
**Preusse India Private Limited and Others Vs The Karnataka State
Financial Corporation and Others**

Writ Petition Nos. 12860 of 2008 (GM-KSFC), 1424 and 1425 of 2009 (GM-KSFC)

Court: KARNATAKA HIGH COURT

Date of Decision: Jan. 12, 2016

Citation: (2016) 2 KantLJ 465

Hon'ble Judges: Anand Byrareddy, J.

Bench: Single Bench

Advocate: Mounesh Kumar, Advocate for Vijetha R. Naik, Advocate, for the Appellant; Gururaj Joshi, Advocate, for the Respondent

Final Decision: Disposed off

Judgement

@JUDGMENTTAG-ORDER

Anand Byrareddy, J.

1. These petitions are heard and disposed of by this common order, having regard to the facts and circumstances

and the common issues that arise for consideration.

2. The petitioner in the petition in WP 12860/2008 is a private limited company. Its parent company, M/s. Preusse Powertrain Innovations GmbH,

(Hereinafter referred to as "PPL", for brevity) is said to be located in Germany. It is said to be engaged in the manufacture and marketing of

automotive engineering products. The petitioner and its parent company, aforesaid, are said to have had a long standing business relationship with

respondents No. 2 to 5. It is stated that during the period 1994 to 1999, a large number of machines were said to have been supplied to

respondents No. 2 to 5 by an associated company of the parent company of the petitioner, on deferred payment, worth over Rs. 1.50 crore.

It is said that between the period 1996 and 2001, the petitioner's parent company and one Rajeev S. Hundekar, the Managing Director of

respondent No. 2 herein, were said to be working in collaboration and Hundekar is said to have invented and developed a "Super Charger

Technology" for automotive applications, with capability to reduce pollution by 90% and to enhance fuel efficiency by 15 to 20% in vehicles. The

said technology is said to have been patented world-wide.

In the year 2001, it is stated that the parent company of the petitioner had plans to set up a plant to exploit the market potential of the said new

product. It was tentatively decided to establish the same at Bangalore. With this in view, as the respondents No. 2 to 5 owed large sums of money

to the Karnataka State Financial Corporation (Hereinafter referred to as the "KSFC, for brevity), the said respondents persuaded the petitioner"s

parent company to take over their assets in order to provide a free hand for a more profitable development.

It transpires that PPL along with respondents No. 2 to 5 is said to have approached KSFC to arrive at a one time settlement (OTS) in respect of

the dues owed to it. KSFC is said to have demanded the deposit of 5% of the total outstanding dues, which were at Rs. 854.76 lakh, in order to

consider the proposal for a OTS. PPL, in turn, had requested that the dues from each of respondents No. 2 to 5 be indicated separately. This is

said to have been complied with by KSFC.

On the condition that the deposit of 5% of the total dues would be refunded in the event that the negotiations for a OTS should fail, the amount is

said to have been deposited between 12.8.2002 and 18.7.2003, in favour of KSFC, in a total sum of Euros 100000, apart from a sum of Rs. 5

lakh from the petitioner company at Bangalore, totalling to a sum of Rs. 56 lakh in Indian currency. PPL had also incorporated the petitioner

company, as on 23.8.2001 at Bangalore.

The petitioner is said to have occupied the premises of respondents No. 2 to 5, in order to commence operations and enable the process of

revival, during July, 2003. However, KSFC, which is said to have assured the finalization of the OTS within 4 weeks from the date of deposit of

the 5% of the total outstanding dues, is said to have taken two years. It is stated that the insistence on the part of KSFC in linking the OTS value to

the outstanding loan dues of respondents No. 2 to 5 rather than the value of assets, was said to be the cause of delay. This delay is said to have

completely derailed the revival plan. In that, the banker of respondent No. 2, is said to have frozen the working capital account. The Department

of Customs is said to have detained 10 machines of Respondent No. 2, imported under the EPCG Scheme. The petitioner company therefore

sought to withdraw the deposit made, as the revival plan was a non-starter. It is stated that KSFC, on the other hand, proposed that the OTS may

not be scuttled and offered to sell the entire assets of respondents No. 2 to 5 to the petitioner. PPL is said to have offered Rs. 179 lakh for the

purchase of the entire assets offered, which was later increased to Rs. 205 lakh. At which, KSFC is said to have set the final value at Rs. 220

lakh, claiming that the balance would be paid by respondents No. 2 to 5. This was duly acknowledged by KSFC in its letter dated 4.5.2004.

