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* IN THE HIGH COURT OF DELHI AT NEW DELHI

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Judgment Delivered on: 06.10.2025

+ W.P.(C) 13847/2025

KARANJA TERMINAL AND LOGISTICS PVT. LTD.....Petitioner

Through: Mr. Sandeep Sethi and Mr. Sudhir Nandrajog, Sr. Advs. with Mr. Sameer Chaudhary, Mr. Preet Pal Singh, Ms. Sonali Gaur and Ms. Shakshi Kaushik, Advs.

Versus

UNION OF INDIA AND ORS

.....Respondents

Through: Mr. Tushar Mehta, Solicitor General and Mr. Nalin Kohli, Sr. Adv. with Ms. Nimisha Menon, Mr. Anoop Rawat, Ms. Arushi Chandra, Ms. Snigdha Saraff, Ms. Diksha Sharma and Ms. Charu Bansal, Advs. for R-3 to 5.

Mr. Ashish K. Dixit, CGSC with Mr. Umar Hashmi, Mr. Mayank Upadhyay and Ms. Iqra Sheikh, Advs. for R-1/UOI.

Mr. Ramesh Babu, Ms. Manisha Singh and Ms. Tanya Chowdhary, Advs. for R-2/RBI.

CORAM:

HON'BLE MR. JUSTICE VIKAS MAHAJAN

JUDGMENT

VIKAS MAHAJAN, J (ORAL)

CM APPL. 56787/2025 (exemption)

1. Allowed, subject to all just exceptions.
2. The application stands disposed of.

W.P. 13847/2025 & CM APPL. 56786/2025 (by petitioner seeking stay)



3. By way of the present petition, the petitioner assails the impugned letter dated 02.09.2025 issued by respondent no.3/Canara Bank (hereinafter also referred to as '**Canara Bank**'), as well as, letter dated 03.09.2025 issued by respondent no.4/Punjab & Sind Bank (hereinafter also referred to as '**P&S Bank**'), whereby the petitioner was informed that the lenders¹ have decided to annul the One Time Settlement ['OTS'] process, for the reason that no approval was received from 3rd consortium bank i.e. respondent no.5/Bank of Baroda [hereinafter also referred to as '**BoB**'].

4. The case set out by petitioner in the present petition is that it had availed certain credit facilities from respondent nos.3 to 5. The total credit facility availed from the consortium comprising of said respondents was in the following proportions:

- | | | |
|-------|---------------------------|--------|
| (i) | Canara Bank (Lead Bank) - | 61.28% |
| (ii) | Punjab & Sind Bank - | 19.36% |
| (iii) | Bank of Baroda - | 19.36% |

5. The account of petitioner became irregular and was subsequently classified as Non-Performing Asset ['NPA'] by respondent no.3 sometime in 2024 with retrospective effect from 11.06.2021.

6. The disputes arose between the parties, and the same led to respondent nos. 3 and 4 filing separate petitions before the National Company Law Tribunal, Mumbai under Section 7 of the Insolvency and Bankruptcy Code, 2016.

7. The respondent nos. 3 to 5 also initiated proceedings under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 *vide* Original Application No.4/2025 titled as *Canara Bank & Ors. vs. Karanja Terminal*

¹ [respondent nos.3 to 5].



and Logistics Pvt. Ltd.& Ors., before Debts Recovery Tribunal-III, New Delhi.

8. It is the case of petitioner that respondent no.3 was leading the consortium of lenders of the petitioner-company, which comprised of respondent nos.3 to 5, therefore, the petitioner during the pendency of NCLT and DRT proceedings submitted an OTS proposal to respondent no.3 *vide* its letter dated 23.05.2025, offering to pay a sum of Rs. 430 crores to respondent nos.3 to 5 within 90 days of receipt of final sanction.

9. In furtherance of the aforesaid proposal and to demonstrate its *bona fide*, the petitioner made an upfront deposit of Rs.25 crores in a dedicated no lien account of respondent no.3 and further undertook to pay the balance upfront amount of Rs.18 crores upon receipt of final sanction. This amount was subsequently paid on 11.08.2025.

