



W.P. No.20645/2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	Pronounced on
01.04.2026	06.04.2026

CORAM

THE HONOURABLE MR. JUSTICE M.DHANDAPANI

**W.P. NO. 20645 OF 2024
AND
W.M.P. NOS. 22576 & 22578 OF 2024**

M/s.Precision Tech Enterprises
Rep. By its Manager
Mr.Pawan Kumar Sharma
RNS 24, Renault & Nissan
Supplies Park, SIPCOT Industrial
Growth Centre, Kancheepuram Dt.
Chennai 602 105.

.. Petitioner

- Vs -

1. The Managing Director
State Industries Promotion
Corporation of Tamil Nadu Ltd.
(SIPCOT), 19-A, Rukmani Lakshmipathy
Road, Egmore, Chennai 600 008.

2. The Project Officer/Estate Officer
State Industries Promotion
Corporation of Tamil Nadu Ltd.
(SIPCOT) SIPCOT Industrial Park
Oragadam, Chennai 602 105.

.. Respondents



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Writ Petition filed under Article 226 of the Constitution of India praying this Court to issue a writ of certiorarified mandamus calling for the records relating to the proceedings bearing No. “P-I/ORG/Precision Tech/2008” dated 24.06.2004 on the file of the 1st respondent and quash the same and consequently direct the 1st respondent to grant extension of time of 12 months to the petitioner to implement the project at Plot No.RNS-24, SIPCOT Industrial Growth Centre, Oragadam.

For Petitioner : Mrs. Rita Chandrasekaran, for
M/s.Aiyar & Dolia

For Respondents : Mr. K.Palaniappan

ORDER

Challenging the impugned communication dated 24.06.2024in and by which the respondents had cancelled the allotment and directed the petitioner to surrender the plot allotted to them, the present petition has been filed before this Court.

2. It is the case of the petitioner that it is engaged in the manufacture of automotive products and is having a manufacturing unit at Plot No.RNS-24 at SIPCOT Industrial Growth Centre, RNS Park, Oragadam to an extent of 1.50 acres.

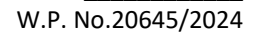


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3. It is the further case of the petitioner that with a view to expand its manufacturing activities, the petitioner submitted application to the 1st respondent seeking allotment of industrial plot at SIPCOT Industrial Growth Centre, Oragadam and by proceedings dated 19.12.2008, the petitioner was allotted an extent of 1.50 acres for a period of 99 years and the cost of the plot was fixed at Rs.90,00,000/= which amount was duly remitted by the petitioner. Pursuant to the order of allotment, a memorandum of lease deed dated 9.4.2009 was also entered into between the authorised officer of the 1st respondent and the petitioner.

4. It is the further averment of the petitioner that as per clause 17 of the said lease deed, the allottee, viz., the petitioner herein, was to commence commercial production/trial production within 30 months of the date of allotment order and the clause further stipulated that failure on the part of the allottee within the stipulated time will entail in cancellation of allotment and forfeiture of the amount paid. It was further stipulated therein under clause 18 that the allottee shall have to commence construction of building within 6 months of the allotment order and complete the same within 24 months from the date of the allotment order.



6. It is the further averment of the petitioner that vide letter dated 10.01.2024, the petitioner requested the 1st respondent to afford an opportunity to resume full factory operation, as the lesser activity of the petitioner was due to decreased business activities in the automotive sector due to prevailing market conditions resulting in the decline for demand of automotive products and,



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therefore, the petitioner was not able to operate to full potential. It is the further averment of the petitioner that though the petitioner was entertaining hope over hope that its request for grant of further time would be favourably considered, however, vide the impugned communication, the request of the petitioner was rejected by relying upon clause Nos.17 and 18 of the lease deed by pointing out that only 18.68% to an extent of 1137 sq.mts., of the land has been utilised for the factory building and the allotment given to the petitioner has been cancelled and further notice was issued to the petitioner under Section 4 of the Tamil Nadu Public Premises (Eviction of Unauthorised Occupants) Act, if the petitioner fails to surrender the land and hand over occupation of the land to the respondents. Aggrieved by the same, the present writ petition has been filed.

7. Learned counsel appearing for the petitioner submitted that the recession leading to the difficulties faced by the petitioner have not been taken into consideration by the respondents while issuing the impugned order. It is the further submission of the learned counsel that the outbreak of COVID-19 pandemic had also crippled the economy of the country, which had also greatly affected the automotive industry and also the petitioner leading to decreased



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production and the economic viability had rendered the petitioner from proceeding with the construction.

