

CWP- 8802-2004



2026:PHHC:001190-DB



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

1. **CWP-8802-2004**
Hisar Metal Industries Ltd.Petitioner
Versus
The State of Haryana and others Respondents
2. **CWP-4838-2006**
M/s Sona Somic Lemforder Components LimitedPetitioner
Versus
The State of Haryana and others Respondents
3. **CWP-4839-2006**
M/s Sandhar Auto Components LimitedPetitioner
Versus
The State of Haryana and others Respondents

Reserved on : October 13, 2025
Pronounced on : January 09, 2026

Whether full judgment is pronounced
Or
Operative part thereof : Full

CORAM:- HON'BLE MRS. JUSTICE LISA GILL
HON'BLE MR. JUSTICE PARMOD GOYAL

Present: Mr. Ashwani Kumar Chopra, Senior Advocate with
Ms. Gurpreet Kaur Bhatti, Advocate
for the petitioner in CWP Nos. 4838 and 4839 of 2006.

Ms. Krati Singh, Advocate and
Mr. Aman Singh, Advocate
for the petitioner(s) in CWP-8802-2004.

Mr. Saurabh Kapoor, Addl. AG, Punjab.

CWP- 8802-2004

LISA GILL, J.

1. CWP Nos. 8802 of 2004, 4838 and 4839 of 2006 are taken up together for consideration, adjudication and decision at request and with consent of learned counsel for parties as it is stated that an identical issue/question arises for consideration in all writ petitions i.e.

“As to whether tax concessions under Rule 28C of Haryana General Sales Tax Rules, 1975 (for short – ‘HGST Rules’) could have been denied to petitioners?”

2. Before referring to facts of each individual case, it is relevant to note at the outset that respondent – State introduced new Industrial Policy w.e.f. 15.11.1999 vide notification dated 12.11.1999. As per said Industrial Policy, 1991, certain industries were categorised as delicensed industries for which no industrial licence was required to be taken but a form i.e. Industrial Entrepreneurs’ Memorandum (IEM) was to be submitted. Series of press notes were issued in respect to IEM form as is detailed in paras 2 and 3 of CWP-4838-2006 with copies thereof attached as Annexure P-1 (Colly).

3. Public notice (attached as Annexure P-5 with CWP-4838-2006) was issued wherein it was stated that State of Haryana had decided to discontinue tax incentives extended to the industry with 30.04.2000 as the cut off date. It was further decided to prepare a list of such industrial units in pipeline as on or prior to 30.04.2000. Norms for determining cases in pipeline were as under:-

- “a) the unit is registered with the Department of Industries;
- b) the unit has been allotted or acquired land for itself;

CWP- 8802-2004

- c) the unit has applied for finance from a regular financial institution; and
- d) the unit shall come into production within 2 years from the cut off date.”

4. It is further stated in said Public Notice, Annexure P-5 that furnishing information or being enlisted as units in pipeline as a consequence to this survey does not confer any right or automatically make the unit eligible for any benefit which is existing or may be decided to be extended, though units not furnishing such information would not in any case be considered for extension of any benefit.

5. Thereafter, demi official letter dated 26.06.2000 was issued by Prohibition, Excise and Taxation Commissioner, Haryana informing that during Chief Ministers’ conference on Sales Tax Reforms held on 22.06.2000, it was decided that all States would furnish a list of cases in pipeline as on cut off date regarding discontinuation of tax incentives. In most States, cut off date was 01.01.2000 while in Haryana, 30.04.2000 was adopted as a cut off date. Norms for determination of units in pipeline as mentioned in public notice (supra) were reiterated.

6. Notification dated 28.07.2000 was issued which provided that sales tax concession is to be given only to the new eligible industrial units/expanded unit/diversified unit. Date of notification regarding unit in pipeline was issued vide notification dated 15.10.2001. Relevant portion of Rule 28C of HGST Rules reads as under:-

“28C. Tax concessions, class of industries, period and other conditions. Section 25-A.-(1) Concessions of tax payable under the Acts shall be available to an eligible Industrial unit in the manner, for the period and at the scale given hereinafter.