10. In response to the OTS proposal letter dated 23.05.2025, the respondent no.3 addressed a letter dated 13.06.2025 to the petitioner, stating that its competent authority had accepted the proposal of petitioner, subject to similar permission from all other member banks. It was further stated in the letter dated 13.06.2025 that the proposal is also subject to Swiss Challenge, however, petitioner will be provided with the Right of First Refusal [‘ROFR’] to match the bid of H1 bidder.

11. Sequel to above, respondent nos.3 to 5 engaged the services of respondent no.6² to assist them in respect of bidding process and matters incidental thereto.

12. Accordingly, respondent no.6 issued the Bidding Process Document [‘BPD’] dated 13.06.2025 for transfer/sale of stressed loan exposure of the petitioner. The BPD contained various terms and conditions in relation to

² [BOB Capital Markets Limited].



the bidding procedure which included the terms in relation to payment of earnest money deposit and the timelines with respect to the bids.

13. On 03.07.2025, the petitioner received a letter from respondent no.3, stating that pursuant to process undertaken by it, a higher bid amount was offered by H1 bidder worth Rs.465.50 crores, and the petitioner was called upon to either match or improve the offer given by the H1 bidder.

14. The petitioner *vide* its letter dated 05.07.2025 exercised its ROFR, and improved on the H1 bid, offering an amount of Rs.472.10 crores to respondent no.3.

15. It is the case of petitioner that the offer of Rs.472.10 crores was duly accepted by respondent nos.3 to 5 and communicated by respondent no.3, being the lead bank, *vide* its Letter of Award [‘LoA’] dated 07.07.2025. Further, *vide* said letter, the petitioner was also declared to be the ‘successful bidder’ and called upon to make the entire consideration amount of Rs.472.10 crores on or before 30.09.2025.

16. In due compliance of the terms of BPD, the petitioner made an endorsement on the letter dated 07.07.2025 within one day of its issuance to respondent no.3.

17. Likewise, respondent no.4 also issued a letter dated 29.07.2025 on similar lines to the letter dated 07.07.2025 issued by respondent no.3.

18. As the approval/sanction from the respondent no.5/BoB was pending, the parent company³ of the petitioner *vide* its letter dated 25.08.2025 wrote to the respondent nos.3 to 5 seeking an early approval from respondent no.5/BoB.

19. Thereafter, respondent no.3 sent a letter dated 02.09.2025 to petitioner and its parent company communicating that lenders have decided to annul

³ [Mercantile Ports & Logistics Limited].



the OTS process and withdraw all previous communications relating to the OTS proposal on the ground that no approval has been received from respondent no.5/BoB. A similar communication dated 03.09.2025 was sent by respondent no.4/P & S Bank vide its e-mail dated 04.09.2025 to petitioner intimating withdrawal of earlier OTS sanction letter dated 29.07.2025 issued in favour of the petitioner stating that in view of the Joint Lenders Meeting ['JLM'] held on 29.08.2025, the lenders have decided to annul the OTS process.

20. It is the case of the petitioner that pursuant thereto, another advertisement was published on 03.09.2025 for conducting a fresh Swiss Challenge Method ['SCM'] on materially different terms, contrary to the earlier BPD, within a couple of hours of intimation of cancellation of the OTS process in favour of the petitioner.

21. In the above backdrop, the present writ petition has been filed by petitioner seeking following reliefs:

“a. pass an appropriate writ of certiorari and writ of mandamus and/or any appropriate writ, order or direction quashing and setting aside the Impugned Letter dated 02.09.2025 and 03.09.2025 and the Impugned Advertisement dated 03.09.2025, and all consequential actions undertaken thereto, thereby declaring the same as unconstitutional, non-est, illegal, null and void ab initio;

b. To issue a writ of mandamus and/or any other writ and/or any other appropriate direction, thereby declaring the Letter of Award dated 07.07.2025 as Legally binding subsisting Letter of Award binding on the parties and further directing Respondent Nos. 3 to 5 to do or cause to do all such consequent acts pursuant to the Letter of Award dated 07.07.2025;

c. To issue a writ of mandamus and/or any other writ and/or any other appropriate direction, thereby directing the Respondent no. 3 to 5 to accept the balance payment within the given time frame from the Petitioner in terms of the Letter of Award dated 07.07.2025



f. For costs;”

In the event that the offer submitted by the successful Bidder is not accepted by a minimum of seventy-five percent (75%) of the

⁵ [BoB].



