IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15-06-2026

CORAM

THE HON'BLE MR JUSTICE M.DHANDAPANI

W.P No. 19548 of 2024 and
WMP No. 21403 OF 2024

M/s.A.T.H.Leader Fabrik,
Rep. by one of its Partner,
Mr. Mohammed Thameem,
Having their Registered Office at
KH Centre 15/2 College Road,
Nungambakkam, Chennai -600 006.

..Petitioner(s)

Vs

1. Government Of India,
   Rep. by its Under Secretary,
   Ministry Of Commerce and Industry,
   Department Of Promotion of Industry And
   Internal Trade(DPIIT),
   Formerly Known as Department Of Industrial
   Policy and Promotion (Leather Section),
   Udyogbhawan, New Delhi -110 011.

2. The Director,
   Central Leather Research Institute(CSIR-CLR),
   Adayar, Chennai -600020.

..Respondent(s)

Writ Petition filed under Article 226 of Constitution of India seeking for issuance of Writ of Certiorarified Mandamus Calling for the records on the files of the 1st Respondent namely the order file No. 27018/2018-LEATHER-part-1 dated 29.04.2024, rejecting the request for granting subsidy submitted under unique registration No. CL2K2K0711 and quash the same and consequently direct the respondents to approve the same in the Steering Committee meeting for release of the Subsidy of Rs. 75,60,861.99/- as per unique registration No. CL2K2K0711.

For Petitioner(s): Mr.Jayesh B.Dolia, Sr. Counsel for M/s.Aiyar And Dolia

For Respondent(s): Mr.K.Ramanamoorthy Central Government Counsel (R1 and R2)

Order

This Writ Petition has been filed challenging the order passed by the 1st Respondent dated 29.04.2024, rejecting the request for granting subsidy submitted under unique registration No. CL2K2K0711 and quash the same and consequently direct the respondents to approve the same in the Steering Committee meeting for release of the Subsidy of Rs. 75,60,861.99/- as per unique registration No. CL2K2K0711.

2. The facts of the case in brief are as follows:

(i) The petitioner is engaged in the business of tanning raw skin to finished leather from the year 1991. The petitioner is one of the entities under the business group K H Exports India Private Limited. The Integrated Development of Leather Sector (IDLS) scheme was introduced for grant of assistance for development of leather industries. The scheme was promoted for modernization and upgradation of leather industrial units with latest technology and equipments by way of grants to the Units.

(ii) The 1st respondent had appointed Centralized Project Monitoring System through Central leather Research Institute (CSIR-CLRI), the 2nd respondent, as Project Implementation Unit (PIU), nodal agency. The Petitioner was eligible to avail the benefit of the above scheme for their tannery division. The Scheme dated 17.11.2020 was implemented through the Project Implementation Unit (PIU) which had created an online portal for implementing the scheme and the petitioner had submitted their application on 20.02.2021 in this online portal with all required documents and it was accepted by the 2nd respondent. Despite the same, the application of the petitioner were returned as per letter of DPIIT dated 20.09.2021, asking to submit the application under the new scheme as and when it is approved. The petitioner sent a representation to the 1st respondent on 31.10.2022 and the 1st respondent vide its reply dated 20.12.2022 informed the petitioner that the scheme for period 2017-2020 is closed and informed to apply in the fresh scheme.

(iii) The petitioner again submitted their representation on 18.04.2024 and the 1st respondent vide the impugned reply dated 29.04.2024 stated that as per the decision of the Steering Committee, the scheme is closed and to apply under the new scheme, W.P.No.25067 of 2021 on the same subject is pending before this Court. Challenging the said order, the present Writ Petition is filed.

3. The learned Senior Counsel appearing for the petitioner would submit that challenging the very same impugned order, other exporter has filed W.P.No.18741 of 2024 before this Court and this Court by an order dated

27.12.2024, allowed the Writ Petition by holding the impugned order as null and void. He therefore prays for appropriate orders.