8. It is the further submission of the learned counsel that the petitioner had invested about Rs.5 Crores and had put up a portion of the construction, which also has been noted by the respondents, which clearly shows the bona fide intent of the petitioner in using the lands for the purposes for which it was allotted. However, the difficulties faced by the petitioner resulting in non-utilisation of the plot allotted to the petitioner has not been taken into consideration, which non-utilisation was unintentional and only due to the severe financial constraints, which had affected the manufacturing activities.

9. Learned counsel for the petitioner submitted that with a view to honour the agreement, irrespective of the financial predicaments faced, the petitioner had taken steps to put up further construction and complete the same and had therefore requested the respondents for extension by 12 months, which has not been considered by the respondents. It is the further submission of the learned counsel that it is not as if the petitioner was keeping silent all along. Even the order of the respondents reveal that the petitioner had put up construction of



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about 19% in the plot allotted to it, which shows the bona fide intent of the petitioner and only the attendant circumstances had prevented the petitioner from proceedings, which ought to have been considered favourably in favour of the petitioner, but without considering all the aforesaid aspects, merely resorting to clauses 17 and 18 of the agreement, the agreement between the petitioner and the respondents was cancelled, which clearly reveals gross non-application of mind on the part of the respondents and also the arbitrariness in cancelling the order or allotment, which requires interference at the hands of this Court.

10. Per contra, learned standing counsel appearing for the respondents submitted that though the agreement was entered into in the year 2009 with clear stipulations in the agreement that the allottee should commence the commercial production/trial production within 30 months from the date of allotment order, the petitioner, till date has not put up proper and full construction and utilised the land for manufacturing activity.

11. It is the submission of the learned standing counsel that clause 17 of the agreement provides that in case of failure to adhere to the commitments, the



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respondents are vested with power to cancel the allotment and forfeit the total amount paid towards the allotted land.

12. It is further submitted by the learned standing counsel that since 2011 the respondents have been continually following up with the petitioner as regards putting up construction, however, the petitioner has not complied with the terms of the agreement. It is the further submission of the learned counsel that though through letter dated 17.2.2011 the petitioner gave an assurance that the construction would be commenced immediately, however, till date full construction has not been put up. Though reminder letters were issued and the respondents called upon the petitioner to provide the details with regard to the building put up, in the year 2022, the petitioner submitted an invoice with regard to putting up construction of 1137 sq.mtr. and that the said invoice was also not generated from the place of operation of the petitioner.

13. It is the further submission of the learned counsel that the plea of COVID-19 pandemic cannot be pressed by the petitioner, as the same was in the year 2020, whereas, the petitioner ought to have commenced operation of manufacturing by putting up construction even during 2011-2012, which the



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petitioner has miserably failed. It is the further submission of the learned counsel that even the electrical consumption charges during the period August, 2021 to July, 2024, reveals that the consumption of electricity is minimal and does not establish any manufacturing activity in the plot allotted.

14. It is the further submission of the learned counsel that even as per the policy outlines in the Office Order of the year 2021, 50% of the plot allotted ought to have been utilised by the petitioner for seeking retention and extension of time, but the petitioner has utilised only 18.68% from the allotted extent of 1.50 acres.

15. It is the further submission of the learned counsel that allotment was granted on receipt of Rs.90 Lakhs for an extent of 1.50 acres at the rate of Rs.60 Lakhs per acre in the year 2009. However, the present land value is Rs.205 Lakhs per acre and if at all the petitioner seeks further 12 months extension, the petitioner should pay an amount of Rs.145 Lakhs, being the differential cost at the present market value and on such deposit, the respondents would consider extension of time by a further period of 12 months.



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16. It is the further submission of the learned counsel that submission of the entire land cost is mandatory in cases where the cancellation had been ordered and, therefore the petitioner has to pay the differential cost to seek further extension of time. Further, the plea of pandemic canvassed by the petitioner would not be available to the petitioner as the petitioner had not complied with the conditions stipulated for more than 11 years before the outbreak of pandemic and the sympathy which the petitioner tries to draw out of this Court is nothing but an act of shedding crocodile tears to get the petitioner enriched by holding to the said lands.

