



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02-03-2026

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THE HON'BLE MR.JUSTICE S.M.SUBRAMANIAM
AND
THE HON'BLE MR.JUSTICE K.SURENDER

W.A.No.2295 of 2022 and
C.M.P.No.17515 of 2022

Kems Forging Ltd
Formerly Known as Sri Lakshmi Industrial
Forge and Engineers Ltd, Corporate Office,
89, IC Road, Registered Office at 4 and 6 B C
Industrial Estate Old Madras Road, Bangalore
560 016. rep by its Executive Director Now At
Corporate Office No.96,Gandhi Tower, 2nd
Floor, Railway Parallel Road, Kumarapak
West, Seshadripuram, Bangalore 560020,Rep
By Its Director Mr.Manish Gandhi

..Appellant

-VS-

The State Industries Promotion Corporation of
Tamilnadu Ltd., (SIPCOT)
19A Rukmani Lakshmipathy Road, Egmore,
Chennai 600 008, Rep.by Its Principal
Secretary / Chairman & Managing Director

..Respondent

Prayer: To allow the Writ Appeal and set aside the order dated
22.07.2022 in WP No.13565 of 2012.

For Appellant:

Mr.Anand Gopalan
For M/s.Agam Legal

For Respondent:

M/s.R.Revathi, Standing Counsel



J U D G M E N T

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

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Under assail is the Writ order dated 22.07.2022 passed in W.P.No.13565 of 2012. Writ petitioner is the appellant before this Court. Writ Petition has been instituted, challenging the proceedings of the State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) (hereinafter referred to as "SIPCOT") dated 25.03.2012, cancelling a portion of the allotted land and the consequential resumption of the said portion by invoking Clause 14(i) of the Lease Deed dated 02.03.2006.

2. The order dated 25.03.2012 would show that request made by SIPCOT to surrender the unutilized land of 3.70 acres in Plot No.E-12 on or before 15.05.2012 and execution of a Surrender Deed was not complied with. Thus, SIPCOT has invoked Clause 14(i) of the Lease Deed and issued proceedings dated 25.03.2012, cancelling the unutilized portion of the allotted land and for resumption of the same.

3. An industrial plot was allotted in favour of the appellant on 05.12.2005 and a lease deed was executed between the appellant and SIPCOT on 02.03.2006. Clause 14(i) of the Lease Deed reads as under:

"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



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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 Part 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 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."

4. The above clause in unequivocal term reiterates that the land allotted to the appellant is not put to use for the purpose for which it was allotted or is in excess of the actual requirements, SIPCOT 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 SIPCOT, allottee is entitled for refund plot deposit. Since the appellant / Lessee agreed the terms and conditions of the lease and Authorities found that an extent of 3.70 acres of allotted land remains unutilized, notice came to be issued to the appellant to surrender the unutilized portion of the land, which was declined. Thus, SIPCOT invoked Clause 14(i) of the Lease Deed and cancelled the allotted land to the extent of unutilized land and ordered for resumption.



5. Learned Single Judge elaborately considered the admitted facts between the parties in the context of the Lease Deed executed, more specifically, Clause-14 (i) of the Lease Deed. Writ Court has further ordered for refund of the deposit amount as stipulated under Clause-14(i).

6. The only ground raised by Mr. Anand Gopalan, learned counsel for the appellant is that a Solar Panel has been installed in the subject portion of the land and would show us a photograph to that effect. The said photograph shown before this Court is of no avail, since Solar Panel is not an industrial structure and the unutilized portion of the land has not been utilized to set up a unit for the manufacture of Forged / Machined Auto Components. Clause-14(i) reiterates that the allotted land must be utilized for the purpose for which it was allotted and Authorities found that the land has not been utilized for any industrial purpose as stipulated in the Lease Deed as well as in the Project report.

7. In view of the above position, this Court does not find any infirmity in respect of the Writ Order impugned and Writ Court has considered both facts as well as the scope of Clause-14(i) of the Lease Deed executed between the parties, which is binding. SIPCOT is bound to refund the deposit amount as per Clause-14(i) of the Lease Deed as directed by Writ Court.



With the above observations, the impugned order is confirmed.

Consequently, Writ Appeal is dismissed. No costs. Connected
Miscellaneous Petition is closed.

(S.M.S.,J.) (K.S.,J.)
02-03-2026

Index: Yes
Speaking Order
Neutral Citation: Yes
AR

To:

The Principal Secretary / Chairman & Managing Director,
State Industries Promotion Corporation of Tamilnadu Ltd., (SIPCOT)
19A, Rukmani Lakshmipathy Road, Egmore,
Chennai - 600 008.



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