CWP- 8802-2004

(2) A unit availing tax concession under this rule shall not be entitled to any other tax concession under section 13-B or section 25-A of the Act.

(3) For the purpose of this Chapter, unless the context otherwise requires,--

(a) "Acts" means the Haryana General Sales Tax Act, 1973 (Act 20 of 1973) and the Central Sales Tax Act, 1956 (Act 74 of 1956);

(b) "diversification" means an industrial capacity set up or installed during the operative period which production facilities for manufacture creates different from of product(s) the product(s) manufacture of the unit before diversification in which the additional fixed capital investment towards diversification made during the operative period, in one go, not exceeding a period of one year, exceeds 25% of the fixed capital investment (gross block) of the unit before diversification at the same or new location:

Note-I. - Tax benefits in the case of diversification shall be available in respect of turnover product(s) different from the manufacture of the unit before diversification. product(s) of

Note-II. - For the purpose of computing the tax benefits under this rule, unit shall append with its tax return, a calculation sheet clearly showing break-up of turnover and tax benefits thereon claimed in respect of diversification.

c) "eligible industrial unit" means-

1) a new industrial unit or a unit undertaking expansion or diversification which, on the date of commercial production of new/expanded/diversified unit, fulfils the following conditions: -

(i) holds a certificate of registration under the Act, if it is a new unit;

(ii) is not an undertaking where the State or Central Government holds 33% or more shares;

(iii) is not included in negative list at Schedule IV appended to this rule nor any of its products is covered in the said Schedule:

(iv) is not a defaulter of payment of voluntary tax. or additional demand which has become final under the Haryana General Sales Tax Act, 1973 or the Central Sales Tax Act, 1956 or both at the time of grant of entitlement certificate;

(v) has been set up after taking due clearances, if required, from Town and Country Planning Department or Municipal authorities:

Provided that the High Powered Committee may waive this condition of obtaining clearances from Town and Country Planning Department or Municipal authorities after taking into consideration the special circumstances of a certain area/class of cases;

CWP- 8802-2004

(vi) has come into commercial production during the operative period; or was in pipeline as on 30th April, 2000 or any other later date notified by the Government.

Note: The eligibility of units in pipeline shall be determined by High Powered Committee in case of prestigious units and by Higher Level Screening Committee in other cases. The decision of High Powered Committee/Higher Level Screening Committee shall be final.

(II) is a unit which had come into commercial production during the operative period of rule 28-A or rule 28-B, and is eligible under the said rules and had applied within prescribed period but has not availed of any benefit under the said rules or having partly availed benefit under the said rules wants to avail tax concession under this rule;

(III) a sick industrial unit as per clause (n);

d) "entitlement certificate" means a certificate granted in form S.T.72-B by the concerned Deputy Excise and Taxation Commissioner;

e) "existing unit" means an industrial unit which had come into commercial production before coming into force of this rule;

f) "expansion" means an industrial capacity set up or installed during the operative period, which creates additional production facilities for manufacture of the same product (s) as of the unit before expansion in which the additional fixed capital investment in plant and machinery made during the operating period, in one go, not exceeding the period of one year, exceeds 25% of the fixed capital investment (gross block) of the unit before expansion at the same or new location;

Note -1:- Tax benefits in the case of expansion shall be available in respect of turnover of the expanded capacity after reducing therefrom the highest turnover achieved in any previous year of the existing unit, This will be taken as the turnover of the expansion for the purposes of this rule:

Provided that the ratio of turnover of the expansion to turnover of the existing unit shall not exceed ratio of fixed capital investment of the expansion to fixed capital investment (gross block) of the existing unit.

Note-II- For the purpose of computing the tax benefits under this rule, unit shall append with its tax return, a calculation sheet clearly showing break-up of turnover and tax benefits thereon claimed in respect of expansion.