That despite the above arrangement, KSFC is said to have then claimed that it cannot effect a direct sale of the assets in favour of the petitioner

and that it should enter into an agreement with respondents No. 2 to 5 for such purchase. It is stated that deliberations having been held between

the petitioners and respondents No. 2 to 5, there was no consensus on any such agreement to be executed. Hence, the petitioner is said to have

addressed KSFC by a letter dated 17.5.2004, informing it of the impasse. However, a settlement is finally said to have arrived at between

respondents No. 2 to 5, as recorded on 25.5.2004.

Thereafter, KSFC is said to have clubbed all OTS issues of Respondents No. 2 to 5, together and is said to have unilaterally increased the value

of the assets to Rs. 235 lakh, when the same could not fetch more than Rs. 205 lakh and being fully aware that respondents No. 2 to 5 were not in

a position to raise the excess amount.

Respondents No. 2 to 5 had executed registered agreements, dated 23.7.2004, in favour of the petitioner and also executed an irrevocable power

of attorney in favour of the Managing Director of the petitioner company in respect of the immovable properties and thereby placing the petitioner

company in possession of the entire assets of the said respondents.

The petitioner is said to have made several payments to the KSFC, in a sum of Rs. 31.43 lakh. The petitioner is also said to have invested over

Rs. 523 lakh in importing machinery.

Respondents No. 2 to 5 were due in a sum of Rs. 28.64 crore, payable to various agencies including the KSFC, and were solely dependant on

the revival plan of the petitioner to be able to discharge the said outstanding.

In this background, KSFC is said to have created a controversy by insisting that all the outstanding dues of all the respondents No. 2 to 5 be

settled simultaneously. On the other hand, the petitioner had specifically bargained for the following terms, according to it, namely:

(a) That the first respondent KSFC should settle the terms of the OTS of each of the four companies separately without clubbing one with the

other.

(b) On settling with the terms of each company OTS the assets of such settled company should vest with the petitioner company and after payment

petitioner company should get full and unencumbered rights on the assets and machinery of the company which are hypothecated to KSFC.

(c) That respondents No. 1 to 5 should have patience and wait until the petitioner company has settled the liabilities with other institutions holding

charge on the assets as process is time consuming.

(d) That first respondent shall not claim delayed period interest for the balance amount of OTS.

The petitioner is said to have tried to implement the above terms. But was met by stiff resistance from KSFC. The petitioner was not permitted to

shift certain machinery which had been flooded by rain water, and in integrating the same with the production line. This prevented commencement

of production. The petitioner was prevented from bringing to sale certain machinery which were obsolete and could have been disposed of. The

same which were already deteriorated, were thus condemned without benefitting any body.

By the year 2008, the petitioner had deposited with KSFC a total sum of Rs. 115 lakh. This is duly acknowledged by KSFC. The said amount

was towards payment of a OTS, however, KSFC has chosen to appropriate the amount towards the liability and interest of the amounts due from

Respondents No. 2 to 5. Though the money was deposited commencing from the year 2003, KSFC had chosen to issue the Foreign Inward

Remittance Certificates only in the year 2008. This has exposed the petitioner to prosecution for possible violation of the provisions of the Foreign

Exchange Management Act, 1999. This apart, it is the claim of the petitioner that it was unable to issue shares to foreign investors thereby blocking

foreign remittances and investments.

It is emphasized that respondents No. 2 to 5 are separate entities and hence the insistence on the part of the petitioner that it was always

understood that the OTS be made stage-wise in respect of each entity, KSFC has stubbornly attempted to club the issues of all four entities and

demanding a settlement of all four simultaneously.

It is the petitioner's case that if KSFC were to conclude the settlement in respect of each entity separately, certain rights would accrue in favour of

the petitioner company as and when the OTS is concluded in respect of the individual entity, which would enable it to generate funds on the

strength of the rights so accrued. It is stated that KSFC has remained firm in its stand and had threatened the petitioner, that the entire assets would

be auctioned in the event of non-settlement of the entire dues of respondents No. 2 to 5, in variance with the intention of the parties as originally

understood.

It is in the above background that the said writ petition in WP 12860/2008 is filed.

3. The petition is opposed by KSFC in contending that the petition is filed at the instance of Respondents No. 2 to 5, only in order to delay and

defeat the recovery proceedings.

