IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 05.01.2026

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THE HONOURABLE Ms. JUSTICE P.T. ASHA

W.P.No.48915 of 2025
and WMP.No.54637, 54639 & 55862 of 2025

Shri Govindaraja Mills Private Limited
Represented by its Managing Director
Having office at 258, Tiruchuli Road
Aruppukottai, Virudhunagar District
Tamil Nadu – 626 101.

Also having its Corporate ... Petitioner

Vs.

1.The Union of India
Represented by its Secretary
Ministry of Finance
Department of Expenditure
Room No.76, New Delhi – 110 001.

2.India Debt Resolution Company Limited
Having CIN No:U67100MH2021PLC366926
Birla Centurion, 8th Floor, Century Mills
Pandurang Budhkar Marg, Worli
Mumbai – 400 030.

3.National Asset Reconstruction Company Limited
Having CIN No.: U67100MH2021GOI363511
Birla Centurion, 8th Floor, Century Mills
Pandurang Budhkar Marg, Worli
Mumbai – 400 030. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus calling for the records relating to the impugned notice dated 26.11.2025 issued by the 2nd respondent herein vide IDRCL/2025-26/RS/001 and quash the same as arbitrary illegal and discriminatory and consequently direct the 2nd and 3rd respondent to grant a further period of 90 days for the execution of the joint Master Restructuring Agreement with the Consortium Banks and pass orders.

For Petitioner : Mr.P.H.Aravindh Pandian
Senior Counsel
for M/s.Pawan Jhabakh

For Respondents : Mr.P.S.Raman
Senior Counsel
Assisted by Mr.Aashish Dafaria
for R2 & R3

ORDER

The writ petition has been filed seeking to quash the impugned notice dated 26.11.2025 issued by the 2nd respondent and consequently to direct the 2nd and 3rd respondents to grant a further period of 90 days for the execution of the joint Master Restructuring Agreement with the Consortium Banks.

2. The petitioner company is a offshoot of reputed Jayavilas Group,

which is a leading textile manufacturer in south Tamil Nadu. The petitioner company plays a major role in yarn industries and it has its strong position both in domestic and export markets. In all, the petitioner-company had 9 plants located at Aruppukottai (Tamil Nadu) and Pulivendurla (Andhra Pradesh). The petitioner had commissioned its first plant in Andhra Pradesh on 01.04.2008 and its expansion unit on 01.08.2014. According to the petitioner, its annual turn over was approximately 2500 crores.

3. Unfortunately, the petitioner company suffered a temporary financial crisis on account of certain factors which was beyond its control, namely (i) delayed disbursement of working capital by lenders; (ii) non-realization of subsidy to the tune fo Rs.43.75 crores from the Government of Andhra Pradesh; (iii) delay in loan sanctions and approval by Banks for its overseas projects etc., Notwithstanding these constraints, its promoters had infused funds into the company to the tune of over Rs.500 cores, through sale of personal assets and borrowings in order to ensure its uninterrupted operational working and timely repayments of loan till 2018-2019.

4. The petitioner would submit that since it could not meet out of its financial difficulties, they had submitted a Resolution Plan, in accordance

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with the RBI circular dated 07.06.2017 with all its consortium lenders for restructuring the debt which is approximately Rs.694,79,00,000/-. The Resolution Plan was approved by the consortium lenders in December 2020 and the same was implemented by way of Master Restructuring Agreement (MRA) dated 29.06.2021.

5. The petitioner company availed facilities from a consortium of banks namely (i) Canara Bank, (ii) Indian Bank, (iii)City Union Bank, (iv) Bank of Maharastra, (v)Punjab National Bank, (vi) Karur Vysya Bank (vii) State Bank of India and (viii) Development Bank of Singapore. The first five banks are referred to as "Assignor Banks" and the next three banks as referred to as "Non-Assignor Bank. Of the consortium Banks, the lead Bank is the Canara Bank. In October 2023, the Canara Bank had classified the petitioner company as "Non-performing Asset". The Canara Bank filed a petition under Section 7 of Insolvency and Bankruptcy Code 2016, before the National Company Law Tribunal, Chennai in Company Petition No.18 of 2024. Thereafter, the debt of the petitioner was assigned to the third respondent viz., National Asset Reconstruction Company [hereinafter referred to as "NARCL"] by the Canara Bank along with other consortium banks, by a Deed of Agreement dated 21.11.2024.