17. It is the further submission of the learned counsel that the manufacturing activity, if at all, had been commenced by the petitioner only post the order of status quo granted by this Court, as would be evidenced by the electricity bills for the said period. It is the further submission of the learned counsel that a review of the electricity bills shows that power penalties and excess demand charges were imposed by the electricity board in view of there being no manufacturing activity prior to 25.6.2024, as the order of status quo was granted on 24.7.2024. All the aforesaid aspects clearly show that the petitioner



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has not come to court with clean hands and, therefore, necessarily the present petition deserves to be rejected.

18. It is the further submission of the learned counsel that even as per the inspection report dated 9.4.2025, structures have been put only on an extent of 1900 sq.mt., which is also incomplete, which clearly shows that the entire land allotted had not been utilised by the petitioner, thereby greatly affecting the public interest as the lands were kept and used for some other purposes, thereby, derailing the employment opportunities, which would otherwise had come up had the lands been allotted for some other purpose. Therefore, the present plea of the petitioner for extension is against the interest of the public and the same ought not to be considered and, accordingly, prays for dismissal of the present writ petition.

19. This Court gave its careful consideration to the submissions advanced by the learned counsel appearing on either side and perused the materials available on record.



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20. There is no dispute with regard to the agreement entered into between the parties, which, as admitted was entered into in 2009. Since, 2009, the petitioner is in possession and occupation of the said land, to the extent of 1.5 acres. Towards leasehold charges, the petitioner, during the year 2009, had paid a sum of Rs.90 Lakhs, which is admitted by the respondents. The reason for the cancellation of the allotment stems from the fact that inspite of the clauses in the agreement providing for commencement of the commercial production/trial production within a period of 30 months from the date of receipt, construction had not been put up and production has not commenced.

21. In this regard, it is the stand of the respondents that construction has been put up only to an extent of 18.68% in the entire extent of 1.5 acres, which is not disputed by the petitioner. However, the petitioner pleads the economic slow down and COVID-19 pandemic and the recession in the automotive industry as the factors, which has curtailed the construction activities.

22. It is to be pointed out that the allotment was made in the year 2009 and condition No.3 (viii) of the allotment dated 19.12.2008 reads as under :-



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S. No.	Conditions	Time Limit
(viii)	Implementation of the project/commercial production	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.

23. There is no quarrel with the fact that the petitioner has accepted the condition stipulated in Condition No.3 (viii) of the allotment order dated 19.12.2008, wherein there is a clear prescription that failure to start commercial production within 30 months from the date of the order of allotment will result in cancellation of allotment and forfeiture of initial deposit and development charges paid by the petitioner.

24. Further, clause 14 (i) and 17 of the lease deed dated 9.4.2009, which are also material, are extracted hereunder :-

“14. (i) if in the opinion of the Party of the First Part, it is found that the land allotted to the Party of the second Part is not put to use for the purpose for which it was allotted or is in excess of the actual requirements of the Party of the Second Part for the purpose for which it was allotted, the Party of the First Part shall at any time have the right to cancel the allotment in respect of such land or excess land, as the case may be, and resume the same under the provision of TNPPE Act. In the event of resuming excess land by the party of the



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first part, the plot deposit and development charges and additional development charges collected from the Party of the Second Part will be suitably modified and refund of the plot deposit alone if any, due to the Party of the Second Part will be made. Development charges, additional development charges, lease rent, interest and enhanced interest, if any, already paid or due, will not be subject to any refund or modification in such an event.

17. The allottee shall commence the commercial production/trial production within 30 months from the date of allotment order. Failure will entail cancellation of the allotment and forfeiture of total amount paid towards the extent allotted.”

25. Therefore, not only the condition No.3 (viii) of the allotment order dated 19.12.2008, but also in the lease deed dated 9.4.2009, there is a clear stipulation that commercial production/trial production has to be started within 30 months from the date of the order of allotment, failure of which will result in cancellation of allotment and forfeiture of the amount paid towards the extent allotted.

26. It is not the case of the petitioner that within the period prescribed, the petitioner has started commercial/trial production, even in respect of the



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construction in 1137 sq.mt. There is no whisper in the petition as well as any merited document submitted by the petitioner to canvass the said contention that there is compliance of clause 17. Therefore, there is clear infraction of the condition stipulated in the allotment order as also the conditions stipulated in the lease deed.