It is stated that according to KSFC, PPL had at the instance of respondents No. 2 to 5, had approached KSFC, as per letter dated 14.2.2001,

indicating that it intends to invest in the group companies of respondents No. 2 to 5 and that their investment could be appropriated for discharge

of dues. The said company had been informed that the total dues at that point of time was Rs. 854.76 lakh and in order to consider the OTS

proposed, a deposit of 5% of the dues, amounting to Rs. 42.21 lakh, be deposited as a pre-condition. It is contended that though a request was

made that such deposit be kept in a separate account and that the same be returned in the event the settlement did not come about, KSFC is said

to have insisted that such deposit would be treated as part payment under the proposed OTS and was received as such, after a delay of over two

years.

While emphasizing that KSFC is not concerned with the inter se agreements between the petitioner and respondents No. 2 to 5, it is stated that the

OTS that was proposed envisaged payment of Rs. 235 lakh. The same was to be paid within 4 months from 16.6.2004. 25% of the amount was

to be paid within 30 days from 16.7.2004, which was to be in addition to Rs. 56.13 lakh that was already paid by the borrowers. The balance

amount of Rs. 1.76 crore was payable within 3 months from 15.10.2004.

It is contended that the borrowers and the petitioner had failed to make payment in terms of the OTS, except making a nominal payment of Rs. 15

lakh, one year after the last date for payment prescribed under the OTS.

It is contended that the petitioner and respondents No. 2 to 5 unilaterally seeking to vary the terms of the OTS is not tenable and cannot be foisted

on KSFC.

It is stated that the petitioner had approached KSFC to revalidate the OTS, which was agreed to be revalidated - subject to the entire amount

being paid in one lump sum. But the petitioner and the borrowers are said to have paid only Rs. 21.69 lakh as on 28.11.2007.

It is contended that the petitioner is not entitled to any refund of the amounts paid. That the petitioner is not competent to challenge the action

sought to be taken against the respondents. That the petition is misconceived and that it ought to be dismissed.

4. The writ petition in WP 1424/2009 is filed by respondent No. 3 in WP 12860/2008. The said petition is filed challenging a show cause notice

issued by KSFC dated 10.9.2008, while seeking to reiterate the circumstances as sought to be pleaded in the petition in WP 12860/2008.

5. Similarly, the writ petition in WP 1425/2009 is filed by respondent No. 4 in WP 12860/2008. The petition is filed challenging a show cause

notice issued by KSFC dated 8.9.2009, while reiterating the circumstances as sought to be pleaded in the petition in WP 12860/2008.

6. In the above facts and circumstances in addressing the rival contentions, a perusal of the exchange of correspondence reveals the actual intention

and commitments made by the parties, including KSFC. Though a technical objection has been raised by KSFC as to the petitioner not being

competent to file the petition on behalf of its parent company, which parent company has in fact, remitted substantial sums of money from time to

time, it is not a well founded objection. It would only be a mere formality to permit appropriate amendments to the petition to cure any lacuna,

even if such an objection can be sustained.

The counsel for the respondent has filed a consolidated list of documents in chronological order, dated 11.9.2015, pertaining to the entire

transaction and can be usefully referred to.

One of the earliest letters written by PPL, the parent company of the petitioner in the first of these petitions, dated 28.2.2001, at page 142 of the

compilation, reads as follows :

To,

The Executive Director - Operations,

Karnataka State Financial Corporation,

Thimmaiah Road,

Bangalore.

28.02.2001

Sub: ONE TIME SETTLEMENT OF MESH TRANS

GEARS AND OTHER GROUP UNITS

ACCOUNTS.

Dear Mr. Chandramohan,

Thank you for your fax dated 17th. February and we have noted the contents. In fact we had this as a part of our agenda for our board meeting on

17th what we really need from you is the statement of liabilities of all the companies individually both their basic Principal amount and separately

the interest dues.

Nextly, the Loan balance indicated by Mr. Hundekar was about DM 2.6 Mio (INR 505 Lakhs) from all the units. The amount shown by you is

much higher. You may have given the interests and penalties etc which we need to discuss when we come to Bangalore and as it is interest rates

are very high. Therefore our board has not accepted this 5% amount since acceptance of this values of Rs. 42.70 means our acceptance of your

total amount of Rs. 854.76 lakhs.

