IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 19-11-2025

CORAM

THE HONOURABLE MR JUSTICE M.DHANDAPANI

W.P.No11895 of 2025
WMP No. 13468, 13470, 13473, 13475 & 49474 of 2025

1. M/s.AKS Cold Storage Limited
Represented by its Managing Director
Aks Saravanan SF No. 43 1G/2
Aroor Junction, Arror Post,
Alapuzha Distirct, Kerala 688 534.

2.AKS Saravanan
IAI, Saravanan Ilam Mahadevapuram,
Mettupalayam, Coimbatore 641 305.

Petitioner(s)

Vs

1. Indian Bank
Represented By its Chief Manager,
143 Otty Main Raod, Metupalayam
Tamilnaldu 641 301.

2.Reserve Bank Of India
Represented By its Regional Director,
Bakery Junction Road, Nandavanam,
Palaym, Tiruvananthapuram,
Kerala 695 033.

3.State Level Bankers Committee
Kerala, Canara Bank,
Represented By its Convenor and
General Manager, SLBC Cell,
Circle Office, Canara Bank Building
P B No.159 MG Road,
Tiruvananthapuram - 695001, Kerala.

4.Canara Bank
Represented By Chief Manager,
Stressed Management Branch
Formerly Syndicate Bank)
15/38 SIC Building, 1st Floor,
Anna Salai, Chennai 600 002.

Respondent(s)

Prayer: This writ petition has been filed under Article 226 of Constitution of India, to issue a writ of declaration, declare that the first respondent has acted in violation of RBI circulars and has without the consent by the petitioners for the consortium credit facilities availed from the first and 4th respondents and has not granted the restructuring of the loan account in accordance with RBI circulars and issue a Writ of mandamus or such other appropriate writ or order directing the first respondent to grant the restructuring of the credit facility in accordance with RBI circulars or direction to the 4th respondent to direct the first respondent to grant suitable restructuring of the credit facility so as to enable revival of the petitioners business in accordance with RI Circulars.

B. Direct the first respondent to release the property of the first petitioner in Ooty which was exclusively offered as security for the Term Loan of Rs.15 Crores forthwith or direct the second respondent to issue orders commanding the first respondent to release the property of the first petitioner's property in Ooty exclusively offered as security for the term loan of Rs.15 Crores forthwith and to exclude the penal interest charged in the account till the date of restructuring from time of renewal of the account by the first respondent charged since June 2018.

C. Issue a Writ of Certiorari or such other appropriate writ or order quashing Circular No.Kerala SLBC/NC/1/MA/2019 issued by the 3rd respondent.

D. Direct the second respondent to hear the petitioners into the grievances relating to the wrongful action of extension of security by the first respondent to the consortium security without the consent of the 4th respondent and to pass orders directing restoration of the credit rating of petitioner with CIBIL and CRILC including passing of such orders for redressal of the consequential damage and loss of business, credit worthiness and reputation suffered by the petitioners due to the declaration of the petitioners account being classified as NPA by the 4th respondent and to further direct the second respondent to complete the said procedure within a period /time limit prescribed by this Court.

For Petitioner(s): G.Krishna Kumar

For Respondent: Mr.Jayesh B.Dolia
Sr. Counsel
for M/s.Ayyar & Dolia R1
Mr.C.Mohan
Assisted by Ms.A.Rexy Josephine Mary
for M/s.King & Partridge R2
Mr.R.Sreedhar RR3 & 4

ORDER

This writ petition has been filed seeking a Writ of Declaration, declaring that the first respondent has acted in violation of RBI circulars, and has without the consent of the fourth respondent, wrongly extended the consortium security created by the petitioners for the consortium credit facilities availed from respondents 1 and 4 and has not granted the restructuring of the loan account in accordance with RBI circulars and consequently issue a Writ of Mandamus directing the 1st respondent to grant the restructuring of the credit facility in accordance with RBI circulars or direction to the fourth respondent to direct the first respondent to grant suitable restructuring of the credit facility so as to enable revival of the petitioners' business in accordance with RBI circulars and to direct the first respondent to release the property of the first Petitioner in

Ooty which was exclusively offered as security for the Term Loan of Rs.15 Crores forthwith or direct the second respondent to issue orders commanding the first respondent to release the property of the 1st petitioner's property in Ooty exclusively offered as security for the term loan of Rs.15 Crores forthwith and to exclude the penal interest charged in the account till the date of restructuring from time of renewal of the account by the 1st respondent charged since June 2018 and other reliefs.

2. The case of the petitioners in a nutshell is that the first petitioner was granted financial facility of Rs.18 crores, each by a consortium banking arrangement by the first respondent as the lead bank and fourth respondent as the other consortium partner bank. According to the petitioners, the operation of the loan accounts were standard and without default. During March 2017, the petitioners had sought for a term loan exclusively from the first respondent for Rs.15 crores. Towards the discharge of the said loan, immovable properties were offered as collateral security. However, the first respondent while sanctioning the aforesaid term loan created additional charge on the immovable properties offered as security for the facility availed from the consortium arrangement with the fourth respondent. Thought he operation of the accounts remained standard, the fourth respondent, at the end of the cash credit facility’s term made an issue against the petitioners by refusing to renew the cash credit facility and classified the account as NPA for non-renewal, alleging dilution of

security. Though the petitioner made a request not to be penalized since they had offered separate security for the term loan and the banking practice being adopted by the consortium arrangement is to be sorted out in between the lead bank and the fourth respondent, the same was not accepted. As against the wrongful and illegal classification of the account as NPA by the fourth respondent, the petitioners had earlier approached the High Court of Kerala by filing WP(C) No.8832 of 2020. the said writ petition was however dismissed on 23.03.2021 on the ground that there is no territorial jurisdiction for the said Court to entertain the writ petition. The said order was challenged before the Division Bench of the Kerala High Court in WA No.8856 of 2021 and the appeal was also dismissed; as against which, special leave petition in SLP (C)No.5741 of 2022 was filed before the Hon'ble Supreme Court. The Hon'ble Supreme Court had dismissed the SLP with a direction to the petitioners to file writ petition before the appropriate Court. Hence the petitioners have come with the present writ petition with the prayer mentioned above.

