IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 10.03.2026

CORAM:

THE HONOURABLE DR. JUSTICE **G.JAYACHANDRAN**
and
THE HONOURABLE MR. JUSTICE **R.SAKTHIVEL**

W.P.No.38185 of 2002

Chamundi Steel Casting (India)
Ltd., Rep.by its Manager M. Muniraj .. Petitioner

Vs.

1.State of Tamil Nadu, Rep.By
Secretary,
Energy Department,
Fort St. George,
Chennai.

2.The Chief Electrical Inspector to Government,
Thiru-Vi-Ka Industrial Estate,
Guindy,
Chennai 600 032.

3.Tamil Nadu Electricity Regulatory Commission,
Rep.by Chairperson
17,3rd Main Road,
Seethammal Colony,
Alwarpet, Chennai-18.

4.The Chairman,
Tamil Nadu Electricity Board,
800, Anna Salai,
Chennai 600 002. .. Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying to issue a Writ of Certiorari, calling for the records of the second respondent in his letter No.9955/A1/2002 dated 11.07.2002 and quash the same.

For Petitioner	:	Mr.K.Jayachandran
For Respondents	:	Mr.P.Muthukumar Additional Advocate General Asst.by Mr.R.Kumaravel Additional Government Pleader

ORDER

[Order of the Court was made by Dr.G.JAYACHANDRAN., J.**]**

The petitioner is a captive consumer of energy. Admittedly, it generates electricity using furnace oil as fuel for its manufacturing unit as per G.O.Ms.1201 dated 18.06.1970. Units that generate power from generating sets for their own consumption were exempted from paying electricity charges for a period of five years from the date of commencement.

2. Claim of the writ petitioner is that they commenced the production in the year 1995. Therefore, the exemption under G.O.Ms.1201, which applies to them till 2002. However, the impugned order demands electricity tax for the period from August 1999 to January 2002. Furthermore, the demand for Rs.1,75,37,768/- as maximum demand charges plus 35% tax on the price of energy which comes around Rs.61,38,219/-, is liable to be quashed.

3. A detailed counter was filed by the Department, wherein it is stated that the petitioner company was not given any exemption as per G.O.Ms.1201 and the company is liable to pay the electricity tax dues, which, as per the enclosed statement, amount to Rs.4,44,77,657/- along with interest of Rs.63,33,511/- with 12% per annum till the date of payment.

4. A perusal of the counter-affidavit mainly relies upon the provision of the new Electricity Act, 2003. It further states that the G.O.Ms.1201 and G.O.Ms.2072, dated 19.11.1969 were issued in the exercise of powers conferred under the State under Electricity Act, 1962.

5. The learned counsel representing for the Electricity Board was unable to produce any record to explain why the demand for electricity tax was not made till 2002. Admittedly, the units commenced production during the relevant period; however, there is no material to substantiate the demand of maximum demand charge of Rs.1,12,35,000/- which ought to have been based on agreement between the consumer and the Electricity Board.

6. For the above said reasons, we have unable to uphold the impugned demand by the Electricity Board. Hence, this Writ Petition is allowed and the impugned demand notice is hereby quashed. No costs.

[Dr.G.J., J.] & [R.S.V., J.]
10.03.2026

Index : Yes/No
Neutral Citation: Yest/No
Speaking or Non-speaking order
rpl

To

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Dr.G.JAYACHANDRAN., J.
and
R.SAKTHIVEL., J.

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