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CWP- 8802-2004

TABLE I

1) New Industrial unit

Category	Extent of Tax concession		Period	Scale of tax concession	
	Small scale	Medium/large scale			
A	125% of fixed capital investment	100% of fixed capital investment	9 years	1 st to 9 th year	50%
B	125% of fixed capital investment	100% of fixed capital investment	10 years	1 st year 2 nd and 3 rd year 4 th to 7 th year 8 th year 9 th year 10 th year	80% 60% 50% 40% 30% 20%
C	150% of fixed capital investment	125% of fixed capital investment	11 years	1 st year 2 nd and 3 rd year 4 th to 7 th year 8 th year 9 th year 10 th year	80% 60% 50% 40% 30% 20%

TABLE II

1) Expansion and diversification

Category	Extent of Tax concession		Period	Scale of tax concession	
	Small scale	Medium/large scale			
A,B and C	100% of additional investment in plant and machinery		5 years	1 st to 5 th year	50%

7. Rule 28C of HGST Rules was amended vide notification dated 15.10.2001. By virtue of this amendment in Rule 28C (3), clause (o) was added after clause (n) defining the units in pipe line which reads as under:-

“(o) "units in pipeline" means an industrial unit which as on 30th April, 2000, fulfil the following conditions:-

- i) is registered with the Department of Industries;
- ii) has arranged land or premises by way of purchase, allotment, lease or rent;
- iii) has applied for finances from a regular financial institution; and
- iv) would start production within 2 years i.e. before the 1st May, 2002.”

CWP- 8802-2004

8. Amendments made in Rule 28C of HGST Rules vide notification dated 15.10.2001 were deemed to have come in force w.e.f. 15.11.1999.
9. Representation dated 20.12.2003 was submitted by one P.K. Jain, statedly immediate past President, PhD chamber of Commerce before the then Chairman Higher Level Screening Committee in respect to definition of “unit in pipeline”. It was pleaded therein that schedules 1, 2 and 3 had been notified by Ministry of Industries for licencing purposes and as per schedule/para No. 4 of press note, licencing has been abolished for all industrial undertaking including MRTP/FERA Companies others than in the small scale and ancillary sector, thus, medium sector if proposed articles of manufacture is not included in Annexure I, II or is not reserved for small scale/ancillary sector. Thus, medium and large industries are not required to obtain industrial license or registration. It was further stated that Rule 28C of HGST Rules was notified by Excise and Taxation Department, therefore, representation had been sent to Excise and Taxation Commissioner. Excise and Taxation Department vide communication dated 05.05.2004 informed that medium and large scale industries are required to file memorandum in the prescribed form to Secretariat for Industrial Approvals (SIA), Ministry of Industries and that receipt of memorandum is acknowledged by SIA, with a reference number being given, which is treated as registration, therefore, there was no justification to waive the condition of unit being registered with Department of Industries for determining eligibility of the unit to be in pipeline.
10. In this backdrop, brief facts in each of writ petitions are as under:-

CWP- 8802-2004

CWP No. 4838 of 2006

(i) Petitioner in this writ petition claims to be a Public Limited Company incorporated under Companies Act, 1956. Petitioner – Company obtained certificate of incorporation in the name and style of M/s Sona Precision Products Limited on 20.08.1993 and thereafter fresh certificate of incorporation was issued on 26.10.1994 upon change of petitioner's name to M/s Sona Somic Components Limited and yet again fresh certificate of incorporation was issued on 18.03.1999 upon change of petitioner's name to M/s Sona Somic Lemforder Components Limited.