Lenders, calculated on the basis of the principal outstanding amount (both fund and non-fund based limits, as applicable) as of May 31, 2025, the Lenders, at their sole discretion, reserve the right to cancel and/or annul the process set forth in this BPD). Such cancellation or annulment may occur without providing any reasons and without incurring any liability or obligation towards the successful Bidder or any other party involved.

However, if the offer submitted by the successful Bidder is accepted by seventy-five percent (75%) or more of the Lenders, calculated on the basis of the principal outstanding amount (both fund and non fund based limits, as applicable) as of May 31, 2025, the amount offered by the successful Bidder i.e. the Consideration Price, shall be subject to a proportional reduction. This reduction will be carried out in accordance with the sharing pattern to be finalized and agreed upon by the Lenders. This provision ensures that the distribution of the Consideration Price is proportionate to the amount of debt held by each participating Lender.”

(emphasis supplied)

24. Elaborating on his submission, Mr. Rohatgi submits that the exposure of respondent no.2 is to the extent of 61.28%, and that of respondent no.4 and 5, is 19.36% each, thereby, making total exposure of respondent nos.3 and 4 taken together as approximately 80%. Therefore, even in the absence of unanimous consent, the OTS proposal of the petitioner had become effective.

25. He submits that under the BPD, there is no requirement that the offer submitted by successful bidder must be accepted by 100% of the lenders. Once the bid of the petitioner had been accepted by minimum of 75% of the lenders i.e. respondent nos.3 and 4 taken together, the contract became final and binding, and there was no discretion left with the lenders to cancel the same.

26. He submits that in terms of the OTS sanction, the Swiss Challenge Method (SCM) was launched and the petitioner was informed about H-1



bidder and given an opportunity to exercise its ROFR. The petitioner exercised the ROFR by making a better bid of Rs.472.10 crores, over and above the H-1 bid of Rs.465.50 crores, which was then approved, leading to declaration of petitioner as successful bidder. Therefore, the contract stood concluded, and the respondent nos.3 to 5 could not have gone back thereafter.

27. He reiterates that there is no clause which provides for acceptance of offer of the successful bidder by 100% of lenders.

28. Lastly, he submits that in the new bidding process, the petitioner has been ousted from the entire process, as some other 'anchor bidder' has been identified, and the petitioner would not even get any opportunity of exercising option of ROFR. He submits that if the fresh auction process goes through, third party rights will get created. He, therefore, prays that *status quo* be granted till the disposal of present writ petition.

29. Mr. Sandeep Sethi, learned Senior Counsel, who also appears on behalf of the petitioner additionally submits that the bid process started with in-principal approval of all the lender banks with regard to undertaking the Swiss Challenge Method for discovery of price, therefore, it is completely erroneous on part of the lenders bank now to say that the acceptance of petitioner's OTS proposal was subject to further approval of all the lenders.

30. Referring to '75% Clause' contained in 'Step 3' of the BPD, Mr. Sethi submits that said Clause provides that in the event offer submitted by the successful bidder is not accepted by minimum of 75% of the lenders, they would have sole discretion to cancel and annul the process, and then the entire process will come to an end. On the contrary, if the offer submitted by the successful bidder is accepted by minimum 75% of the lenders, as happened in the present case, then the process will go through.



31. He further submits that if 'Step 3' of the bid process is crossed and 'Step 4' is reached, the lenders will communicate the H-1 bid to the Anchor Bidder, giving it Right to First Refusal (ROFR) to either match or offer higher than the H-1 Bid, then on Anchor Bidder having been declared as successful bidder pursuant to ROFR, the contract will get concluded.

32. He submits that as the petitioner was given option of exercising ROFR; the same was exercised by the petitioner by giving a better bid of Rs. 472.10 crores as against H-1 bid of Rs. 465.50 crores; and the petitioner was declared a successful bidder, the respondent nos.3 to 5 could not have annulled the process at that stage.