4. Learned Central Government Counsel appearing for the respondents 1 and 2 would submit that as against the order passed by this Court in W.P.No.18741 of 2024,, Writ Appeal has been preferred by the respondents in W.A.No.1577 of 2022. However, he would fairly submit that no interim order was passed by this Court.

5. This Court by an order dated 21.12.2024 has allowed the Writ Petition in W.P.No.18741 of 2024 with the following observations:

> *"17. The petitioner is engaged in the business of tanning, finished leather and manufacturing footwear. They had two separate divisions, one was the footwear division and the other was the tannery division.*
>
> *18. The first respondent had introduced a scheme called the Integrated Development of Leather Sector (IDLS) scheme for grant of assistance for development of leather industries. The scheme promoted modernistaion and upgradation of leather industrial units with latest technology and equipments.*
>
> *19. If machineries were purchased then subsidy would be extended towards a portion of the cost of the machineries. If machineries are purchased then units like the petitioner can apply for the scheme by uploading their applications in the portal of the second and third respondents. The second respondent had been appointed as the Project Implementation Unit for foot wear division. The*

third respondent had been appointed as the Project Implementation Unit for tannery division. The petitioner claims that they were eligible to avail the scheme under both the foot wear division and tannery division.

20. With respect to the footwear division, it is the case of the petitioner that they had purchased machineries towards modernisation for a sum of Rs.2,71,08.806.87 under the self finance scheme. They sought subsidy of Rs.54,21,761/-. They had submitted their application online and a unique registration No. FD2K190300 was generated on 03.11.2020.

21. With respect to the tannery division, it is the case of the petitioner that towards modernisation of the machineries, they had incurred an expenditure of Rs.4,17,43,828/-. They were eligible for assistance to a sum of Rs.83,48,765/-. They had however restricted that to Rs.76,79,897/-. The petitioner had uploaded their application seeking assistance under the scheme online and unique registration No. CL2K180099 was generated on 27.01.2021.

22. The procedure for examination and scrutinisation of the applications involved an appraisal by the bankers and later, an inspection and verification of the machineries purchased by the second and third respondents.

23. With respect to the applications submitted under the footwear scheme, the appraisal by the bankers was done on 23.11.2020 and a report was submitted to the second respondent on 23.11.2020. A clarification was raised on 07.12.2020 and it was replied on 08.12.2020. The officials from the second respondent visited the factory of the petitioner on 29.01.2021. They again raised a clarification on 15.02.2021 which was replied on the same day by the petitioner.

24. With respect to the tannery division, the petitioner had submitted their application online and a Registration No. CL2K180099 was generated was 27.01.2021. The finance appraisal was done on 21.10.2020. The Officials of the third respondent inspected the unit on 18.11.2020. The *application was accepted by the Technology and Financial Appraisal on 30.01.2021 and also accepted by the third respondent on 26.02.201.*

25. Since the two applications had been deemed to be accepted, there was a legitimate expectations on the part of the petitioner that subsidy would be released. The impugned order was dated 24.04.2024. This was issued after a series of representations were given by the petitioner herein seeking clarification as to the reason for the pendency of the applications.

26. In the impugned order, it had been stated that the incomplete applications had been returned to the Project Implementation Units with a direction to submit the applications to the units and asking them to apply afresh under the new scheme.

27. But however, the petitioner had incurred the expenditure when the scheme was in force for the years 2017-2020. They would be eligible to seek assistance under the new scheme which was for the years 2021-2026 if only they had incurred expenditure during that particular period. They cannot claim subsidy in the scheme for the period 2021-2026 for an expenditure which they had incurred in the year 2017-2020. If they so apply their applications would be rejected.

28. One of the conditions for applications to be made in the new scheme for the years 2021-2026 is that the expenditure towards modernisation should have been incurred in that period, namely, between the years 2021-2026. Therefore, the contention of the respondents that the petitioner could apply under the new scheme for the years 2021-2026, is held to be only a ruse to reject the applications of the petitioner herein.

