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Order QR

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 17.11.2026

CORAM

THE HON'BLE MR.SUSHRUT ARVIND DHARMADHIKARI,

CHIEF JUSTICE

AND

THE HON'BLE MR.JUSTICE G. ARUL MURUGAN

WA No. 1463 of 2025

CNR:{HCMA010390242025}

1. State Industries Promotion Corporation
of Tamil Nadu Limited
Rep by its Chairman and Managing Director,
19-A, Rukmini Lakshmi Pathy Road,
Egmore, Chennai - 8.

2. The Project Officer
SIPCOT, IT Park, Siruseri, Chengalpattu Taluk,
Kancheepuram district. Appellants

Vs

HMTD Engineering Private Ltd
Rep by its Director, Mr. Munish Agarwal,
Having its Registered Office at D-4, MIDC,
Taloja, District Raigad, Maharastra 410 208. Respondent

Prayer: Appeal filed to set aside the order dated 30-10-2023 passed in WP No. 10921 of 2021.

For Appellants — Mr.Arjun Suresh,
Addl Advocate General
asst by Mr.K.S.Karthik Raja,
Standing Counsel

For Respondent — Mr.Hari Radhakrishnan

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JUDGMENT

(Judgment of the Court was delivered by G.Arul Murugan, J.)

The State Industries Promotion Corporation (SIPCOT) has preferred this intra-court appeal, calling in question the order dated 30.10.2023 in W.P. No.10921 of 2021, whereby the order passed by the appellant dated 11.03.2021, cancelling the allotment made in favour of the respondent, was set aside and the writ petition came to be allowed.

2. The learned counsel appearing for the appellants contended that the appellants have allotted lands in favour of the respondent vide proceedings dated 10.01.2002, and since the conditions contained in the allotment order were not complied with by the respondent, which they are legally bound to do so, the authority, by the powers contained in the clause mentioned in the allotment and the subsequent lease deed executed, had issued the impugned order, which is assailed in the writ petition, cancelling the allotment. He further submitted that when the appellant had powers to cancel the allotment and resume the plot, the learned Single Judge had erroneously interfered with the proceedings only on the ground that in the earlier writ petition filed by

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the respondent, it was recorded that possession was handed over only on 18.05.2006 and since the writ petition was pending, the respondent could not have proceeded with the construction. When the learned Single Judge has also observed in the order that the respondent could be found fault with for not complying with the conditions for the period from 05.07.2019 to 11.03.2021, that period itself is sufficient for non-compliance of the conditions and in such circumstances ought to have upheld the order of rejection, but had erroneously set aside the cancellation order, which seeks for interference.

3. Countering the submissions, the learned counsel appearing for the respondent submitted that even though the allotment order was passed in favour of the respondent as early as on 10.01.2002 and the lease deed was also executed on 11.01.2002, admittedly, the possession in favour of the respondent was handed over only on 18.05.2006. When the possession was handed over only on 18.05.2006, immediately within two months, the first order of cancellation came to be passed, which was successfully challenged in the earlier writ petition, and after the writ petition was allowed, in spite of the permission sought for by the respondent to proceed with

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the construction, nothing came out, but however, it only resulted in the second order of cancellation, which was challenged in the writ petition. He further submitted that the learned Single Judge, rightly by considering the fact that the respondent cannot complete construction within two months, had interfered with the order and allowed the writ petition, thereby setting aside the order of cancellation passed by the appellant, which needs no interference.

4. We heard the rival submissions and perused the materials available on record.

5. The appellant has promoted an industrial layout at SIPCOT Information Technology Park, Siruseri. By proceedings dated 10.01.2002, the appellants had allotted plot No.4/D4, measuring an extent of 2 acres, in favour of the respondent. Based on the allotment order issued, a lease deed was executed on 11.01.2002, registered in the office of the Sub-Registrar, Thiruporur. Even though the allotment order was issued in favour of the respondent and also a lease deed was subsequently executed, it is not in dispute that the possession of the property was handed over to the petitioner only on 18.05.2006.

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6. It is contended that the respondent ought to have come forward and taken possession immediately on issuance of the allotment order and execution of the lease deed; but, however, had waited for nearly 4 to 5 years and had come forward only on 18.05.2006 to take over possession. Even then, when the appellants chose to handover possession of the property to the respondent only on 18.05.2006, in all fairness, the appellants ought to have allowed the respondent to proceed with the construction. But however, the appellants proceeded to pass an order dated 18.07.2006 cancelling the allotment made in favour of the respondent. When the possession of the property was handed over to the respondent only on 18.05.2006, the cancellation came to be issued within two months on 18.07.2006, on the ground that the respondent has violated clause 3(vii) and 3(viii), as the respondent has not put-up construction, completed it, and put the property to use.