6. In pursuance to the assignment of debt to the third respondent, it appointed the second respondent herein viz., India Debt Resolution Company Ltd., (hereinafter referred to as "IDRCL"] as its authorised representative and its exclusive resolution entity, for restructuring the debt of the petitioner on its behalf, vide a Power of Attorney dated 25.11.2024. During September 2025, an extensive negotiation took place between the petitioner, the second respondent and third respondent regarding the sanction process and upfront payment arrangements. On 26.09.2025, the second respondent issued a draft sanction to the petitioner company through email. However, on the same day, after office hours, this draft sanction was withdrawn by IDRCL and it had requested the petitioner to pay upfront a sum of Rs.8.54 crores during the meeting which was scheduled at Mumbai on 29.09.2025. A consensus was arrived at during the meeting on 29.09.2025 that the petitioner would remit a sum of Rs.1,00,00,000/- to the third respondent's bank account and another sum of Rs.1,00,00,000/- into a "no lien" account with DBS Bank and that the balance amount has to be paid after signing the Master Restructuring Agreement with the lenders.

7. However, on the next day i.e., on 30.09.2025, the second respondent had required the petitioner to pay the full upfront payment, which is contradictory to the discussion held on 29.09.2025. When the petitioner had refused to pay the full upfront amount, the second respondent had decided to withdraw the sanction. Thereafter, several communications and discussions were exchanged between the petitioner and respondents 2 and 3. Finally, on 14.10.2025, the petitioner company had remitted Rs.1,00,00,000/- to the third respondent's bank account towards upfront payment and Rs.1,00,00,000/- with DBS Bank and had sought for execution of sanction letter. The sanction letter was signed by the second respondent on 23.10.2025 for restructuring the outstanding debt owed to the third respondent by the petitioner company, which records the payment made by the petitioner to the 3rd respondent and DBS Bank and also that the balance amount would be paid by the petitioner on or before the execution of Master Restructuring Agreement with the lenders. The sanction letter also provides the repayment schedule and the details of the debt owed to the third respondent by the petitioner. The sanction letter also contains the Condition Precedent to the restructuring at Clause 15, which traverse about the consent of all the Non-assignor consortium banks namely Karur Vysya Bank (KVB),

State Bank of India (SBI) and Development Bank of Singapore (DBS).

8. The petitioner would submit that a Joint Lender Meeting was held on 07.08.2025, 09.09.2025, 09.10.2025 and 19.11.2025. In the Joint Lender Meeting held on 19.11.2025, the SBI has explored its assignment of entire loan amount to the third respondent and whereas KVB and DBS has recorded that they are in the process of obtaining approvals from the Competent Authority. The lenders had also acknowledged the bonafide efforts of the petitioner.

9. Be that as it may, the petitioner was issued with the impugned notice dated 26.11.2025 by the second respondent on the ground that the petitioner company has not complied with the Condition Precedent before the implementation date i.e., on 29.11.2025, including making payment of the balance upfront amount of Rs.7.54 crores. Further, there was no response to the email dated 11.11.2025 sent by them with regard to execution of Master Restructuring Agreement dated 29.06.2021. Citing the above grounds, vide impugned order, the second respondent had called upon the petitioner to comply with the Conditions Precedent before the implementation date i.e., on 29.11.2025 and to execute the MRA, to avoid

further consequences as set out in the Clause 11(11) and (13) of the sanction letter.

10. Aggrieved by the impugned order, the petitioner is before this Court in the present writ petition praying to quash the impugned order.

11. Heard the learned senior counsel appearing on both sides and had also perused the materials placed before the Court.

12. Today when the matter was taken for hearing, it is informed by the learned senior counsel appearing for the respondents 2 and 3, that the second respondent has submitted a proposal dated 02.01.2026 to the petitioner.

13. A perusal of the proposal of the second respondent dated 02.01.2026 addressed to the petitioner would clearly state that a meeting had held between the petitioner and the second respondent on 31.12.2025, in which, the petitioner-company had requested the second respondent for issuance of ‘No Objection Certificate” for sale of their movable plants and machinery mentioned in the annexure under the head “Hypothecated Assets” and to make their payment from and out of the sale consideration received

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from sale of the hypothecated assets and had also sought time to make their payments. The second respondent had consented to this request, by setting out certain terms and conditions. In addition, the second respondent, IDRCL has also agreed to extend the timeline for making payment and has provided a revised schedule in four tranche.

14. On instructions, the learned Senior Counsel appearing on behalf of the petitioner would submit that the petitioner-company is ready to abide by the proposal of the second respondent dated 02.01.2026.

15. In the light of the above proposal now being accepted, the implementation date as set out in Clause 9(1) of the Sanction Letter dated 23.10.2025, stands extended to 31.03.2026.

16. Recording the above, the writ petition is disposed of. No costs. Consequently, connected miscellaneous petitions are closed.

05.01.2026

Index : Yes / No
Neutral Citation : Yes / No
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Ministry of Finance
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P.T. ASHA, J,

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