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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 21-04-2026

CORAM

THE HON'BLE MR JUSTICE S. M. SUBRAMANIAM

AND

THE HON'BLE MR.JUSTICE K. SURENDER

WA No. 1344 of 2023

and

CMP No. 13133 of 2023

State Industries Promotion Corporation
of Tamil Nadu, Rep. by its Managing Director,
19A, Rukmani Lakshmipathy Road,
Egmore, Chennai-8.

..Appellant(s)

Vs

M/s Madhucon Granites Limited
Rep. by its Authorized Signatory, K.Jayanth,
Beside D.No.135, Addakurukki (V), Kamaandoddi
Post, Hosur Taluk,
Krishnagiri-635 109.

..Respondent(s)

WA No. 1344 of 2023

To set aside the order dated 24.02.2023 made in WP No.1745 of
2015 and allow this Writ Appeal.

WA No. 1344 of 2023

For Appellant(s): Mr.Abishek Murthy

For Respondent(s): Mr. A. Palaniappan

Judgment**(Judgment of the Court was delivered by S.M.Subramaniam J.)**

Under assail is the writ order dated 24.02.2023 in W.P.No.1745/2015.

2. The appellant, State Industries Promotion Corporation of Tamilnadu



Ltd., instituted the present intra Court Appeal under Section 15 of Letters Patent Act, mainly on the ground that the writ order impugned is running counter to the terms and conditions of the allotment order issued in favour of the 1st respondent as well as the lease deed executed between the appellant and the respondent.

3. The facts in brief, not controverted between the parties would show that an order of allotment was issued by the appellant in favour of the respondent Company for allotting Plot No.1/40 measuring 24 acres on 07.07.2011. A registered lease deed was executed on 01.12.2011 between the parties. Possession of plot in the Special Economic Zone, SIPCOT Industrial Complex, Pochampalli Taluk, Krishnagiri District, was handed over to the respondent Company on 26.12.2007. The Government issued G.O.Ms.23, Housing and Urban Development Department dated 24.01.2012, relating to handing over of Open Space Reservation (OSR) and Roads by Special Economic Zone (SEZ) Developers. The respondent Company addressed a letter to the appellant seeking necessary clearances for development of the Unit dated 11.06.2012. They have requested to provide for DTCP and TNPCB approval for SEZ and HT power connection point for execution of the project. The appellant informed the respondent Company on 10.01.2013 that as per G.O.(Ms).No.169, Industrial (MIE2) Department dated 21.09.1996, the allottee could commence the construction after submitting the application for building plan approval to the competent authority. However,



the respondent company cited reasons for delay in project execution and sought for clarification from SIPCOT regarding tentative timelines for provision of power, DTCP approval and other infrastructure facilities. When the processes are on, the respondent company surrendered the plot on 12.08.2013 with a request to refund the amount deposited by the respondent Company. The reasons cited by the respondent Company is that the infrastructure development was delayed due to Government procedures and therefore, they have decided to surrender the plot. The surrender letter submitted by the respondent Company was considered and the appellant issued a cancellation order, cancelling the allotment on 24.06.2014, refunding the amount eligible to the tune of Rs.6,01,60,250/-. The development charges paid by the respondent to the tune of Rs. 1,07,03,840/- was forfeited as per the conditions stipulated in the allotment order and lease deed. Thus, the dispute pertains to refund of development charges alone.

4. Learned counsel for the appellant mainly contended that the terms and conditions of allotment order as well as the lease deed are crystal clear. Having agreed, the respondent cannot seek refund of the development charges which was forfeited in accordance with the agreement entered between the parties.

5. Learned counsel for the respondent would oppose by stating that the appellant has failed to develop the Special Economic Zone and there was a



delay in providing basic amenities including water and electricity service connection. Therefore, the respondent Company has decided to surrender the plot and thus, they are entitled for refund of the entire deposited amount, including the development charges. He would draw the attention of this Court with reference to the letter addressed by the respondent to the appellant stating that there was a huge delay in developing the Special Economic Zone and therefore, the respondents were not in a position to commence the project. Thus, the Writ Court has rightly considered the issues with reference to the facts and the Appeal is to be rejected.