3. The respondents 1 and 4 have filed a detailed common counter-affidavit wherein it is averred that the petitioners have availed various credit facilities from the first respondent, including term loans and cash credit limits, aggregating to Rs.25.92 crores duly secured by mortgaged of immovable property. However, the petitioners have consistently defaulted in repayment, despite repeated requests. The bank took symbolic possession of the secured

asset on 22.05.2024 and issued a possession notice.

4. It was further submitted in the counter-affidavit that the petitioners availed term loan of Rs.15 crores exclusively from the 1st respondent bank. Though the loan was for Rs.15 crores, only 4.30 crores were released and the loan as subsequently closed on 28.10.2019. For the same loan, the first petitioner mortgaged two properties by depositing memorandum of title deeds. The petitioners are well aware of their repayment obligations under the loan agreements executed with the consortium of banks. However, they were indulging in blame game after default.

5. The first respondent denied the allegation that the petitioners account was declared NPA without convening any committee. According to the first respondent, the petitioners were put on notice in multiple joint lender's meetings. Despite repeated verbal assurances from the petitioner that the account would be regularised, no repayment was made.

6. The erstwhile Syndicate Bank had also classified the petitioners account as NPA on account of the petitioners persistent failure to repay the interest portion of the open cash credit facility and due to absence of proper documentation required for conducting a stock audit.

7. According to the first respondent, considering the operational challenges faced by borrowers during natural calamities, took a liberal view and restructured the petitioners loan account under Kerala SLBC circular. Despite such exceptional relief, the petitioners failed to take meaningful steps to improve operations or repay dues. The first respondent had extended restructuring relief to the petitioners strictly in accordance with the guidelines issued under the State Level Banker's Committee circular dated 03.09.2019. According to the first respondent, the relief granted to the petitioners was fully compliant with both the RBI and SLBC frameworks. The first respondent has further stated that the banks have already initiated action under SARFESI and already one property situated at Mettupalayam was sold and recovery made was adjusted towards the dues of the bank. Therefore, the first respondent has prayed for dismissal of the writ petition.

8. The second respondent – Reserve Bank of India has filed a separate counter-affidavit, almost echoing the same averments made by respondents 1 and 4. it is stated that the second respondent being the statutory regulator of the banking sector in India, it has framed detailed directions and guidelines for restructuring, classification of stressed accounts and rehabilitation of MSME and other affected entities. However the actual implementation of such policy frameworks are left to the discretion of the individual lending institutions, based

on their commercial wisdom.

9. The second respondent has denied that it has not directed banks to restructure accounts in specific cases. According to the second respondent, its role is only regulatory and supervisory and does not extend to intervening in individual commercial decisions of banks, unless there is a demonstrated breach of statutory provisions or violation of regulatory directions by regulated entities. The petitioners claim themselves to be MSME. However, credit facility availed by the petitioners is more than Rs.25 crore, making them ineligible for resolution under the ‘Framework for revival and rehabilitation of MSMEs’. The second respondent has stated that there is no breach of any statutory duty or binding guideline by the second respondent. The second respondent has therefore sought for dismissal of the writ petition.

10. Heard both sides at length and perused the materials available on record.

11. At the outset this Court is of the view that the prayer sought by the petitioners is very exhaustive in nature. Writ jurisdiction cannot be stretched to accommodate the multiple prayers sought by the petitioners, which would require verification of documents and oral hearing by the competent authorities.

12. Admittedly, the petitioners have defaulted in repayment of loans availed by them from the consortium of banks. The first respondent has already initiated action under SARFESI and a property situated at Mettupalayam was sold and recovery made was adjusted towards the dues of the bank. The petitioners have not denied their liability to the banks. The arguments advanced by the petitioners are more on technical grounds, trying to find a loop hole; and they are not subjective.

13. The contention that because of classification of petitioners' account as NPA, their credit rating was downgraded in CIBI and CRILC is unacceptable. The petitioners were given ample opportunities to honour the repayment commitment. However, the petitioners were consistent in non-payment of monthly installments. Left with no other alternative, the banks have declared the account of the petitioners as NPA. This is petitioners' own bringing. To fault the banks for declaring them as NPA is not acceptable.

14. Likewise, the contention of the petitioners that they never requested for reclassification of their account and it was arbitrarily done by the first respondent, is also liable to be rejected. The respondents have categorically stated that because of natural calamities, considering the financial loss that the borrowers would have suffered, the banks have reclassified the loans. This

Court does not find any infirmity in such reclassification.

15. Though the petitioners have raised many technical grounds, this Court is not inclined to delve deep into them for the simple reason that the petitioners, being borrowers, and have defaulted in repayment of loan in a consistent manner, ought to have approached the banks to sort things out. The grounds raised by the petitioners are purely technical in nature.

16. This Court cannot indulge in a roving inquiry with regard to the allegations made by the petitioners against the respondents. The petitioners are at liberty to move the respondents or the competent forum to raise their grievances.

17. The writ petition lacks merit and the same is dismissed. No costs. Consequently, connected miscellaneous petitions are closed.

19-11-2025

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Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No

To

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