27. Further it is to be noted that even in the year 2011, more particularly on 21.01.2011, the respondents had written to the petitioner warning that production activity has not yet started for which assurance was given by the petitioner through letter dated 17.2.2011, which is submitted by the respondents in their counter, which has not been controverted by the petitioner. However, inspite of the assurance given, no steps seems to have been taken by the petitioner to start production and even the further letter dated 6.7.2012 sent by the respondents calling upon the petitioner to provide details as to the construction that has been carried out by the petitioner has not evoked any response.

28. Since December, 2008 and till the outbreak of the pandemic in the year 2020, there has been stoic silence by the petitioner with regard to the start



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of the commercial production by completing the construction activity. After the outbreak of COVID-19 pandemic, anything and everything is mulcted on the head of the pandemic and following suit, in the present case as well, the inaction on the part of the petitioner has been fastened on the pandemic and economic meltdown in the automotive sector. However, it is to be pointed out that even before the outbreak of the COVID-19 pandemic, a decade had passed since the allotment of the lands to the petitioner.

29. It is to be pointed out that the reason for such allotment through the SIPCOT is for public welfare, as providing such spaces to commercial and industrial activities would result in employment opportunities to the citizens in the area. However, in the present case, inspite of the petitioner holding the lands for more than a decade, nothing in the form of manufacturing activity had been commenced by the petitioner.

30. In this regard, a perusal of the counter of the respondents reveal that except for putting up construction in 1137 sq.mts. of land, no construction activity which is necessary for setting up a manufacturing hub has been put up by the petitioner. What is more intriguing is the fact that the electricity charges



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towards the alleged manufacturing activity had resulted only in the consumption of about 50 units, as alleged by the respondents, which is not disputed by the petitioner. If really the petitioner had put up manufacturing activity, necessarily there would be materials evidencing the said activity, inclusive of payment of electricity bills, which would show the manufacturing activity undertaken by the petitioner. However, no materials have been placed either before the respondents or before this Court to establish that the lands which were allotted have been used for manufacturing activity.

31. Except for pleading the financial difficulties and the COVID-19 pandemic, no worthwhile reasons have been placed by the petitioner to seek the indulgence of this Court to invoke its extraordinary power. When the petitioner, with open eyes, had accepted to the clauses in the agreement and has subscribed its signature, it is bound by the terms of the lease deed. It is to be pointed out that though the lease deed, through clauses 14 (i) and 17 had provided for cancellation of the order of allotment for non-compliance within the period prescribed, which ends in the year 2012, however, as a gratuitous act, the petitioner has been provided with sufficient opportunity by the respondents by way of reminders to put up construction and start the manufacturing activity.



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But, for reasons best known to the petitioner, except putting up a paltry construction to an extent of 1137 sq. mtrs., further construction and manufacturing activity has not been started by the petitioner till an order of status quo had come to be passed by this Court on the petitioner filing this petition. This act of the petitioner clearly shows the unclean hands with which the petitioner has approached this Court, as the factum of not putting up construction and further acts such as putting up construction, securing GST registration, etc., have been done by the petitioner only after the order of status quo, as contended by the respondents, which has not been countered by the petitioner.

32. When the petitioner has not fulfilled its terms of the contract by putting up construction and starting up the manufacturing activity, the enforcement of the clauses in the lease deed by the respondents leading to the cancellation of the allotment of the land to the petitioner cannot be found fault with. It is to be pointed out that for more than a decade and a half the petitioner has been enjoying the lands on mere payment of the lease cost and even certain dues, which are due and payable to the respondents have not been paid by the petitioner, as has been put forth by the respondents. Therefore, the petitioner



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has been enjoying the extent of 1.5 acres at a paltry sum for more than a decade and a half for certain other acts for which the lands were not allotted and in such a situation, if the respondents had cancelled the allotment, the said act cannot be said to be arbitrary, impermissible or perverse and the same does not warrant interference at the hands of this Court.

33. For the reasons aforesaid, there are no merits in the present petition and accordingly the same fails and the writ petition stands dismissed. The order of status quo granted by this Court stands vacated and consequently, connected miscellaneous petitions are closed. There shall be no order as to costs.

06.04.2026

Index : Yes / No

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To

1. The Managing Director
State Industries Promotion
Corporation of Tamil Nadu Ltd.
(SIPCOT), 19-A, Rukmani Lakshmipathy
Road, Egmore, Chennai 600 008.
2. The Project Officer/Estate Officer
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M.DHANDAPANI, J.

GLN

**PRE-DELIVERY ORDER IN
W.P. NO.20645 OF 2024**

**Pronounced on
06.04.2026**