7. When the respondent assailed the first cancellation order in W.P. No.33785 of 2007, the learned Single Judge, after finding that when the possession was handed over only on 18.05.2006, the appellants ought not to have passed an order of cancellation within

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two months on 18.07.2006, and thereby, by order dated 05.07.2019, allowed the writ petition, setting aside the order of cancellation, and remanded the matter back to the file of the appellants for fresh consideration.

Paragraph 18 and 19 of the order is extracted hereunder:

> *"18. Though the allotment order was passed in the year 2002, admittedly, possession was handed over to the petitioner only on 18.05.2006 and the impugned order came to be passed on 18.07.2006 on the ground that the petitioner had violated clauses 3(vii) and 3(viii) of the allotment order, and clause 18 of the lease deed, which was executed in the year 2002, is legally unsustainable and one cannot set up an Industry within a period of two months and hence the cancellation order dated 20.07.2007 is liable to be set aside and accordingly it is set aside.*
>
> *19. In view of the above, the order dated 20.07.2007 passed by the first respondent is set aside, and the matter is remitted back to the first respondent for fresh consideration and pass appropriate orders. No costs. Consequently, connected Miscellaneous Petition is closed."*

8. In view of the order passed by the learned Single Judge, though the order of cancellation dated 18.07.2006 was set aside, the matter was remitted back to the file of the appellants to make fresh consideration and pass appropriate orders. In such circumstances, unless the appellants pass a fresh order, the respondent cannot be

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expected to proceed with the construction. When the order in the writ petition was passed on 05.07.2019, the appellant by an order dated 07.03.2021 (second cancellation), has issued the impugned order in the writ petition after referring to the representation made by the respondent seeking to put-up construction, again cancelling the allotment made in favour of the respondent. In fact, even in the second cancellation order dated 11.03.2021, the appellant had chosen to only refer to violation of clause 3 (vii)(viii)(ix) of the allotment order, and clause (18) and (19) of the lease deed, which says that the commencement of construction should be made within six months, construction completed in 24 months, and commercial production commenced within 30 months.

9. The second order of cancellation was also assailed by the respondent before the writ court in W.P.No.10921 of 2021. The learned Single Judge, by the impugned order dated 30.10.2023, by referring to the earlier orders passed in the writ petition, disposed of the writ petition by setting aside the order of cancellation passed by the appellants, clarifying that it would not preclude the appellants from determining fresh dates for reckoning the time lines of conditions

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stipulated in the allotment order. The learned Single Judge in the order has also referred that at the maximum, the respondent could be faulted only for non-compliance of the conditions during 05.07.2019 to 11.03.2021. In our considered opinion, the same also cannot be construed as a fault on the part of the respondent as we have indicated earlier that when the order was passed in the first writ petition, the said writ petition was allowed and matter was remitted to the file of the appellants directing them to pass fresh orders after taking into consideration all the issues. When such an order was passed, the period from 05.07.2019 to 11.03.2021 taken by the appellant to pass orders, cannot be construed as default on the part of the respondent.

10. Admittedly, even though the allotment in favour of the respondent was made as early as on 10.01.2002 but possession of the property has been handed over to the respondent only on 18.05.2006, the appellants ought to have waited and allowed the respondent to proceed with the construction and put the property into use for the purpose for which it was allotted. On the contrary, immediately within two months from the handing over of possession of the property, the

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appellants have issued an order of cancellation. When the cancellation was challenged, an order of stay was granted in the writ petition, and the writ petition ultimately came to be allowed only in the year 2019. Even when the cancellation was set aside in the year 2019, it was with a rider that the matter would be considered afresh by the authorities. Even after the second cancellation order made in the year 2021, in the writ petition, the said order of cancellation was stayed. When the allotment itself was cancelled, which was only stayed by the interim orders passed in the writ petition, the respondent cannot be expected to proceed with the construction and make the property to put into use for commercial production as it could not risk the entire investment going waste if ultimately the writ petition came to be dismissed.

11. In such circumstances, we do not find any error or infirmity in the orders passed by the learned Single Judge warranting interference. Therefore, we are inclined to dismiss the writ appeal. It is made clear that the respondent would be free to proceed with the construction and put the property for commercial use as per the terms of the allotment order.

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12. For all practical purposes, the conditions contained in the allotment order would start having implications only from today, i.e. the disposal of this writ appeal. It is further made clear that if the respondent makes any further violations calculated from today, in not complying with the conditions contained in the allotment order, the appellants are free to take any further proceedings as per the terms of allotment and the lease deed.

13. With the aforesaid, the writ appeal stands dismissed. There will be no order as to costs. Consequently, CMP Nos.11155 of 2025 and 30204 of 2026 are closed.

(SUSHRUT ARVIND DHARMADHIKARI, CJ.) (G. ARUL MURUGAN, J.)
17.11.2026

Index : Yes/No
Neutral Citation : Yes/No
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