6. This Court has considered the rival submissions made between the parties to the lis.

7. In the order of allotment dated 07.07.2011, the following conditions are stipulated:

<u>S.No.</u>	<u>Conditions</u>	<u>Time limit</u>
...	...	...
viii	<i>Implementation of the project/commercial production.</i>	<i>Within 30 months from the date of this order. Failure will entail cancellation of allotment and forfeiture of initial deposit and development charges paid towards the extent allotted.</i>
...	...	...

4.b. Since providing of infrastructural facilities by SIPCOT is an ongoing scheme for the overall development of the Industrial



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Park/Growth centre/Complex and expenses thereon would be incurred during various periods till its completion, the allottee shall not have any claim over the development charges paid to SIPCOT.

8. The lease deed was executed between the appellant and the respondent on 26.12.2011. The relevant conditions agreed between the parties in the lease deed are as under:

14(iii) Providing of infrastructural facilities by the first part, is an ongoing scheme for the overall development of the complex and the expenditure thereon would be incurred over a period of time till the completion of the complex. The Lease charges and any additional Lease charges collected during the period of lease from allottees will be adjusted towards development expenditure incurred and or to be incurred for the infrastructure development of the Industrial Complex. The party of the second part shall not have any right to claim for infrastructural facilities or claim over such development charges paid to the party of the First part.

9. The terms agreed between the parties both in the allotment order as well as the lease deed explicitly made clear that the allottee agreed to forgo the development charges in the event of cancellation of allotment. In the present case, the allotment was cancelled, based on the surrender letter submitted by the respondent Company.

10. The power of judicial review of the writ Court under Article 226 cannot be expanded for adjudication of disputed facts arising on account contractual obligation between the parties. The terms and conditions agreed



between the parties both in the allotment order as well as in the lease deed are crystal clear. If any disputed fact exists regarding factual aspects, it is to be established through the documents as well by way of adjudication in the manner contemplated under law. The power of judicial review is to ensure the processes through which a decision has been taken by the authorities. In the present case, the authorities have invoked the forfeiture clause on account of surrendering of the industrial plot by the respondent. That apart, the allotment was made on 07.07.2011 and in June, 2012, the respondent company started addressing letters to the appellant stating that the development activities have not commenced nor infrastructural facilities are provided. Thereafter, on 12.08.2013, the respondent Company surrendered the plot with a request to refund the amount. On receipt of surrender letter, the appellant addressed a letter to the respondent Company on 07.10.2013. explaining the reasons for the delay in developing the Special Economic Zone and made a request to reconsider the decision of the respondent and to implement the project at the plot allotted to the respondent. Therefore, the respondent Company on their own volition, surrendered the plot. Thus, they are not entitled to seek refund of development charges, which is forfeited in consonance with the terms and conditions agreed between the parties both in the allotment order as well as in the lease deed .

11. The writ Court has gone into the reasons for the delay in developing the infrastructure facilities which involves many factors since it is a Special



Economic Zone and many Government permissions, approvals are required.

If any factual dispute exists between the parties, the respondent is at liberty to

approach the Civil Court or appropriate forum, as the case may be.

12. That being the factum, this Court is inclined to interfere with the writ order. Therefore, the writ order dated 24.02.2023 is set aside and the Writ Appeal stands allowed.

13. Learned counsel for the appellant would submit that based on the interim order passed by this Court, the appellant SIPCOT has deposited a sum of Rs.1,07,04,094/- in the credit of the Registrar General, High Court, Madras. Thus, the Registrar General, High Court, Madras, is directed to return the deposited amount along with interest, if any accrued, on filing appropriate application by the SIPCOT, within a period of two weeks from the date of receipt of application from the appellant.

No costs. Consequently, connected miscellaneous petition is closed.

(S.M.S.,J.) (K.S.,J.)
21-04-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
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**S.M.SUBRAMANIAM J.
AND
K.SURENDER J.**

VSI

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