



2026:DHC:9287



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* IN THE HIGH COURT OF DELHI AT NEW DELHI

% *Date of Decision: October 14th, 2026*

CNR No. DLHC010174552024

+ W.P.(C) 4852/2024 & CM APPL. 19857/2024

GALWALIA ISPAT UDYOG
PRIVATE LIMITED

.....Petitioner

Mr. C.S. Gupta & Mr.
Nilay Gupta, Advs.

versus

GOVT OF NCT OF DELHI & ORS.

.....Respondents

Ms. Rachita Garg, Adv.
for Respondents/State**CORAM:****HON'BLE MR. JUSTICE AMIT MAHAJAN****AMIT MAHAJAN, J. (Oral)**

1. The present petition is filed against the order dated 28.02.2024 (hereafter '**impugned order**') passed by Respondent No. 2 in CCRA 141/2017 whereby Respondent No. 2 modified the penalty from ₹14,00,000/- to ₹12,00,000/- imposed on the petitioner by Respondent No. 3 on account of delay in payment of requisite stamp duty.

2. Succinctly stated, the petitioner company issued shares on the following dates:

Date of allotment	Number of Shares	Face value per share	Issue Price
19.05.2006	617300	100	100
31.01.2007	103825	100	400

Signature Not Verified

Signed By: HARMINI W.P.(C) 4852/2024
KAUR
Signing Date: 15.10.2026
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30.03.2007	58550	100	400
31.03.2008	127500	100	500

3. Thereafter, the petitioner filed online application under Section 31 of the Indian Stamp Act, 1899 on 22.06.2016 to determine the stamp duty payable and sought directions to submit the same. In response thereof, Respondent No. 3, by order dated 10.01.2017 directed the petitioner to pay the following stamp duty and penalty over the allotment of shares:

Number of shares	Issue Price	Total Value	Stamp Duty	Penalty
617300	100	6,17,30,000	61,730	5,00,000
103825	400	4,15,30,000	41,530	3,00,000
58550	400	2,34,20,000	23,420	2,00,000
127500	500	6,37,50,000	63,750	4,00,000

4. By the impugned order, Respondent No. 2 modified the order dated 10.01.2017 passed by Respondent No. 3 and reduced the penalty from ₹14,00,000/- to ₹12,00,000/- noting that the amount was supposed to be paid way back in the year 2006 and considering the delay, a sum of ₹12,00,000/- was reasonable.

5. Aggrieved thereby, the petitioner has preferred the present petition.

6. The learned counsel for the petitioner submits that there was no *mala fide* on the part of the petitioner to evade the payment of stamp duty. He submits that no notice was ever issued by the Stamping Authority and it was only after the application filed by the petitioner



that the order dated 10.01.2017 was passed.

7. The learned counsel for the petitioner, however, at the outset submits that the petitioner would be satisfied if the penalty is reduced to payment of penalty of upto *two times* for the delay caused in payment of requisite stamp duty.

8. On the other hand, the learned counsel for the respondents submits that as per Section 40 of the Indian Stamp Act, 1899, the Collector has the discretion to award a penalty up to ten times, and considering the facts and circumstances of the case, a penalty of ₹12,00,000/- as modified by Respondent No. 2 was reasonable.

9. Having taken note of the limited grievance of the petitioner, it is pertinent to note that while Section 40(1)(b) of the Indian Stamps Act, 1899 affords discretion to the Collector to impose penalty of *upto* ten times the amount of proper duty, the purpose of penalty is deterrence and not retribution [Ref. ***Trustees of H.C. Dhanda Trust v. State of Madhya Pradesh & Ors. : Civil Appeal Nos. 3195-3196 of 2020***]Where a statute vests discretion in a public authority, such discretion must be exercised judiciously, reasonably and in a manner that is neither arbitrary nor oppressive. This obligation assumes even greater significance where the discretion conferred by the statute is wide and unfettered. The existence of aggravating circumstances, such as fraud, deceit or undue enrichment with the intention of depriving the State of its legitimate revenue, constitutes a relevant consideration in determining the appropriate quantum of penalty under Section 40(1)(b) of the Indian Stamp Act, 1899. The penalty must, therefore, be commensurate with the nature and gravity of the default and must



reflect a judicious exercise of discretion, rather than an automatic or punitive response to the mere fact of delay or deficiency.

10. In the present case, no *mala fide* can be attributed on the part of the petitioner to evade the payment of stamp duty. As is borne out from the record, the petitioner himself filed an application under Section 31 of the Indian Stamp Act, 1899 seeking determination of the stamp duty payable. Undisputedly, no notice was ever issued by the Stamping Authority and it was only after the application was preferred by the petitioner that the penalty was imposed. Though the application itself was preferred belatedly, the same does not disclose any intention to deceive.

11. In view of the limited prayer of the petitioner and considering the facts and circumstances of the present case, the impugned order is modified to the extent that the petitioner shall pay ₹1,90,430/- towards stamp duty and ₹3,80,860/- towards the penalty. Let the said amount be paid within a period of four weeks from the date of this order.

12. The present petition stands disposed of in the aforesaid terms. Pending applications also stand disposed of.

AMIT MAHAJAN, J

OCTOBER 14, 2026

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