29. In the impugned order, it had been further stated that there was a parallel writ petition in W.P.No. 25067 of 2021 was pending and therefore, the application of the petitioner could not be considered. This reason by the respondent defies logic.

30. The application of the petitioner is independent of that Writ Petition. The petitioner had applied for the footwear and tannery divisions. They had purchased machineries. They had modernised their factory. These are facts which should have been examined by the respondent. It had to be examined whether the petitioner was eligible for grant of subsidy under the scheme.

31. The criteria for such examination is well defined. The petitioner should have purchased machineries within that particular period, namely, 2017-2020. The Officials of the second and third respondents had visited and inspected the factory premises of the petitioner. There is no denial or dispute of the fact that the petitioner actually purchased the machineries. A Query was raised relating to the value of the old machineries which was treated as scrap but not with respect to the machineries which were purchased afresh. Therefore, the contention of the respondent that merely because another writ petition was pending and therefore, the applications of the petitioner could not be considered has to be rejected. No other reason was given for rejection of the application of the petitioner herein.

32. In the counter affidavit, the respondents had widened the scope of examination of the impugned order and had stated about the alleged mismatch in the value of the machineries. It is trite in law to point out that any order issued without reasons would be subject to judicial review by the Court. Reasons cannot be added in a counter affidavit.

33. In ***Mohinder Singh Gill V. The Chief Election Commissioner, New Delhi,*** *reported in* ***AIR 1978 SC 851 : (1978) 1 SCC 405*** *wherein it had been held as follows:-*

"8. The second equally relevant mater is that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of affidavit or otherwise. Otherwise, an order bad in the beginning may, by the time it comes to court on account of a challenge, get validated by additional grounds

later brought out ..... Orders are not like old wine becoming better as they grow older."

34. The respondent therefore cannot improve the case by the counter affidavit filed by them before this Court. Even otherwise a careful perusal of the dates would show that the delay was actually on the part of the second /third respondents.

35. In the first instance, with respect to the foot wear division, the clarification raised by the second respondent was replied by the petitioner on 08.12.2020. The Officials of the second respondent inspected the factory only on 29.01.2021 more than 50 days after the clarification was issued by the petitioner herein. No explanation had been given for the delay in such inspection.

36. Again when a further clarification was sought and replied by the petitioner on 12.06.2021, the letter from the DIPP was issued only on 20.09.2021 after more than three months. Again there is no explanation for the delay. The petitioner cannot be faulted on any ground whatsoever.

37. With respect to the tannery division, the application was submitted on 04.11.2020 and the Officials of the third respondent visited the factory on 18.11.2020 after about 14 days. No explanation had been given for the delay.

38. The flow of dates show that there has been no delay on the part of the petitioner. The reasons stated in the impugned order does not withstand the scrutiny of the Court and cannot be sustained.

39. In view of these reasons, I hold that the impugned order must be struck down. The Writ Petition stands allowed. A direction is issued to the first respondent to process the application of the petitioner and release the subsidy within a period of three months from the date of receipt of a copy of this order. Consequently, connected Miscellaneous Petition stands closed. No order as to costs.

6. Since the very same, impugned order has been held as null and void, this Court is inclined to dispose of this Writ Petition with the same terms. Accordingly this Writ Petition is allowed in terms of order dated 21.12.2024 made in W.P.No.18741 of 2024. No costs. Consequently, connected Miscellaneous Petition is closed.

15-06-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
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To

1. The Under Secretary, Ministry Of Commerce and Industry, Department Of Promotion Of Industry and Internal Trade(DPIIT), Formerly Known as Department Of Industrial Policy and Promotion (Leather Section), Udyogbhawan, New Delhi -110 011.

2. The Director, Central Leather Research Institute(csir-clr), Adayar, Chennai -600020.

M.DHANDAPANI J.
arr

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