



IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR.JUSTICE N.NAGARESH

MONDAY, THE 8TH DAY OF JANUARY 2024 / 18TH POU SHA, 1945

WP(C) NO. 14906 OF 2019

PETITIONERS:

- 1 INDIAN COFEE BOARD WORKERS
CO.OPERATIVE SOCIETY LTD.NO.4227,
THRISSUR, STATE OF KERALA,
P.B.NO.184,PIN-680 001,
REP.BY ITS SECRETARY,
C.D.SURESH, MOB.9496073887.
- 2 INDIA COFEE BOARD WORKERS,
EMPLOYEES PROVIDENT FUND TRUST,
THRISSUR, P.B.NO.184,PIN-680 001,
REP.BY ITS CHAIRMAN, KRISHNADAS,
KANDANKULATHINGAL

BY ADV. V.RAJENDRAN (PERUMBAVOOR)

RESPONDENTS:

- 1 STATE OF PUNJAB
REPRESENTED BY CHIEF SECRETARY,
CIVIL SECRETARIAT, CHANDIGARH,
PUNJAB-160 022.
- 2 PUNJAB STATE INDUSTRIAL DEVELOPMENT
CORPORATION LTD. ,
(A STATE GOVERNMENT UNDERTAKING)
REPRESENTED BY GENERAL MANAGER,
UDYOG BHAVAN, 18 HIMALAYA MARG,
SECTOR 17,P.BOX NO.81,
CHANDIGARH-160 017.
- 3 DEPUTY GENERAL MANAGER,
(ACCOUNTS), UDYOG BHAVAN,
PUNJAB STATE INDUSTRIAL DEVELOPMENT
CORPORATION LTD, 18 HIMALAYA MARG,
SECTOR-17,P.BOX NO.81,CHANDIGARH-160 017.



W.P.(C) No.14906/2019

: 2 :

4 ASSISTANT GENERAL MAANGER,
(ACCOUNTS), UDYOG BHAVAN,
PUNJAB STATE INDUSTRIAL DEVELOPMENT
CORPORATION LTD, 18 HIMALAYA MARG,
SECTOR-17, P.BOX NO.81, CHANDIGARH-160 017.

BY ADVS.

SRI.M.AJAY - FOR R1

SRI.N.MANOJ KUMAR - FOR R2 AND R4

SMT.JAYASREE K.P.

THIS WRIT PETITION (CIVIL) HAVING COME UP FOR
ADMISSION ON 08.01.2024, THE COURT ON THE SAME DAY
DELIVERED THE FOLLOWING:



W.P.(C) No.14906/2019

: 3 :

N. NAGARESH, J.

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W.P.(C) No.14906 of 2019

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Dated this the 8th day of January, 2024

J U D G M E N T

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The 1st petitioner is an industrial Co-operative Society and the 2nd petitioner is a Trust formed by the Society for administering Provident Fund matters of the employees of the 1st petitioner-Society. The petitioners seek to direct respondents 1 and 2 to refund the amounts deposited by the 2nd petitioner in PSIDC Bonds with distinctive numbers 719 to 728/2009 allotted to the petitioners by letter of allotment No.17 together with interest at the rate of 7.32% per annum inclusive of the defaulted interest from 2014 till date of payment within a time stipulated by this Court. The petitioners also seek to direct the respondents to pay the defaulted interest at the rate of 9.70% per annum for ₹65



W.P.(C) No.14906/2019

: 4 :

lakhs for PSIDC Bonds with distinctive numbers 1371-1435 allotted to the 2nd petitioner by the 2nd respondent by letter of allotment No.35 dated 27.08.2012 within a time stipulated by this Court.

2. The 1st petitioner is a Society constituted in the year 1958 and is engaged in the business of conducting restaurants and canteens in the name and style "Indian Coffee House". The Society has 57 Branches of Coffee Houses and has more than 2350 employees. The 1st petitioner is an industrial Co-operative Society. All employees of the Society are members of the Society and all members are its employees.