(ii) It is pleaded that petitioner was engaged in manufacture of inner and outer ball joint assemblies used in production of cars, jeeps, vans and commercial vehicles. IEM registration was obtained by petitioner with SIA, Ministry of Industry, Government of India on 02.03.1994 (Annexure P-2). Case of petitioner was placed before Higher Level Screening Committee (HLSC) in its 41th meeting held on 06.06.1997. Proposed capacity had not been mentioned in IEM. Committee approved Sales Tax deferment of Rs.676.80 lakhs i.e. 100% of fixed capital investment for a period of 7 years from the date of issue of entitlement certificate for manufacture of automobile components, inner ball joint and outer ball joint under Rule 28A of HGST Rules. Eligibility certificate was issued on 22.07.1997. Petitioner expanded its unit and applied for sales tax concession under Rule 28C of HGST Rules in the office of General Manager, District Industries Centre, Gurgaon on 23.02.2001. Respondent No. 2 had issued public notice (Annexure P-5) stating therein that Government of Haryana with the object of bringing uniformity in tax structure as per policy at National level had decided to discontinue tax incentives extended to industries w.e.f.

CWP- 8802-2004

30.04.2000. It was also decided by Government to prepare a list of such industrial units in pipeline as on or prior to cut off date i.e. 30.04.2000. It was further declared that such units as on or before 30.04.2000 must fulfil four conditions for being enlisted as units in pipeline. Said four conditions have been detailed in foregoing paras.

(iii) Petitioner – company thereafter submitted its application dated 22.02.2001 in Form S.T. 70B before respondent No. 5 for grant of sale tax concession as an expansion of existing industrial unit under Rule 28C of HGST Rules. Certain information/documents were sought from petitioner, which it is stated was provided. Opportunity was afforded to petitioner to present its case. However, vide communication dated 14.02.2006 (Annexure P-16), it was informed that as the Company had obtained IEM for expanded unit on 02.06.2007 which is after cut off date of 30.04.2000, therefore, it did not fulfil condition No. 1 to be considered a Unit in pipeline under Rule 28C(3)(o). It is the case of petitioner that fresh IEM registration was obtained on 02.06.2000 wherein it is mentioned that it is in lieu of previous registration dated 02.03.1994, thus, subsequent registration of 02.06.2000 is merely a continuation of acknowledgement dated 02.03.1994. It is stated that object of respondent to ask entrepreneurs to fill in the Memorandum was for pure statistical purpose of conducting a limited post facto check as to whether proposed manufacturing activity required an industrial licence or not. Aggrieved of denial of benefit, CWP-4838-2006 was, thus, filed.

(iv) Written statement on behalf of respondents No. 1 to 4 denying the averments as raised was filed.

CWP- 8802-2004

CWP-8802-2004

(i) Petitioner is stated to be a Public Limited company incorporated under Companies Act, 1956 engaged in cold rolling unit of stainless steel coil. It is stated that petitioner originally went into production w.e.f. 01.03.1991 with installed capacity 800 mts. per year and registered as small scale unit with the Department of Industries Haryana. First expansion of unit took place in 1993 and capacity thereof increased by another 1800 mts i.e. total of 3600 mts per year. In accordance with Policy in existence at that time, petitioner applied for exemption from payment of sales tax. In tune with Policy in force, petitioner was afforded 100% exemption from payment of sales tax to be availed for a minimum period of 9 years. Second expansion of petitioner was undertaken in 1996 and capacity increased to a total of 6000 mts. per year. 100% exemption was again granted from payment of sales tax. In the year 1999, petitioner was contemplating 3rd expansion in order to increase its total annual capacity to 8400 mts. Land was available to petitioner at the original site. Arrangement for requisite finance had been made through a regular financial institution. It is the case of petitioner that there was no requirement for seeking fresh registration with Department for the purpose of seeking sales tax exemption and that petitioner qualifies as 'unit in pipe line' in terms of Rule 28C of HGST Rules. However, State of Haryana suddenly decided to discontinue sales tax incentives of new industrial units, which was conveyed to all General Manager's of District Industries Centres vide letter dated 26.04.2000 with cut off date being mentioned as 30.04.2000. Petitioner, it is stated, came to know about the cut off date on 30.04.2000 itself which was a Sunday. Demand draft of Rs.1000/- was prepared on the same day. Petitioner submitted its IEM to Government of India