33. He submits that in case the bidding process is annulled after the declaration of petitioner as a successful bidder, it would render the entire process as a wasteful exercise without there being any sanctity to the same.

34. He submits that once the H-1 bid was received and the petitioner had exercised its ROFR by giving a better bid, the lenders i.e. the respondent nos.3 to 5 had no option but to give the LoA to the petitioner and accept the money in terms of the OTS. He submits that when the entire process got concluded, there was no occasion for subjecting the completed process to the approval of competent authorities of the lenders bank.

35. Inviting attention of the Court to the letter dated 07.07.2025 issued by the respondent no.3/Canara Bank, whereby the petitioner was declared as successful bidder, as well as, the letter dated 29.07.2025 of respondent no.4/P & S Bank conveying the approval to petitioner's offer of Rs.472.10 crores by the competent authority of the said bank, Mr. Sethi submits that the condition incorporated in these two letters to the effect that the offer of the petitioner is subject to the final approval from all the consortium lenders is misconceived, inasmuch as the same is contrary to the entire process



undertaken by the lenders, starting with OTS offer by petitioner; acceptance of same by the lenders; undertaking Swiss Challenge Method; the discovery of H-1 bidder; acceptance of ROFR by the petitioner; the petitioner bidding higher than the H-1 offer, and being declared as a successful bidder.

36. He further submits that once the lenders had undertaken a process, which is found to be transparent, they could not have changed the rules of the game after the game had started and defeat the petitioner's right that had fructified in a concluded contract. He submits that the lender banks are 'State' within the meaning of Article 12 of the Constitution of India and they are obliged to act fairly and in non-arbitrary manner.

37. He submits that post issuance of LoA, annulment cannot be done. As merely having power of rejection of bids does not entitle authorities to exercise the said power arbitrarily. In support of his contention, Mr. Sethi has placed reliance on the decision of the Hon'ble Supreme Court in ***Mihan India Limited vs. GMR Airports Limited and Ors., (2022) 19 SCC 69.***

38. In view of the above, issue notice. The learned counsel named above accepts notice on behalf of the respondents.

39. Mr. Tushar Mehta, learned Solicitor General, appearing on behalf of respondent nos. 3 to 5 submits that the bid process undertaken by the lenders-banks was in terms of the guidelines issued by the RBI, including the Master Direction-Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 [hereinafter '**RBI Master Directions**'].

40. He invites attention of the Court to Clause 9(h), Clause 3, as well as, Clause 54 of the RBI Master Directions, to contend that the stressed loan could have been transferred only to the "permitted transferees" which includes Scheduled Commercial Banks, All India Financial Institutions (NABARD, NHB, EXIM Bank, SIDBI and NaBFID), Small Finance Banks



and All Non-Banking Financial Companies (NBFCs), including Housing Finance Companies (HFCs), as well as, the Asset Re-construction Companies (ARCs).

41. He submits that the private parties like petitioner were not eligible to participate in the bid process for transfer of loans.

42. He invites attention of the Court to the BPD to submit that 100% in-principal approval of the lenders that was obtained, was for price discovery and for conducting of Swiss Challenge Method (SCM), therefore, the exercise undertaken was to discover the best price, and not for accepting the OTS proposal.

43. Further inviting attention of the Court to the Clauses contained in 'Disclaimer and Important Notice' of BPD at page 203 of the paper book, he submits that the lenders reserved the right to accept or reject any offer or bid irrespective of whether the offer or bid is valid or not.

44. He further draws attention of the Court to Clause 4.4 of the BPD under the heading 'Invitation for Counter-bids' to submit that lenders and/or BOBCAPS⁶ reserved the right to cancel or withdraw or modify or extend the bidding process at any stage before the final confirmation.

45. Bringing attention of the Court to the letter dated 07.07.2025 issued by the respondent no.3/Canara Bank declaring the petitioner as successful bidder, Mr. Mehta submits that the said letter is not an agreement or an undertaking by the respondent no.3, rather para 7 of the said letter clearly mentions that the petitioner's offer is subject to the final approval from all the consortium lenders. He submits that said para in the letter dated 07.07.2025 knocks out the submission made on behalf of the petitioner that

⁶ [respondent no.6].



acceptance of all the lenders is not required and mere acceptance by 75% of the lenders will suffice.