We have been reported by our consultants that it is difficult to merge the Private Limited companies and it takes too much time, while we have

been advised to merge Mesh Trans gears and Precision gears and components first and later to takeover the assets of balance Private Limited

companies while taking over or purchasing the company would cost us lot of sales tax, and therefore it is not possible to make combined

settlement.

Hence to enable us to take the right decision we once again request you to kindly send us the individual loan balances of

Mesh Trans Gears Pvt. Ltd. Precision Gears and Components

Prateek CNC Systems Pvt. Ltd. Konyflex Gears India Pvt. Ltd.

Once we have the above details we shall arrange to make payment of 5%.

Hence, it is clear that from inception it was made clear that the loan account of each of the group companies was to be settled separately.

While insisting that the 5% of the total amount indicated should be deposited, KSFC by its communication dated 9.5.2001, indicated as follows :

As desired by you, 5% down payment made by you can be kept in a separate account. In case of non agreement to reach a mutually acceptable

one time settlement, this amount will be refunded to you.

Though a proposal for a settlement at Rs. 1.79 crore is made by PPL as on 18.8.2003, the same not having been accepted by KSFC, the same is

withdrawn by a further letter dated 22.10.2003, in the following terms :

It is with reference and continuation to our fax dated 17.9.2003 wherein we had requested you to kindly inform us about the progress. Much to

our regret we did not hear anything from you, but we contacted Mr. Hundekar and had invited him at our cost to Germany for a discussion on the

matter.

We were informed by him that a meeting was fixed on 20th called screening meeting.

Now on our contact again with Mr. Hundekar yesterday, we are given to understand that the meeting is over and the result of the meeting is that:

* Our proposal/offer given is not acceptable by you.

* You wish to advertise in the news papers and try the market for better offers.

We are lot surprised by hearing such a thing. Of course we are not aware of your systems but yet this is unusual in a transaction like this that you

ask us to deposit money for settlement and finalization under your OTS program and now after 3 months after our deposit you want to try the

other market and for which you want to advertise.

In the above situation, we would like to inform you that:

Once you advertise for sale of machineries of Mesh Trans Gears it is clear that the name will be lost publicly in the market and we are not then

anymore interested to take over the company since after such a thing we cannot develop the company later.

So the other option left for us would be to purchase only the machines/Assets by bidding against your advertisement which we will do if we are still

interested at that time. In such above option, our present offer stands withdrawn as we had quoted higher side now due to the other factors which

we had considered. And nextly we shall withdraw the entire deposit we have paid to you until date. You have to pay the deposit back along with

interest for the period lying with you.

Commencing from the year 2003 into the year 2004, PPL had been persuaded to pay substantial amounts in anticipation of the OTS, when there

was no further progress, by letter dated 4.2.2004, PPL has made the following demand on KSFC :

We have paid the deposit for OTS last in July 2003 and we have deposited the initial amount in the month of August 2002 which is in all about

average of 12 months.

During this period of 7 to 8 months we have neither heard from you in an official manner by way of a letter, fax or email and no response to your

faxes sent to you and we are not clear about the situation except what Mr. Hundekar has reported to us from time to time.

As you are aware we have made the TT of the deposit to you from our Directors Individual accounts as our permissions for our project in India

were not clear at that point of time. And we cannot keep this pending any longer due to both the regulations we have and also due to the audit

objections we are facing. We were also promised that you will be negotiating and settling the matter in 4-6 weeks time while 7 months have

passed. Unfortunately we cannot wait indefinitely. We had come personally to your office on Friday the 23rd Jan. after our participation in

AutoExpo in New Delhi but neither you nor your Executive Director (operations) were there.

Now we request you to kindly remit back latest within 7 days the complete amount of deposit + regularly bank interest of 12% p.a.

After much exchange of correspondence as regards the modalities of the manner in which the assets of the borrower companies could be taken

over, the OTS proposal was approved by KSFC as per letter dated 16.6.2004 and the break -up of the dues of each unit of the borrowers was

shown in tabular form thus:

With reference to the above, we are pleased to inform you that your request for OTS of your group units has been approved by Karnataka State

Financial Corporation subject to the following conditions:

1. The total OTS amount is Rs. 2,35,00,000/- (Rupees two crores thirty five lakhs only). The details of amount payable towards each of your units

and resultant sacrifice by way write off and waiver are as detailed below:

(Amount in rupees)

PPL was however, faced with a situation where the borrowers had dithered in entering into agreements with it in order to ensure the transfer of

assets. Hence by letter dated 22.6.2004, the said entity had again sought to call off the transaction with KSFC, in the following terms:

We had given them the dead line as 25th of May which they have not considered and therefore we had to take a decision of withdrawing from

this transaction. Therefore under the circumstances, WE DONOT ACCEPT TO ADJUST OUR PAYMENTS MADE TO YOU AS DEPOSIT

FOR OTS. It shall be a Refundable deposit even as on date.