CWP- 8802-2004

on 01.05.2000. Acknowledgment of its IEM dated 05.05.2000 was received by petitioner. Commercial production in third expansion of petitioner commenced w.e.f. 10.07.2001. Petitioner submitted application dated 10.08.2001 seeking exemption from payment of sales tax. Petitioner claimed to be entitled to 50% exemption to be availed of for a period of two years. Respondent No. 5 submitted its report vide communication dated 13.11.2002. Petitioner's case for exemption was considered by Higher Level Screening Committee on 09.06.2003 and its application for exemption rejected on the ground that IEM dated 05.05.2000 did not fulfil the first condition of 'unit being in pipeline'. This decision was conveyed to petitioner. Aggrieved of this decision, appeal was filed by petitioner before learned Tribunal, which was dismissed on 20.04.2004. Aggrieved therefrom, present writ petition was filed.

(ii) Written statement on behalf of respondents No. 2, 3 and 5 was filed denying the averments that action on the part of respondents was illegal or arbitrary.

CWP-4839-2006

(i) Petitioner is stated to be a Public Limited company incorporated under Companies Act, 1956 and engaged in manufacture of automobile parts and accessories. It obtained IEM registration with SIA, Ministry of Industries, Government of India on 16.05.1997. Petitioner – company submitted application dated 22.10.2001 in prescribed form ST 70B for grant of sales tax concession as a new industrial unit under Rule 28C of HGST Rules. Certain documents were sought from petitioner which it is stated were duly submitted. It is further stated that after two years of submission of documents, petitioner was asked to attend High Level Screening Committee meeting alongwith supporting documents as

CWP- 8802-2004

sub-Committee while examining the case had found that condition No. 1 was not fulfilled with registration/IEM for expansion of unit not being obtained and there being no proof of financing of project by any financial institution or bank. Petitioner's application was rejected by High Level Screening Committee on the premise that petitioner had not obtained registration/IEM for expansion of its unit at IMT, Manesar. Aggrieved therefrom, writ petition was filed.

(ii) Written statement on behalf of respondents No. 2, 3 and 5 was filed refuting the averments. It is stated therein that petitioner - Unit obtained IEM for existing unit for Government of India vide memo dated 25.11.1991 for manufacturing of rear view automobile mirrors. Its case was approved by High Level Screening Committee in its 27th meeting held on 28.03.1995 for availing Sales tax exemption for a maximum period of seven years from the date of commercial production i.e. 30.11.1992. Eligibility certificate was issued on 25.05.1995 for manufacturing of rear view automobile mirror under Rule 28A of HGST Rules. Petitioner expanded its unit and applied for sales tax deferment in respect of M/s Sandhar Locking Devices Limited (Mirror Division), Plant-II situated at village Dhumuspur, P.O. Bhadshahpur Gurgaon. Petitioner – Unit again obtained IEM for expanded unit of enhanced capacity of automobile rear mirror from Government of India on 16.05.1997 for manufacture of automobile locks/switches/automobile rear view mirrors, automobile door and clasps and frames with clasps, incorporation locks. Benefit of sales tax deferment was afforded to petitioner for a period of nine years from the date of commercial production i.e. from 22.09.1999 to 21.02.2008 for manufacture of automobile locks/switches/rear view mirrors. Thereafter, there was a request by petitioner – unit regarding change of option for switch over of deferment of tax to tax

CWP- 8802-2004

concession from Rule 28B and Rule 28C of HGST Rules for balanced tax benefit amounting of Rs.210.65 lakhs available to the credit of petitioner – unit to be utilised after 21.02.2008. Matter was again placed before High Level Screening Committee in its 77th meeting held on 25/26.02.2002. Case was approved by the Committee with a direction that balance quantum of benefit and remaining period of availing sales tax concession will be decided by DETC concerned and change shall be effected from the date of issue of entitlement certificate by DETC under Rule 28C of HGST Rules.