3. The employees of the Society are covered by Provident Fund benefits. By Ext.P1, the Regional Provident Fund Commissioner, Kerala has exempted the 1st petitioner-Society from the provisions of the Employees' Provident Funds Act, 1952. The 1st petitioner is operating a Provident Fund account of its own through the 2nd petitioner-Trust.



W.P.(C) No.14906/2019

: 5 :

4. The 2nd respondent-PSIDC Limited requested the 2nd petitioner to invest convertible redeemable debentures. As per Ext.P2 offer letter, the 2nd respondent asserted that it is an undertaking of the 1st respondent-State of Punjab.

5. The 2nd petitioner decided to invest ₹10 lakhs being the value of 10 Bonds of ₹1 lakh each for a period of ten years. The 2nd respondent issued Bonds by allotting letter No.17. The 2nd respondent paid annual interest as promised by them till the year 2014.

6. The 2nd respondent invested in 65 Bonds of ₹1 lakh each and the 2nd respondent allotted 55 numbers of non-convertible bonds of ₹1 lakh each as per allotment letter No.35. Till 2014, the 2nd respondent was paying the interest for the bonds as agreed by them. But, from 2014 onwards, the 2nd respondent defaulted in paying the interest. The 2nd petitioner was repeatedly contacting the 2nd respondent and requesting to clear the arrears and make regular payment of interest as agreed in the offer letters and in the Bonds. The 2nd petitioner sent Ext.P16 letter to the 2nd respondent



W.P.(C) No.14906/2019

: 6 :

requesting to clear the amounts due at the earliest. The 2nd respondent, however, did not make the payment. Later, the General Manager (Accounts) of the 2nd respondent sent Ext.P19 reply admitting their liability and informing that they are in a financial crisis and are making efforts to clear the pending payments. However, no positive measures were taken to clear the bills.

7. The petitioners state that the amounts deposited by the petitioners with the 2nd respondent is hard earned money of their employees. The 1st respondent-State of Punjab and the 2nd respondent-PSIDC are bound to pay the amounts due to the petitioners along with interest.

8. The 2nd and 4th respondents resisted the writ petition. Respondents 2 and 4 submitted that any dispute between the petitioners and the respondents in respect of the Bonds are subject to the jurisdiction of the Courts at Chandigarh only. The writ petition is not maintainable. The claim of the petitioners is for recovery of amounts on the basis of contractual obligations for which the petitioners have



W.P.(C) No.14906/2019

: 7 :

to approach civil court.

9. The respondents further submitted that the bonds were issued by the 2nd respondent after the Government of Punjab gave its approval. The 2nd respondent is facing acute financial crunch since the year 2013.

10. I have heard the learned counsel for the petitioner, the learned counsel representing the 1st respondent as also the learned counsel appearing for respondents 2 and 4.

11. The 2nd petitioner has invested with the 2nd respondent ₹10 lakhs being the value of 10 Bonds of ₹1 lakh each for a period of ten years. The payment is evidenced by Ext.P5 letter issued by the 2nd respondent. The 2nd petitioner has invested a further amount of ₹65 lakhs with the 2nd respondent in bonds of ₹1 lakh each. Ext.P13 would prove the payment made by the 2nd petitioner. It is an admitted position that the 2nd respondent has been paying interest on the bonds till the year 2013. Both the deposits made by the 2nd petitioner have become due and payable by this time. The petitioners therefore seek to direct the respondents to



W.P.(C) No.14906/2019

: 8 :

repay the amounts deposited along with defaulted interest. By their counter affidavit dated 19.08.2019, respondents 2 and 4 have admitted the payment made by the petitioners. The contention of the 2nd petitioner is that the 2nd petitioner is facing acute financial crisis since the year 2013 and is unable to disburse its liability within the stipulated period.

12. The 2nd respondent has stated that in order to recover the defaulted amounts from various companies payable to the 2nd respondent, the Government of Punjab has adopted a One Time Settlement Scheme. The 2nd respondent is making earnest efforts to pay off its bills towards bond holders. The 2nd respondent has also stated that the Government of Punjab has made a budgetary provision of ₹22 Crores for the year 2019-2020 for discharge of liabilities of the 2nd respondent towards its bond holders. It was also stated that the Board of Directors of the 2nd respondent has approved the delayed period interest on 7.70% p.a. and 7.80% p.a., and 9.32% p.a. (first and second series), 9.32% p.a. 2009 first series and 9.43% p.a. 2009



W.P.(C) No.14906/2019

: 9 :

second series PSIDC Bonds. The 2nd respondent has also stated that they will submit their consent for acceptance of delayed period of interest as full and final settlement of their dues.