46. He submits that the respondent no.3's letter dated 07.07.2025 and the letter of the respondent no.4/P&S Bank dated 29.07.2025 shows that all consortium lenders will have to agree / grant approval to the OTS proposal. He submits that by unconditionally accepting the conditions mentioned in the letter dated 07.07.2025 issued by the respondent no.3/Canara Bank, the petitioner acknowledged and agreed that the said letter does not create any binding obligation on the lenders or its representatives.

47. Elaborating further, Mr. Mehta submits that as approval for the OTS proposal from all lenders was not received, the lenders decided to annul the OTS process and withdraw all previous communications relating to the OTS proposal.

48. He contends that since the OTS proposal of the petitioner was no longer under consideration and all communications previously made in this regard by the lenders stood withdrawn, immediately thereafter, a fresh process to transfer the loan of the petitioner was started. He submits that in the said process, only permitted entities in terms of the RBI Master Directions can participate.

49. Mr. Mehta submits that in the fresh process, the lenders have a firm offer of Rs.520 crores from an Asset Re-Construction Company and the same is the base price for the new bid process.

50. He contends that the first bid process was rightly annulled, as it was discovered that the price which the lenders were getting was not satisfactory, and this is also evident from a firm offer of Rs.520 crores, which the lenders are now getting. He contends that there is a difference of almost Rs. 50 crores between the previous and the new base price.



51. He submits that there is no *mala fide* involved as the lenders are getting at least Rs. 50 crores more, as the E-Auction would now start from the base price of Rs. 520 crores. This according to Mr. Mehta, is in the interest of petitioner as well, since the lenders will get more amount which will reduce the liability of the petitioner to the extent of an additional amount over and above the bid offered by the petitioner while exercising ROFR in the earlier bid process.

52. He contends that no borrower has a vested right to claim OTS. Further, the law is also well settled, that the High Court does not have jurisdiction to direct a lender to accept an OTS. To buttress his contention, he places reliance on the decision of the Hon'ble Supreme Court in ***Bijnor Urban Cooperative Limited, Bijnor and Ors. vs. Meenal Agarwal and others; (2023) 2 SCC 805.***

53. He further contends that a successful bidder does not have any vested right to enforce an auction in his favour.

54. Lastly, he contends that the LoA was conditional and not final, inasmuch as, the same was subject to grant of approval by all the three lender-banks. Since the respondent no.5/BoB did not give its approval, the OTS proposal was annulled and withdrawn.

55. Mr. Nalin Kohli, who also appeared for the respondent nos. 3 to 5, submits that the decision in ***Mihan India Limited*** (supra) relied upon by Mr. Sethi does not apply to the facts of the present case, as the said judgment is neither *qua* the OTS nor LoA therein had any condition.

56. He reiterates the legal position as pointed out by Mr. Mehta that there is no vested right that an OTS must or has to be accepted. According to him, an OTS can be rejected at any time.



57. He further invites attention of the Court to the letter dated 25.08.2025 sent by the parent company of petitioner⁷ to submit that even as per petitioner's own understanding, there was no concluded contract, as the respondent no.5 did not accord its approval.

58. I have considered the rival submissions, as well as, the documents placed on record by the petitioner.

59. At the outset, it is relevant to note that the bidding process which is the subject matter of the present petition stems from the proposal made by the petitioner for 'One Time Settlement' of its outstanding dues *vide* its letter dated 23.05.2025 addressed to the lead bank i.e. respondent no.3/Canara Bank.

60. The said letter was written by the petitioner in continuation of its ongoing discussions with the lenders in that behalf. A perusal of letter dated 23.05.2025 shows that the proposal of settlement amount of Rs.430 crores was made by the petitioner subject to approval by all consortium lenders. The settlement proposal was further contingent upon written acceptance and approval by respondent no.3/Canara Bank and all consortium lenders within 45 days of the receipt of the said proposal as Anchor Bid. The letter also states that the proposal remains open for acceptance until 45 days from submission and any counter-proposal or modification must be communicated in writing within the validity period. The relevant portion of the letter dated 23.05.2025 reads as under:

*"1. We, **Karanja Terminal & Logistics Private Limited** ("**KTPL**" or "**Company**"), having our registered office at Office No. 705 & 706, 7th Floor, Shelton Cubix, Plot No. 87, Sector 15, Belapur CBD, Navi Mumbai 400614 hereby submit this proposal for a comprehensive One Time Settlement (OTS) of all outstanding dues and obligations.*

⁷ [Mercantile Ports & Logistics Limited].