(iii) In the year 2001, petitioner - Unit again applied in form ST 70B for sales tax concession i.e. subject matter of present writ petition alongwith relevant documents on 27.10.2001 under Rule 28C of HGST Rules as a new industrial unit for manufacture of (i) Automobile parts and accessories (ii) Ferrous and non ferrous metal product (iii) Plastic and Rubber Goods, situated at plot No. 24, Sector 3, IMT Manesar, Gurgaon. Sub-Committee on examining the case of petitioner found that condition No. 1 was not fulfilled as company had not obtained registration/IEM for expansion of unit at IMT Manesar and that there was no proof of financing of project by financial institution or bank. Matter was put up before High Level Screening Committee which rejected petitioner's application on 14.02.2006. Dismissal of writ petition is, thus, sought.

11. Learned counsel for petitioner in CWP-8802-2004 vehemently argued that first and foremost there was no requirement whatsoever for fresh IEM registration. Furthermore, even if it would be so, in case of petitioner in CWP-8802-2004, it should have been waived. Moreover, there is not much legal

CWP- 8802-2004

significance attached to registration of unit with Department of Industries for qualifying as a unit in pipeline.

12. Learned senior counsel for petitioners in CWP Nos. 4838 and 4839 of 2006 also reiterates that once the unit was already running, there is no question of fresh registration/issuance of IEM. Furthermore, even if it is so accepted for the sake of argument, though not admitted, subsequent issuance of IEM should necessarily relate back to the date of first IEM which was issued to petitioner. Petitioners, it is submitted, are duly entitled to the benefit in question. It was vehemently argued that respondents kept sitting on their applications for a number of years and then have incorrectly proceeded to reject petitioners' request. In case, there was no merit therein, applications should have been dismissed at the very threshold after scrutiny. It was reiterated that it cannot be concluded by any stretch of imagination that on cut off date i.e. 30.04.2000 petitioner did not have IEM acknowledgement. It was, thus, prayed that all the writ petitions be allowed as prayed for.

13. Learned counsel for respondents vehemently opposed the arguments as raised on behalf of petitioners while submitting that none of petitioners are entitled to sales tax exemption as provided under Rule 28C of HGST Rules. Said benefit is available only for units in pipeline. Eligible industrial unit is specifically defined in the Rules. Furthermore, it is the case of petitioners themselves that they were not seeking the benefit of exemption qua entire capacity but only qua expanded capacity. Benefit of exemption qua then existing units had been availed of by petitioners in accordance with then applicable rules and regulations. Dismissal of writ petitions was sought.

CWP- 8802-2004

14. We heard learned counsel for parties at length and have perused the files carefully.

15. It is a matter of record in each of the three writ petitions that petitioner - companies in question had been established in the years 1991, 1994, 1997. Sales tax exemptions, as were applicable at the relevant time, had been duly afforded to petitioners. Notification dated 28.07.2000 was issued which provided that sales tax concession would be available only to new industrial units/expanded unit/diversified unit. Eligible industrial unit is duly defined in Rule 28C(3)(c)(vi) of HGST Rules as the one which has come into commercial production during the operative period or was in pipeline on 30.04.2000 or any other later date as notified by the Government. Subsequently, vide notification dated 15.10.2001, clause (o) was added to clause 28C(3) whereby definition of 'units in pipeline' was clearly delineated. Said clause (o) specifically provides that 'units in pipeline' means an industrial unit which as on 30.04.2000 is registered with the Department of Industries, has arranged land or premises by way of purchase, allotment, lease or rent, has applied for finances from regular financial institution and start production within two years i.e. before 01.05.2002.

