215 IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP-34411-2019 (O&M)
Date of Decision: 27.04.2026

Jainsons Chemtech Private Limited ...Petitioner(s)

Versus

State of Punjab and Others ...Respondent(s)

And

Sr. No.	Case No.	Petitioner(s)	Respondent(s)
2.	CWP-12854-2020 (O&M)	Kamal Chandolia	State of Punjab and Others
3.	CWP-13633-2022 (O&M)	AAY PEE Minerals Water Pvt. Ltd.	State of Punjab and Others
4.	CWP-1570-2020 (O&M)	PEE KAY Containers Pvt. Ltd.	State of Punjab and Others
5.	CWP-5345-2022 (O&M)	M/s Bagga Industries (India) Private Limited	State of Punjab and Others
6.	CWP-25137-2022 (O&M)	M/s Maha Kali Processors Pvt. Ltd.	State of Punjab and Others
7.	CWP-25348-2021 (O&M)	Hari Con-Cast Pvt. Ltd.	State of Punjab and Others

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Gagneshwar Walia, Advocate,
Mr. Fateh Singh Dhillon, Advocate and
Mr. Hargun S. Sethi, Advocate
for the petitioner
in **CWP-34411-2019 and CWP-1570-2020**.

Mr. Sikandh Mehta, Advocate for
Mr. Deepak Sharma, Advocate
for the petitioner in **CWP-12854-2020**.

Mr. Vishal Sodhi, Advocate
for the petitioner in **CWP-5345-2022**.

Mr. Akhilesh Vyas, Advocate and
Mr. Amit Thakur, Advocate
for the petitioner
in **CWP-13633-2022** and **CWP-25137-2022**

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Mr. Viren Jain, Advocate,
Mr. Abhinav Jain, Advocate and
Ms. Shruti Mehta, Advocate
for the petitioner in **CWP-25348-2021**.

Mr. Arun Jindal, Addl. A.G., Punjab.

Mr. Harjap Singh Arora, Advocate
for respondent No.4 in **CWP-34411-2019, CWP-12854-2020** and **CWP-1570-2020**.

JAGMOHAN BANSAL, J. (ORAL)

1. As common issues are involved in the captioned petitions, with the consent of both sides, the same are hereby disposed of by this common order. For the sake of brevity and convenience, facts are borrowed from ***CWP-34411-2019***.

2. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of order dated 26.08.2019 whereby respondent has declined to release sanctioned capital subsidy on the ground that company's name stands struck off by Registrar of Companies (for short 'ROC'). The petitioner which is a private limited company set up its industrial unit in the State of Punjab and commenced commercial production w.e.f. 07.11.1998. It applied for capital subsidy which was sanctioned vide letter dated 16.02.1999. The petitioner borrowed loan from Punjab Finance Corporation (for short 'PFC'). The subsidy has to be directly disbursed to PFC. The petitioner could not survive due to slump in the market and major fire tragedy. It closed its business operation in December' 2000. PFC took over its assets and sold the same. It in 2018 applied for one time settlement of its outstanding loan. PFC approved the same and settled liability for a sum of

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Rs.7,10,800/-. The petitioner requested respondent to disburse subsidy against loan settled by PFC. The respondent did not disburse subsidy rather vide impugned order dated 26.08.2019 rejected its claim on the ground that its name stood struck off by Registrar of Companies.

3. The State Government in 1996 with intent to promote capital investment in the State of Punjab introduced industrial policy.

4. Learned counsel representing the petitioners submit that issue stands settled. It is no more *res integra*. This court in '***M/s. Balak Gases Oxygen Gas Plant v. State of Punjab', Law Finder Doc Id # 256740*** has already held that subsidy cannot be denied on the ground of closure of the unit. The State preferred Intra Court Appeal which was dismissed vide judgment dated 12.08.2013 passed by a Division Bench of this Court. The respondent preferred SLP which also came to be dismissed. The respondent invited applications from close units, however, rejected their request on the ground that their name stood struck off by ROC. The respondent has relied upon its instructions issued on 13.11.2019. This Court in '***Gupta Steel Udyog v. State of Punjab', Law Finder Doc Id # 2698050*** and '***M/s Golden City Agro Tech v. State of Punjab', Law Finder Doc Id # 2587554*** has held that instructions dated 13.11.2019 are not applicable to sanctioned subsidy. The petitioner(s) borrowed loan from PFC which is still recovering its outstanding amount, however, respondent is rejecting their claim for sanctioned subsidy on the ground of striking off their name. The stand of respondent is contradictory because PFC is an instrumentality of State Government. As per Section 250 of Companies Act, 2013 despite striking off name under

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Section 248, the right of company over its dues is not extinguished.

5. Learned State counsel submits that it is factually correct that this Court in ***M/s. Balak Gases Oxygen Gas Plant (supra)*** has held that the State if liable to release capitol subsidy despite closure of the unit and LPA as well as SLP against said judgment stands dismissed, however, matter needs to be examined in the light of instructions dated 13.11.2019 issued by State Government. As per instructions dated 13.11.2019, if name of companies is struck off by ROC, it ceases to exist and subsidy cannot be released.

6. Heard the arguments and perused the record.

7. From the perusal of record and arguments of both sides, it is evident that issue with respect to entitlement of a closed unit qua capital subsidy stands settled. As per judgment of this Court in ***M/s. Balak Gases Oxygen Gas Plant (supra),*** the respondent is liable to disburse sanctioned subsidy despite closure of the unit. The respondent has raised new issue on the basis of its instructions dated 13.11.2019. As per respondent, name of company stands struck off by ROC, thus, it ceases to exist. This Court in ***Gupta Steel Udyog (supra)*** as well as ***M/s Golden City Agro Tech (supra)*** has already held that aforesaid instructions are inapplicable to already sanctioned subsidy.

8. In the cases in hand, subsidy was sanctioned much prior to aforesaid instructions. Name of the company was struck off much after sanctioning of subsidy. The respondent did not disburse subsidy despite being sanctioned. The respondent is trying to take advantage of its omissions. The petitioner units were existing at the time when subsidy

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was sanctioned. The respondent did not discharge its liability within time and at present is trying to take advantage of instructions which were issued in 2019 i.e. almost after two decades from the date of sanctioning subsidy.

9. As per Section 250 of Companies Act, 2013, the company does not cease to exist despite being struck off under Section 248 for the purposes of affecting its recovery. In the present case, the respondent sanctioned subsidy much prior to striking off its name, thus, it has every right to recover already sanctioned subsidy.

10. In the wake of above discussion and findings, this Court is of the considered opinion that present petitions deserve to be allowed and accordingly ***allowed***. The respondent is directed to release sanctioned subsidy within 8 weeks from today along with interest @ 6% per annum from the date of filing petitions before this Court. The respondent would be at liberty to transfer sanctioned subsidy in favour of PFC where loan amount is outstanding against any petitioner.

11. Pending application(s), if any, shall also stand disposed of.

(JAGMOHAN BANSAL)
JUDGE

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Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No

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