XXXX XXXX XXXX
 This proposal is made:

- XXXX XXXX XXXX
- **Subject to approval by all consortium lenders.**
- XXXX XXXX XXXX

4. **This settlement proposal is contingent upon:**
 a) **Written acceptance and approval by Canara Bank and all consortium lenders within 45 days of receipt of this proposal as Anchor Bid.**

xxx xxx xxx

6. **This proposal remains open for acceptance until 45 days from submission.**
 a) **Any counter-proposal or modification must be communicated in writing within the validity period.”**
 (emphasis supplied)

61. The respondent no.3/Canara Bank vide its communication dated 13.06.2025 informed the petitioner that its competent authority has accepted the OTS offer of Rs.430.00 crores to the consortium (share of Canara Bank being Rs. 263.50 crores) for full and final settlement of dues payable within 90 days subject to similar permission from all other member banks. The conditional acceptance of OTS offer of Rs. 430.00 crores, was further subject to SCM, with petitioner being provided with Right of First Refusal (ROFR) to match the bid of H-1 bidder. The other relevant condition that was stipulated in the letter dated 13.06.2025 was to the effect that the bank reserved the right for withdrawal of the OTS sanctioned at any point of time even during the period permitted for payment of OTS, without assigning any reason for withdrawal of OTS. The relevant excerpts from the letter dated 13.06.2025 reads thus:

“We are pleased to inform you that Competent Authority has accepted OTS offer of Rs.430.00 Crore to the consortium (our share Rs 263.50 crore) for full and final settlement of dues payable within 90 days subject to similar permission from all other member banks:



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CONDITION:

- ***The proposal is subject to Swiss Challenge. However, Company will be provided with the Right of First Refusal to match the bid of H1 bidder.***

OTHER TERMS & CONDITIONS:

1. ***Bank reserves the right for withdrawal of the OTS sanctioned at any point of time even during the period permitted for payment of OTS without assigning any reasons for withdrawal of OTS.***

(emphasis supplied)

62. Accordingly, SCM was launched and the respondent no.6/BOBCAPS, based on the mandate of respondent nos. 3 to 5, issued the BPD dated 13.06.2025 for transfer/sale of stressed loan exposure of the petitioner.

63. At this stage, apt would it be to note certain provisions of the BPD which are relevant to the controversy involved in the present petition. The relevant Clauses from the 'Disclaimer and Important Notice' of the BPD are as under:

"DISCLAIMER AND IMPORTANT NOTICE

This document shall be referred to as the Bid Process Document ("BPD") for transfer of stressed loan exposure of M/s. Karanja Terminal & Logistics Private Limited (hereinafter referred to as the "KTLPL" or "Company") pertaining to the credit facilities advanced by the consortium of lenders ("Stressed Loan Exposure"), led by Canara Bank("Lead Bank") to Asset Reconstruction Companies ("ARCs") / Scheduled Commercial Banks ("SCBs") / Non-Banking Financial Corporations ("NBFC") / All India Financial Institutions ("AIFIs") or any other transferees permitted ("Permitted Entities" or "Bidders") under the guidelines issued by the Reserve Bank of India ("RBI"), including the Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, as amended from time to time ("RBI Master Directions"). The consortium of lenders comprises of Canara Bank ("CB"), Bank



of Baroda (“BOB”) and Punjab & Sind bank (“PSB”) [collectively referred to as the “Lenders” or “Consortium Lenders”]. BOB Capital Markets Limited (“BOBCAPS” or “Process Advisor”) has been mandated by the Lenders for assisting and advising the Lenders on the bid process & matters incidental thereto in connection with the transfer of the Stressed Loan Exposure, under an open auction process followed by a Swiss Challenge Method (“SCM”) [hereinafter referred to as the (“Transaction”)] to eligible Bidders/ Permitted Entities as per the extant RBI Master Directions.