16. In CWP-4838-2006, it is a matter of record that IEM for expanded unit was obtained on 02.06.2000. After expansion of their unit, petitioner had applied for sales tax concession under Rule 28C of HGST Rules on 23.02.2001. IEM dated 02.06.2000 for manufacture of inner and outer ball joints as applicable to cars, jeeps, vans and commercial vehicles was submitted. Proposed capacity was 1260000 numbers, which is the expanded unit with existing capacity of 1440000 numbers i.e. total capacity of 2700000 numbers. Petitioner

CWP- 8802-2004

– unit obtained IEM for expanded unit on 02.06.2000 i.e. beyond the cut off date.

17. In the case of petitioner in CWP-8802-2004, petitioner initially obtained SSI registration from General Manager, District Industries Centre, Hisar on 06.06.1985. Two applications for benefit of sales tax exemption were submitted on 26.11.1993 i.e. one application for original unit in which date of commencement of commercial production was stated to be 01.03.1991 and another application for expanded unit in which date of commercial production was 15.10.1993. Lower Level Screening Committee rejected benefit of sales tax exemption for the original unit being time barred. Insofar as expanded unit i.e. regarding first expansion, petitioner's application was rejected by Lower Level Screening Committee on 29.12.1993. Appeal filed by petitioner was considered by High Level Screening Committee on 08.02.1995 and the matter again placed before Lower Level Screening Committee and its case was approved on account of 100% fixed capital investment made by petitioner regarding enhanced capacity of unit. Petitioner again expanded its unit a second time and applied for sales tax exemption on 29.05.1996. As petitioner – unit had crossed the limit of SSI it obtained IEM from Government of India on 10.04.1995. Its case was approved for sales tax exemption for a period of nine years from the date of issue of eligibility certificate i.e. 14.01.1997 with a condition (which was appealed against by petitioner) and the benefit granted to petitioner. As per new industrial Policy, it was only sales tax concession which could be given to new industrial unit/expanded unit/diversified unit.

18. Said petitioner in CWP-8802-2004 admittedly carried out third expansion of their unit and applied for sales tax concession under Rule 28C on

CWP- 8802-2004

20.08.2001. Petitioner – unit obtained IEM on 05.05.2000 for proposed item of manufacture of cold roll of stainless steel coil. Date of commercial production of petitioner's unit is 13.07.2001. Admittedly, petitioner obtained IEM on 05.05.2000 which is subsequent to cut off date. It is to be noted at this stage that as per written statement, it is stated that product manufactured by petitioner – Unit also falls under negative list. This was duly discussed by High Level Screening Committee meeting on 09.06.2003 but is not recorded in minutes due to inadvertence. Be that as it may, it is a matter of record that IEM for enhanced capacity was obtained on 05.11.2000 i.e. after the cut off date of 30.04.2000.

19. In CWP-4839-2006, petitioner initially sought sales tax exemption under Rule 28A of HGST Rules for their existing unit at No. 3, HSIDC Industrial Estate Palam Gurgaon Road, Gurgaon on 16.03.1994. Higher Level Screening Committee in its meeting held on 28.03.1995 approved said petitioner's case for issue of eligibility certificate for availment of sales tax exemption of Rs.81.48 lakhs in a maximum period of 07 years from date of commercial production i.e. 30.11.1992. Eligibility certificate was issued on 25.05.1995 for manufacturing of rear view automobile mirror under Rule 28A of HGST Rules. Said petitioner expanded its unit and then applied for sales tax deferment in the name of M/s Sandhar Locking Devices Limited (Mirror Division), Plant-II situated at village Dhumuspur, P.O. Bhadshahpur Gurgaon on 22.04.1999 under Rule 28B for manufacturing of automobile mirrors. Petitioner then obtained IEM for their expanded unit of enhanced capacity for manufacturing of automobile locks/switches, automobile rear view mirrors, automobile doors, clasps and frames with clasps, incorporation locks. Acknowledgement is dated 16.05.1997 (Annexure P-3) with the said writ

CWP- 8802-2004

petition. Eligibility certificate was issued to petitioner on 14.03.2000 as new industrial unit under Rule 28B of HGST Rules. Petitioner's request for change of option of switch over of deferment of tax to tax concession from Rule 28B to Rule 28C for balance tax benefit available to credit of applicant – unit to be utilised upto 21.02.2008 was approved by HLSC with the direction that balance quantum of benefit and remaining period of availment of sales tax concession will be decided by DETC concerned.