Nextly, only if the promoters sign the agreements and contracts demanded by us and if the investors of our company are ready to reconsider the

matter after the agreements are signed, we will allow you to take this deposit towards the 25% payment as per your OTS sanction order.

Otherwise the deposit needs to be refunded to Germany via TT within 10 days from our letter.

Another issue is that we have agreed for Rs. 205 Lakhs as the highest payment from our side, the balance Rs. 30 Lakhs needs to be arranged by

the promoters.

However, the borrowers had relented and the proposed agreements were entered into by the borrowers with the petitioner in July 2004. But there

appear to have arisen some disputes about shifting of machinery from one unit to another and the OTS payments were delayed.

KSFC has made a demand for payment by 30.6.2005, failing which recovery proceedings were to be taken, as indicated by a letter dated

23.6.2005.

Though some payment was made, PPL was seeking time to make a substantial payment even as per letter dated 14.12.2005.

By letter dated 20.6.2006 - KSFC informed the borrowers that the OTS stood cancelled on account of non-payment of monies.

The petitioner by its letter dated 10.7.2006, sought to contend that it was the main party to the transaction and since the entire monies paid up to

the date of letter, in a sum of Rs. 73.84 lakh, could not be penalized by appropriation of the said amount and sought to justify the delay and failure

to abide by the terms of the OTS on account of several circumstances as detailed in the said letter, including civil and criminal proceedings initiated

subsequent to the acceptance of the OTS and requested KSFC to reconsider alternatives.

KSFC chose to ignore PPL and continued to communicate with the Managing Director of one of the borrower companies as regards any

reconsideration and proposed a revised OTS of paying Rs. 161 lakh by 28.2.2007.

It is in the above background that the above writ petition was filed. Even during the pendency of the writ petition, the petitioner has made the

following final offer for a rescheduled settlement:

22.04.2009

To,

The Managing Director,

Karnataka State Financial Corporation,

Bangalore.

Dear Sir,

Sub: Our Final offer for settlement.

Further to the discussion had with you on 17th April 2009 at your office wherein you advised your Executive Director Mr. Sridhar to look into the

details and to arrive at a settlement in concurrence with us and present the same for your approval on 25th April. Accordingly the undersigned

along with Mr. Rajeev Hundekar visited your ED(O) wherein other officers were also present and a proposal for settlement was given by him, but

surprisingly and to our dismay the offer given by Mr. Sridhar is no different to what has been offered in December 2008.

The following were indicated as expected by KSFC:

We have already communicated our non-acceptance of same vide our letter dated 18.02.2009.

Firstly, we wish to clarify that we had to approach the court to implement already given OTS for which payment has been made, hence we are not

ready to renegotiate the OTS-cum-Sale value of Rs. 235 Lakhs.

Nextly, as you are aware from our various letters written to you earlier, that we have incurred heavy costs and huge losses on account of not

handing over the assets of the companies for which the OTS amount has been paid, such as Rent for the shed which is 80% occupied only by the

machines of Mesh Trans Gears unit and hypothecated to you. To state a few:

And all the above costs and losses have incurred are for no fault of ours.

In view of the above we propose our final offer for settlement as follows:

-@ Exchange Rate of Rs. 67 per INR.

- Subsidy received by KSFC has to be adjusted towards OTS as per terms of Sanction Order.

As the land value has been included during 2003-04 already in the negotiated value of Rs. 235 Lakhs there is no question of it being reconsidered.

Please refer our letter dated 18.12.2008.

Delayed Period Interest:

As stated earlier, since we got into a sale agreement on your offer to sell the assets to us against payment of Rs. 205 Lakhs, we are not responsible

for any delay and hence no interest payable. However we are ready to consider to bear the differential cost of Forex Exchange only in view of

quick settlement though it increases our losses.

The above offer is strictly subject to following conditions:

1. Firstly all the assets as per schedule 1 and 2 of agreement of sale of both M/s. Konyflex Gears India Pvt. Ltd. and M/s. Precision Gears and

components have to be released immediately as we have already paid 100% towards both.