13. In fact, respondents 2 and 4 have practically admitted that bond amounts including interest, is payable to the petitioners. Respondents 2 and 4 have taken a stand that the petitioners have to approach civil court as the claim is of monetary recovery. I am not inclined to accept the said contention for the reason that the 1st petitioner is a workers Co-operative Society and the 2nd petitioner is their Provident Fund Trust. Respondents 1 to 4 are State / instrumentality of State. The amounts deposited in the bonds issued by the 2nd respondent, are hard earned money of lower level employees. The payment of money by the 2nd petitioner to the 2nd respondent is not disputed at all. The defence of the 2nd respondent is that the 2nd respondent is under a financial crisis. It is also evident that the 1st respondent-State of Punjab is making monetary allocation to the 2nd respondent



W.P.(C) No.14906/2019

: 10 :

to discharge their liabilities. In the facts of the case, I do not find any reason to decline relief to the petitioners.

The writ petition is therefore allowed. The respondents are directed to refund the amount deposited by the 2nd petitioner ₹10 lakhs in PSIDC Bonds with distinctive numbers 719-728/2009 under the letter of allotment No.17 together with interest at the rate of 7.32% per annum inclusive of the defaulted interest from 2014 till date of payment. The respondents are further directed to pay the amount deposited and the defaulted interest at the rate of 9.70% per annum for ₹65 lakhs for PSIDC Bonds with distinctive numbers 1371-1435 allotted as per letter of allotment No.35 dated 27.08.2012. The afore payments shall be made within a period of two months.

Sd/-

N. NAGARESH, JUDGE

aks/04.01.2024



W.P.(C) No.14906/2019

: 11 :

APPENDIX OF WP (C) 14906/2019

PETITIONERS' EXHIBITS

- EXHIBIT P1 TRUE COPY OF ORDER OF REGIONAL PROVIDENT FUND COMMISSIONER, KERALA TVM BEARING NO.KR/1971-E2(1) 70 DATED 14.12.1970.
- EXHIBIT P2 TRUE COPY OF OFFER LETTER ISSUED BY 2ND RESPONDENT TO THE PETITIONERS ON 25.02.09 THROUGH M/S. DHANALAKSHMI SECURITIES, THRISSUR-22.
- EXHIBIT P3 TRUE COPY OF APPLICATION FILED BY THE 2ND PETITIONER BEFORE THE 2ND RESPONDENT ON 6.3.09 FOR ALLOTMENT OF BONDS.
- EXHIBIT P4 TRUE COPY OF CHEQUE NO.84709 DRAWN ON M/S.AXIS BANK LTD. THRISSUR BRANCH, BY THE 2ND PETITIONER FAVOURING THE 2ND RESPONDENT ON 5.3.09.
- EXHIBIT P5 TRUE COPY OF LETTER SENT BY 2ND RESPONDENT REGARDING THE ALLOTMENT OF BONDS TO THE 2ND PETITIONER DATED 3.7.09.
- EXHIBIT P6 TRUE COPY OF COVERING LETTER SENT BY 2ND RESPONDENT TO THE 2ND PETITIONER ON 31.3.23012 ALONG WITH DEMAND DRAFT FOR PAYING INTEREST.
- EXHIBIT P7 TRUE COPY OF LETTER SENT BY 2ND RESPONDENT TO THE 2ND PETITIONER ON 31.3.13.
- EXHIBIT P8 TRUE COPY OF OFFER LETTER ISSUED BY 2ND RESPONDENT TO THE PETITIONER THROUGH M/S. TRUST CAPITAL ON 11.7.12.



