IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 15.07.2026

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THE HONOURABLE MR.JUSTICE **HEMANT CHANDANGOUDAR**

W.P.No.37116 of 2024

C.Vijayakumar ... Petitioner

vs.

The Branch Manager
The Tamil Nadu Industrial Investment Corporation
Thiruvallur Branch
No.86, C & D, 2nd Main road
Ambattur Industrial Estate
Chennai-600 058. … Respondent

Writ Petition filed under Article 226 of the Constitution of India seeking a writ of Certiorarified Mandamus, calling for the records relating to proceedings of the respondent in THC:AMB:LAO:2023-24 dated 07.03.2024, quash the same and consequently, direct the respondent to refund a sum of Rs.11,56,400/- (Rupees Eleven Lakhs Fifty Six Thousand and Four Hundred Only) to the account of the petitioner.

For Petitioner : Mr.R.N.Amarnath

For Respondent : Mr.Md. Sulaiman Basha

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ORDER

The petitioner challenges the communication dated 07.03.2024 issued by the respondent, whereby the petitioner was called upon to pay a sum of Rs.11,56,400/- towards penalty charges together with GST at 18% for execution of a fresh sale deed.

2. The petitioner was the successful bidder in a public auction conducted by the respondent for the sale of land, building, plant and machinery belonging to a defaulting borrower. As per the terms and conditions of the tender-cum-public auction, the successful bidder was required to register the sale deed within 30 days from the date of payment of the entire sale consideration, failing which the confirmation of sale was liable to be cancelled and the amount paid was liable to be forfeited. The auction conditions also stipulated that the purchaser should clear the sales tax arrears relating to the property, amounting to Rs.57,84,767/-.

3. The sale was confirmed in favour of the petitioner on 03.06.2010. Instead of clearing the sales tax arrears, the petitioner sought to settle the liability under the provisions of the Tamil Nadu Sales Tax (Settlement of

Arrears) Act, 2010 by submitting an application dated 25.08.2010. Since the request was not accepted, the petitioner filed W.P.Nos.817 to 823 of 2011. The litigation ultimately attained finality only on 16.02.2023. Thereafter, the petitioner requested the respondent to execute the sale deed. Pursuant to the petitioner's representation dated 22.12.2023, the respondent issued the impugned communication demanding penalty charges together with GST before executing a fresh sale deed.

4. Learned counsel for the petitioner contended that the auction conditions did not authorise the respondent to levy penalty for delayed execution of the sale deed and, therefore, the impugned demand lacks statutory sanction. It was further submitted that the delay occurred only because the petitioner was pursuing legal remedies for settlement of the sales tax arrears and, therefore, the delay cannot be attributed to the petitioner. Reliance was placed upon the decision of this Court in *A. Subramaniam v. The Branch Manager and others* in W.P.No.21036 of 2009 dated 23.07.2019.

5. Per contra, learned counsel for the respondent submitted that the petitioner failed to comply with the conditions of the auction by neither clearing the sales tax arrears nor completing the registration of the sale deed

within the stipulated period. It was submitted that, in terms of the respondent's circulars governing delayed execution of sale deeds, the respondent demanded penalty charges together with GST instead of cancelling the sale altogether. Reliance was placed upon the decision of this Court in *R.J. Kumar v. The Regional Manager and another* in W.P.No.7555 of 2009 dated 21.09.2011.

6. The rival submissions have been considered.

7. It is not in dispute that the auction conditions required the petitioner to register the sale deed within 30 days from the date of payment of the sale consideration and also required the petitioner to clear the sales tax arrears relating to the property. The petitioner consciously chose not to discharge the tax liability but instead sought settlement under a statutory scheme. The proceedings initiated by the petitioner culminated only on 16.02.2023. Consequently, the sale deed could not be executed for more than thirteen years after confirmation of the sale.

8. The delay in execution of the sale deed is, therefore, directly attributable to the petitioner's own decision to pursue settlement proceedings instead of complying with the auction conditions. The respondent cannot be faulted for insisting upon compliance with its policy governing delayed

execution of sale deeds, particularly when the respondent could have invoked the auction condition providing for cancellation of the sale and forfeiture of the amount paid. Instead, the respondent adopted a more lenient course by permitting execution of the sale deed upon payment of penalty charges.

9. It is also relevant to note that the respondent had, even earlier, informed the petitioner that penalty charges would be payable for delayed execution of the sale deed. The petitioner did not challenge the said communication. On the contrary, the petitioner paid the demanded amount, including GST, and thereafter obtained execution and registration of the sale deed on 22.03.2024 as Document No.1853 of 2024 on the file of the Sub-Registrar, Manavalanagar, Tiruvallur District. There is no material placed before this Court to show that the payment was made under protest or subject to any reservation of rights.

10. The judgment relied upon by the petitioner in *A. Subramaniam* does not advance the petitioner's case. That decision turned on its own facts, where the demand itself was challenged before payment. In the present case, the petitioner voluntarily complied with the demand, obtained the benefit of execution and registration of the sale deed, and has questioned the levy only

thereafter. The factual matrix is, therefore, materially different.

11. Having regard to the peculiar facts of the case, particularly the prolonged delay attributable to the petitioner and the respondent's decision not to cancel the sale despite such delay, this Court finds no arbitrariness or illegality warranting interference under Article 226 of the Constitution of India.

12. Accordingly, the writ petition is dismissed. There shall be no order as to costs.

15.07.2026

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

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To
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HEMANT CHANDANGOUDAR, J.,

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