2. On execution of Sl. No. 1, we will hypothecate to you the building bought from M/s. Precision Gears and components until we have made full

payment of sale value of, assets of M/s. Mesh Trans Gears Pvt. Ltd. and M/s. Prateek CNC Systems Pvt. Ltd. subject to the condition that we

shall be permitted to sell the non-useful/scrap machinery and pay the proceeds to KSFC.

3. The sale amount of Prateek CNC Systems Pvt. Ltd. will be paid within 3 months from the date of release of assets of M/s. Konyflex Gears

India Pvt. Ltd. and M/s. Precision Gears and Components.

4. The sale amount of Mesh Trans Gears Pvt. Ltd. which is also OTS amount will be paid within 6 months from the date of release of assets of

Konyflex and Precision Gears.

5. We shall pay simple interest @ 12% per annum for the amount payable by us from the date of release of assets as stated in Sl. No. 1.

We are of the opinion that this is the best possible solution under the given circumstances and therefore request you to kindly accept the same and

give us the approval.

Thanking you

With best regards

For PREUSSE INDIA PVT. LTD.

Sd/-

Guorun Goedicke

Managing Director

CC to: 1. Mr. Sridhar - Executive Director (O)

2. DGM Recovery II

KSFC has remained firm in its view that the OTS having failed, it has no alternative, but to take recourse to recovery proceedings in accordance

with law.

7. At the outset, it is to be observed that the present writ petitions primarily seek the relief of restraining KSFC from proceeding to negate the OTS

and to bring the assets of the borrower units to sale. This court is conscious of the fact that it is not possible for the court to make a contract for the

parties, in bringing about a conciliation. However, the peculiar circumstances of the case on hand if taken into account, it would appear that KSFC

has adopted a rather rigid and staid view of the manner in which a foreign investor has been drawn into the transactions to its misfortune and

detriment and the entire object of salvaging and implementing an innovative technology developed by an Indian company, which had been patented

world wide, and appreciated by the foreign investor as being revolutionary and with immense market potential, is sought to be mercilessly cast

aside and the plant and machinery being sought to be sold as scrap.

It is evident that the parent company of the petitioner, was a rank outsider in so far as the loan transactions of the borrowers are concerned. The

said entity was keen on acquiring the technology possessed by one of the borrowers and had tentatively made a refundable deposit, at the instance

of KSFC, in order to forge and implement a OTS to bail out the borrowers. As can be seen from the above sequence of events, the said PPL

wanted to withdraw from the transaction at the earliest point of time, but found that KSFC had it seemingly ensnared and refused let it off the

hook. And it has been further embroiled and committed by extracting further deposits of money driving it to a point of no return. It is significant to

note that the borrowers have not paid a single rupee over the years to KSFC and the entire amounts collected thus far are that of PPL and the

petitioner.

Under the general principle of contract law, though it is not unusual for a third party, who has no privity of contract with a creditor, to pay monies

on behalf of the borrower, the initial deposit made and subsequent deposits made by PPL and the petitioner, were agreed by KSFC, as to being

refundable amounts - in the event the OTS should fail. In the absence of any benefit having accrued to the petitioner or its parent company in return

for the monies paid thus far, it would be unfair for the monies so paid to be appropriated to the loan transactions, to the detriment of the

petitioner's parent company as no commercial production had ever commenced by virtue of the settlement scheme. In the light of the many hurdles

that had to be overcome by the foreign investor over the years and the petitioner and its parent company being ready and willing even now to go

ahead with the settlement process given some leeway as proposed by its letter dated 22.4.2009, it is never too late to renegotiate on such further

terms and conditions given the lapse of time - owing to the pendency of these proceedings, and ensure the resurrection of an industry which could

benefit every one.

Consequently, the Writ petition in WP 12860/2008 is allowed, Annexures W-1 to W-4 are quashed. KSFC is directed to renegotiate the terms of

settlement as proposed by the petitioner, which was the original intention of its parent company, and to adopt a reasonable and pragmatic

approach - rather than proceed on a one track agenda of recovering monies any which way. The KSFC shall arrive at decisions with expedition,

at every stage of negotiation and not repeat its dismal conduct of refusing to budge from its stand.

In view of the disposal of the above writ petition in terms as aforesaid, KSFC would be precluded from disturbing the status quo in so far as the

other petitioners in the connected petitions are concerned and the same are accordingly disposed of.