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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-664-2023 (O&M)
Date of Decision: 06.12.2023

U.P. State Bridge Corporation Limited EPF Trust and another

….Petitioners

Versus

State of Punjab and another ….Respondents

CORAM: HON'BLE MR. JUSTICE HARSH BUNGER

Present: Mr. Divyanshu Sahay, Advocate
Mr. Rajinder Singh Bajwa, Advocate and
Ms. Shradha Narayan, Advocate
for the petitioners.

Mr. Vikas Mohan Gupta, Advocate
for respondent No.2.

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HARSH BUNGER, J. (Oral)

1. Prayer in the present petition filed under Articles 226/227 of the Constitution of India is for issuance of writ in the nature of Mandamus for directing the respondents to pay the principle sum of Rs.12,00,00,000/- together with annual interest due accrued thereon to the petitioners (amounting to Rs.10,80,09,699/- as per Annexure P-18 as on 31.10.2022) and such further annual interest accrued thereafter to the petitioners as per the terms specified in the Bonds (Annexures P-8 to P-12) issued by respondent No.2 and unconditionally and irrevocably guaranteed by respondent No.1 vide Notification No.15/24/03/AS-6/712, dated 30.05.2012/01.06.2012 (Annexure P-6).

A further prayer has been made for issuing direction to the respondents to pay penal interest and such further interest for delay in making payments of amounts due and payable to the petitioners as per the terms of the bonds (Annexures P-8 to P-12) issued by respondent No.2.

2. Learned counsel for the petitioners submits that as regards the principle sum of Rs.12,00,00,000/- is concerned, the same already stands paid to the petitioners and presently the issue is only in respect of the payment of interest due as well as the penal interest, which according to him, are payable in terms of the provisions made in Annexure P-7. The relevant extract thereof reads as under:

> *"The interest on bonds (subject to deduction of Income-Tax at source at the applicable rates under the Income-Tax Act, 1961 & other statutory modification or re-enactment thereof for which a certificate shall be issued by PSIDC) is paid annually till maturity with the first interest payment falling due on 30th June, 2013 to the bond holders whose names appear on the register 30 days prior to the date of payment of interest.*
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> *The payment of interest will be made only to the first or sole registered bondholders. The first interest payment and the interest for the last interest payment or part thereof on the date of redemption shall he proportionate and all interest on the bonds shall cease on the date of final redemption in all events. The interest warrant will be dispatched to the bondholders by registered post.*
>
> ***Redemption***
>
> *The face value of the Bonds will be redeemed at par at the end of 8th, 9th and 10th year in the ratio of 30:30:40 from the deemed date of allotment. Payment on redemption will be made only on surrender of the Bonds Certificate(s)/ Letter of Allotment(s) duly discharged by the Bondholder(s). The interest on the bonds will cease to accrue from the date of redemption.*

The Bonds held in Dematerialised form shall be taken as discharged on payment of the redemption amount by the Corporation on maturity to the registered Bond holders whose name appears in the Register of bonds holders 30 days prior to the due date for payment of redemption amount. Such payment will be a legal discharge of the liability of the Corporation towards the Bondholder(s). On such payment being made, the Corporation will inform NSDL and accordingly the account of the Bondholder(s) with NSDL will be adjusted."

Learned counsel for the petitioner has further referred to Para 5 of the Additional Rejoinder dated 04.07.2023 filed on behalf of respondent No.2-Punjab State Industrial Development Corporation Limited, which has been placed on record along with the application bearing No.CM-10661-2023, the relevant extract thereof reads as under:

"5. That, it may be pertinent to mention here that since there occurred a delay in repayment to the bond holders of principal & interest of bonds, from time to time PSIDC has taken a decision to pay the interest for the delayed period also at the same rate of interest, for which the bonds were issued. Even from time to time, proposals have been initiated and sent to the petitioner for settlement of the entire dues on payment of the principal amount only, but no concrete consideration has been made by the petitioner to such proposals in view of the financial constraint being faced by the Corporation. In this respect, a decision taken by the Board of Directors of the PSIDC in its meeting held on 16th August, 2022 is reproduced herein under:-

"315.12. <u>To approve payment of delayed period interest on PSIDC bonds</u>

On consideration of the memorandum placed before it, the board approved the delayed period interest at the coupon rate in respect of 9.70% p.a. 2012(1st series) PSIDC bonds, 9.90% p.a. 2012 (2nd series) PSIDC bonds and 9.90% p.a. 2013 (1st series) PSIDC bonds."

3. At this stage, learned counsel appearing for the respondent No.2 (PSIDC) submits that the entire due payments in reference to the above extracted clauses shall be made to the petitioners within a period of three months from today.

4. In view of the aforesaid stand taken by learned counsel for respondent No.2 (PSIDC), the present petition is disposed of with a direction to the respondents to pay the maturity amount of the bonds in question along with the annual interest and interest for the delayed period, after deducting the amount already paid; in accordance with the terms and conditions of the bonds in question, within a period of three months from today.

5. Disposed of in aforestated terms.

6. All pending application(s), if any, shall also stand closed.

06.12.2023 **(HARSH BUNGER)**
Himani **JUDGE**

Whether speaking/reasoned: Yes/No
Whether reportable: Yes/No