrument and release the documents. This interim arrangement is agreed upon by the learned Senior Counsel for the petitioner as well as the learned Advocate General for the respondents.

5. It is made clear that in the event of the petitioner succeeding in the writ petitions and totally exempted from paying any stamp duty, the amount deposited as interim arrangement, shall be



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refunded to the petitioner with interest at banking rate. If the Revenue succeeds in the writ petitions, the petitioner is liable to pay the amount determined by the Revenue authorities in this regard.

6. It is also submitted by the learned Senior Counsel for the petitioner that in respect of the subsequent lease deeds, they will pay full stamp duty and registration fees and they shall not be harassed without registration.

7. The learned Advocate General, in reply, submitted that if proper stamp duty and fees are paid, the document will be registered and immediately released. Such submission is recorded.

8. Since this matter involves interpretation of various provisions of law, for filing counter, post on 20.08.2024."

The above order dated 31.7.2024 was passed only by means of an interim arrangement subject to the final result of these writ petitions.

44. In the light of the above conclusions arrived at, there is no scope for initiating any proceedings under Section 33A of the Stamp Act since this Court has held that the petitioner is entitled to exemption from payment of the stamp duty and consequently, there is



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no deficit stamp duty recoverable from the petitioner. In the result, this Court answers the two issues in favour of the petitioner.

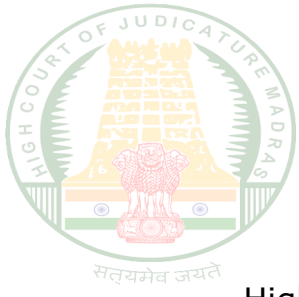
45. Accordingly, the writ petitions are allowed as prayed for. As a consequence, the stamp duty that was deposited by the petitioner before the Sub-Registrar, Pallavaram pursuant to the interim order dated 31.7.2024 granted by this Court shall be refunded to the petitioner together with interest as was indicated in the said interim order. The very same benefit will also enure for all the documents that were executed with respect to the subject lands and any stamp duty that has been paid and collected till now shall be refunded by the respondents within a period of four weeks from the date of receipt of a copy of this order. No costs. Consequently, the connected WMPs are closed.

17.4.2025

Index : Yes
Neutral Citation : Yes

To
1.The Inspector General of
Registration, 100, Santhome

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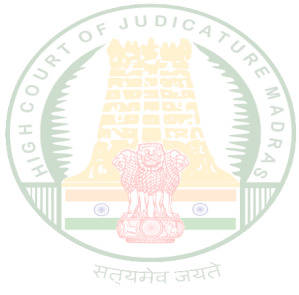
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High Road, Mylapore,
Chennai, Tamil Nadu-600028.

2.The District Registrar, 47/8,
West Tambaram, Tambaram,
Chennai, Tamil Nadu-600045.

3.The Sub-Registrar, Pallavaram,
7th Main Road, New Colony,
Chromepet, Jameen Pallavaram,
Chennai-600044.

RS



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W.P.Nos.17059, 17061 &
19636 of 2024

N.ANAND VENKATESH,J

RS

WP.Nos.17059, 17061 &
19636 of 2024 & all
connected pending WMPs

17.4.2025