IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMMERCIAL SUIT NO. 87 OF 2022
WITH
INTERIM APPLICATION NO. 366 OF 2025
WITH
INTERIM APPLICATION NO. 1860 OF 2022
IN
COMMERCIAL SUIT NO. 87 OF 2022

Edelweiss Asset Reconstruction Company Ltd. ...Plaintiff

Versus

Gtl Infrastructure Ltd. & Ors. ...Defendants

WITH
INTERIM APPLICATION NO. 5881 OF 2025
IN
COMMERCIAL SUIT NO. 87 OF 2022

Punjab National Bank ...Applicant

Versus

Edelweiss Asset Reconstruction Company Ltd. ...Defendant

Mr. Jayaprakash Sen, Senior Counsel, *a/w Mishra, Mahima Sareen, Abhilash Chaudhary, Sanyukta Fauzdar, i/b Shardul Amarchand Mangaldas & Co. for the Plaintiff.*

Mr. Vikram Nankani, Senior Counsel, *a/w Rohan Rajadhyaksha, Prasad Lotilkar, Srija Singh, i/b Alathea Law LLP, for Defendant No.1.*

Mr. Abhishek Bhadang, *a/w Anuj Athalye, Aryaman Ghag, i/b Legasis Partner for Defendant No.2.*

Mr. Suyash Gadre, *for Defendant No.3.*

Mr. Harsh Sheth, *i/b MDP Legal, for Defendant No.5.*

Mr. Rishi Thakur, *a/w Dhwani Gala, Ishan Gambhir, i/b Indialaw LLP for Defendant No.11.*

CORAM: SOMASEKHAR SUNDARESAN, J.

DATE : DECEMBER 24, 2025

ORDER :

1. The Learned Advocates for the Plaintiff, Defendant No.1 and Defendant No.2 place on record Consent Terms executed by them on December 22, 2025. Defendant No.4 to Defendant No.10 are all members of a consortium of lenders, headed by the Plaintiff. The consortium and Defendant No.1 are parties to financing documents, which among others, entail maintenance of Trust and Retention Account in terms of a Master Restructuring Agreement.

2. The Suit essentially centres around disputes and differences between the consortium and Defendant No.1 in respect of recoveries due from Defendant No.1 to the consortium.

3. Separately, arbitration proceedings between Defendant No.1 and Defendant No.2 are underway, in which an order under Section 17 came to be passed on December 17, 2019, by which the Arbitral Tribunal directed a sum of Rs.440 crores to be paid over by Defendant No.1 to

Defendant No.2. Aggrieved by this development, since it was the claim of the consortium that they were to be paid first, the consortium preferred an Appeal under Section 37 of the Arbitration and Conciliation Act, 1996 ("***the Act***") before the Delhi High Court, which was disposed of by an order dated November 18, 2020, by which the Section 17 order was modified to substitute the direction to pay over Rs.440 cores to Defendant No.2 with a direction to retain the amount in the Trust and Retention Account held by Defendant No.1 for the benefit of the consortium. However, the Learned Single Judge of the Delhi High Court who passed the Section 17 Order, directed that the amounts maintained in the Trust and Retention Account would be subject to directions of the arbitral tribunal.

4. Aggrieved by the continued role for the arbitral tribunal over the said sum, a Review Petition was filed which was disposed of without any interference by an order dated February 4, 2022. Thereafter, the consortium members approached the Supreme Court, which interfered with the arrangement that had obtained until then by an order dated May 30, 2024, directing that the amount of Rs.440 crores would be subject to the outcome of these captioned proceedings before this Court and not the directions of the Learned Arbitral Tribunal.

5. The reason to record the foregoing prefatory facts is to contextualise the settlement now proposed to be submitted by the Plaintiff (on behalf of the consortium), Defendant No.1, and Defendant No.2. The acceptance of the settlement proposed by the Plaintiff is resisted by Defendant No.11, Punjab National Bank, which was added pursuant to an intervention application filed by the Bank, without prejudice to the Plaintiff's rights. Such addition was permitted on November 27, 2024, which is a development occurring after the Supreme Court order of May 30, 2024.

6. The core objection on behalf of Defendant No.11 is that it has recoveries to make from Defendant No.2, and the amount of Rs.440 crores, which had been directed to be paid over by the Learned Arbitral Tribunal to Defendant No.2, and that the settlement presented to Court would undermine the interests of Defendant No.11.

7. Having heard the parties at some length, what becomes clear is that the very pool of Rs.440 crores potentially coming into the hands of Defendant No.2 was an outcome of the Section 17 order. The Section 17 order was first marginally interfered with by the Delhi High Court, asking for the amount of Rs.440 crores to be retained in the Trust and Retention Account held by Defendant No.1. The Supreme Court's intervention further removed any role for the Arbitral Tribunal and the

arbitral proceedings before it in relation to the said sum of Rs.440 crores.

8. Defendant No.11 submits that there are rights and entitlements that it enjoys even over the fruits of the arbitration proceedings in view of an Upside Sharing Agreement between Defendant No.11 and Defendant No.2. These are the subject matter of a separate bargain, and it is for Defendant No.11 to pursue the same in such appropriate forum as advised. In view of an admitted absence of any restriction on Defendant No.2 from compromising the arbitration proceedings in terms of the entitlement claimed over the arbitral amount, it would not be possible for this Court to take cognisance of an objection from Defendant No.11 to the settlement of the disputes and differences between the Plaintiff, Defendant No.1, and Defendant No.2.

9. In these circumstances, without prejudice to all contentions on merits and all rights that Defendant No.11 may enjoy in law or in contract against Defendant No.2, or in common law against Defendant No.1 (with whom, Defendant No. 11 has no contract), no impediment is seen in holding that a lawful compromise entered into among the aforesaid parties should be approved by this Court in terms of a consent decree.

10. The Learned Advocates for the Plaintiff, Defendant No.1, and Defendant No.2 submit that there is nothing in the Consent Terms that is contrary to any contract or any provision of law. In these circumstances, the undertakings contained in the Consent Terms are treated as undertakings given to the Court. The rest of the defendants, other than Defendant No.3 (who is a guarantors for the dues owed by Defendant No.1 to the consortium and the original founder/promoter of both Defendant No.1 and Defendant No.2) are members of the consortium led by the Plaintiff and are proforma defendents.

11. It is common ground that Defendant No. 3 does not have any control over either Defendant No.1 or Defendant No.2.

12. Accordingly, the settlement does not bind or affect the obligations owed by either Defendant No.3 to Defendant No. 11 or rights claimed by Defendant No.11 against Defendant No. 1, 2 and 3. One of the implications of these Consent Terms is that Defendant No.3, in his capacity as the original promoter, director, and shareholder of Defendant No.1 is discharged in respect of liabilities only in connection with the captioned suit. Therefore, it is clear that the discharge of Defendant No.3 would only affect the interests of the Plaintiff and not the interests, if any, of Defendant No.11. Should Defendant No.11 have any rights to pursue, whether in law, in contract, or otherwise they shall

be free to do so. Nothing contained in these Consent Terms would stand as a hindrance to the assertion and pursuit of any rights by Defendant No.11 against any of the other parties or in other proceedings.

13. With the aforesaid observations, the suit is ***disposed of*** in terms of the Consent Terms handed in. A copy of the Consent Terms is marked 'X' for identification and is taken record.

14. A decree shall be drawn up in terms of the Consent Terms handed in. Refund of Court fees, if any, in accordance with the rules, may be sought.

15. All actions required to be taken pursuant to this order shall be taken upon receipt of a downloaded copy as available on this Court's website.

[SOMASEKHAR SUNDARESAN, J.]