20. It is pertinent to note that petitioner in CWP-4839-2006 again applied in form ST 70B for sales tax concession i.e. subject matter of this writ petition alongwith relevant documents on 22.10.2001 under Rule 28C for manufacture of automobile parts and accessories, ferrous and non-ferrous metal product and plastic and rubber goods situated at plot No. 24 Sector 3, IMT Manesar, Gurgaon. It was found by the respondent that petitioner had submitted copy of IEM dated 16.05.1997 according to which manufacturing items are automobile locks/switches, automobile rear view mirrors, automobile door handles, clasps and clasps with frames with incorporating locks which had already been submitted by petitioner – unit in their case for unit II situated at village Dhumuspur, P.O. Bhadshahpur Gurgaon and that HLSC approved sales tax deferment under Rule 28B. It was found that there was a requirement of separate IEM in the case of new industrial unit applied for by petitioner unit situated at plot No. 24, Sector 3 IMT Manesar with the documents which are duly detailed in para 7 of preliminary objections/submissions of written statement filed by respondents. Documents were called for by respondents from the petitioner. Shorn of unnecessary details, it is relevant to note that it is a matter of record that petitioner's case for the benefits sought was rejected on the

CWP- 8802-2004

ground that petitioner had not obtained registration/IEM for expansion of unit at IMT Manesar and that there was no proof of financing of project by any financial institution and Bank. Thus, admittedly, in this case too, IEM registration was not available with the petitioner on the cut off date.

21. Though the argument raised by learned counsel for petitioner that firstly IEM registration for expanded unit/expansion is not even required and in any case it should relate back to first registration is attractive at first flush but the same is devoid of any merit on closer scrutiny. It is a matter of record and not denied by learned counsel for petitioners in all the three petitions that sales tax concession i.e. sought under Rule 28C is only qua expanded unit and not for the entire production. In such a situation, it cannot be concluded that IEM registration should relate back to original or the first IEM which was issued for original unit. Very purpose or foundation of this provision itself would stand defeated. There is clear cut provision that four conditions should be satisfied before the concession in question can be afforded i.e.

- “a) the unit is registered with the Department of Industries;
- b) the unit has been allotted or acquired land for itself;
- c) the unit has applied for finance from a regular financial institution; and
- d) the unit shall come into production within 2 years form the cut off date.”

22. Argument raised by learned counsel for petitioner in CWP-8802-2004 that intimation regarding expansion has been sent to the respondent is of no avail to petitioner as it is admitted position that IEM registration was not available with the petitioner on the cut off date.

CWP- 8802-2004

23. Admittedly, in all the three writ petitions petitioners do not meet the requisite parameters as provided in the applicable rules to be eligible for sales tax benefit as sought. In our considered opinion, respondents have correctly denied this benefit to the petitioners. Learned counsel for petitioners were unable to point out any illegality, irregularity or infirmity in the action taken by the respondents, which calls for interference.

24. Keeping in view facts and circumstances as above, we do not find any ground to cause interference in these matters in exercise of jurisdiction under Article 226 of Constitution of India.

25. No other argument was addressed.

26. All the three writ petitions are, accordingly, dismissed being devoid of any merit.

27. Pending applications, if any, also stand disposed of accordingly.

(LISA GILL)
JUDGE

(PARMOD GOYAL)
JUDGE

January 09, 2026

Rts

Whether speaking/reasoned: Yes/No

Whether reportable: Yes/No

Uploaded on : 12.01.2026