W.P.(C) No.14906/2019

: 12 :

- EXHIBIT P9 TRUE COPY OF CHEQUE NO.919381 DRAWN ON M/S. AXIS BANK LTD., THRISSUR BRANCH, BY THE 2ND PETITIONER FAVOURING THE 2ND RESPONDENT ON 12.7.12.
- EXHIBIT P10 TRUE COPY OF APPLICATION FILED BY 2ND PETITIONER BEFORE AXIS BANK THRISSUR ON 24.7.12.
- EXHIBIT P11 TRUE COPY OF RECEIPT ISSUED BY M/S.AXIS BANK, THRISSUR, EVIDENCING TRANSFER OF FUNDS TO THE 2ND RESPONDENT DATED 25.7.12.
- EXHIBIT P12 TRUE COPY OF APPLICATION FORM FILED BY THE 2ND PETITIONER BEFORE THE 2ND RESPONDENT ON 24.7.12 FOR ALLOTMENT OF BONDS.
- EXHIBIT P13 TRUE COPY OF ALLOTMENT LETTER ISSUED BY 2ND RESPONDENT TO THE 2ND PETITIONER ON 27.8.12.
- EXHIBIT P14 TRUE COPY OF LETTER OF ACKNOWLEDGEMENT ISSUED BY 2ND TO THE 2ND PETITIONER ON 28.8.12.
- EXHIBIT P15 TRUE COPY OF COVERING LETTER SENT BY 2ND RESPONDENT OT THE 2ND PETITIONER ON 29.4.14 FOR SENDING DEMAND DRAFT FOR PAYING INTEREST.
- EXHIBIT P16 TRUE COPY OF THE LETTER SENT BY 2ND PETITIONER TO 2ND RESPONDENT TON 28.11.2014.
- EXHIBIT P17 TRUE COPY OF LETTER SENT BY 2ND PETITIONER TO 2ND RESPONDENT ON 6.6.15.
- EXHIBIT P18 TRUE COPY OF LEGAL NOTICE ISSUED BY THE COUNSEL FOR THE 2ND PETITIONER TO THE 3RD RESPONDENT ON 7.9.15.



W.P.(C) No.14906/2019

: 13 :

- EXHIBIT P19 TRUE COPY OF REPLY SENT TO THE COUNSEL FOR THE PETITIONER BY THE GENERAL MANAGER (ACCOUNTS) IF THE 2ND RESPONDENT ON 23.09.2015.
- EXHIBIT P20 TRUE COPY OF LEGAL NOTICE ISSUED BY THE COUNSEL FOR THE 2ND PETITIONER TO THE 3RD RESPONDENT ON 19.12.15.
- EXHIBIT P21 TRUE COPY OF THE REPLY SENT TO THE COUNSEL FOR THE PETITIONER BY THE GENERAL MANAGER (ACCOUNTS) OF THE 2ND RESPONDENT ON 4.1.16.
- EXHIBIT P22 TRUE COPY OF LETTER SENT BY 2ND PETITIONER TO THE 2ND RESPONDENT ON 20.9.17.
- EXHIBIT P23 TRUE COPY OF REPLY SENT BY 2ND PETITIONER TO THE 2ND RESPONDENT ON 16.10.17.
- EXHIBIT P24 TRUE COPY OF LEGAL NOTICE ISSUED BY THE COUNSEL FOR THE 2ND PETITIONER TO THE 2ND RESPONDENT AND OTHERS ON 9.8.18.
- EXHIBIT P25 TRUE COPY OF REPLY SENT OT THE COUNSEL FOR THE PETITIONER BY THE ASSISTANT GENERAL MANAGER (ACCOUNTS) OF THE 2ND RESPONDENT ON 30.8.18.
- RESPONDENTS' EXHIBITS
- EXHIBIT R2 (a) TRUE COPY OF INFORMATION MEMORANDUM OF PRIVATE PLACEMENT FOR BONDS ISSUED BY 2ND RESPONDENT.
- EXHIBIT R2 (b) TRUE COPY OF DETAILS OF BONDS RAISED AND REDEEMED BY THE CORPORATION.
- EXHIBIT R2 (c) TRUE COPY OF SUMMARY OF LOAN AND EQUITY PORT-FOLIO AS ON 30.06.2019.