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It is hereby clarified that as on the date of this BPD, in-principle approval from 100% (calculated basis the principal outstanding amount as on May 31, 2025) of the Lenders has been obtained for price discovery / conducting Swiss Challenge Method.

The Lenders reserve the right to accept or reject any offer/bid, irrespective of whether the offer/bid is valid or not and the issue of this BPD does not bind the Lenders to accept any offer/bid. The Lenders also reserve the sole right to suspend and/or cancel and/or annul and/or modify and/or extend the entire / or any part of the process laid down in this BPD and/or amend and/or supplement the process or modify the dates or other terms and conditions relating thereto, without assigning any reason and without incurring any liability or responsibility whatsoever. No obligation or liability whether financial or otherwise will accrue to the Lenders / Process Advisor in such an event whatsoever by running this bid process and no prospective Bidder or any person acting with them can seek any redressal or remedies, whether in law or equity or contract or otherwise against them.

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E-Auction process envisaged in this BPD shall be subject to final approval by the respective competent authorities of the Lenders. The Lenders / BOBCAPS (in consultation with the Lenders) reserve the right to cancel, withdraw, annul, amend or modify the process and/or disqualify any Bidder(s) / interested party without assigning any reason whatsoever and/or accept or reject the Anchor Offer, any counter-offer without incurring any liability or responsibility or costs. The decision of the Lenders in this regard



shall be final, conclusive, and binding on all the participants. ***This is not an offer document and nothing contained herein shall constitute a binding offer or a commitment to sale/ transfer the Stressed Loan Exposure of the Lenders.*** Bidders should regularly visit Process Advisor's website to keep themselves informed and updated regarding any clarifications / amendments / modifications / time-extensions or any other updates or revisions in relation to the process, if any. Details including amendments, if any, shall be available on the Process Advisor's website (www.bobcaps.in).”

(emphasis supplied)

64. Likewise, Clause 1.1 under the heading of ‘General Information’ is of relevance, and the same is reproduced hereunder:

“1. GENERAL INFORMATION

1.1. Canara Bank (“CB”), a banking corporation incorporated and registered under the laws of India, having its registered office at 112, J C Road, Bengaluru – 560002, Karnataka, India, and one of its Stressed Assets Management Branch located at Circle Office Building, ‘B’ Wing, 8th Floor, C-14, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051, Maharashtra, India, on behalf of consortium of lenders comprising of Canara Bank, Bank of Baroda and Punjab & Sind Bank (collectively referred to as the “Lenders” or “Consortium Lenders”) is in the process of transferring their stressed loan exposure of M/s. Karanja Terminal & Logistics Private Limited (hereinafter referred to as the “KTLPL” or “Company”) pertaining to the credit facilities advanced by the consortium of lenders (as detailed in Para 1.2 below) (“Stressed Loan Exposure”), led by CB (“Lead Bank”) to Asset Reconstruction Companies (“ARCs”) / Scheduled Commercial Banks (“SCBs”) / Non-Banking Financial Corporations (“NBFC”) / All India Financial Institutions (“AIFIs”) or any other transferees permitted (“Permitted Entities” or “Bidders”) under the guidelines issued by Reserve Bank of India (“RBI”), including the Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, as amended from time to time (“RBI Master Directions”) and each Lenders’ internal Board approved policy. Lenders propose to sale/



transfer the Stressed Loan Exposure of KTLPL to the Permitted Entities/ Bidders on the stipulated terms and conditions as mentioned herein. It is clarified that only Permitted Entities/ Bidders can participate in this sale/ transfer process.”

(emphasis supplied)

65. As provided in Clause 2.3 under the heading of ‘*Bid Process*’, the overall bid process comprised of broadly five (05) steps. ‘Step 3’ and ‘Step 4’ are relevant for the purpose of present petition, the excerpts of which are reproduced below:

“2.3. The overall bid process shall comprise of broadly the following steps –

XXXX XXXX XXXX

Step 3: Swiss Challenge via E-Auction Platform

XXXX XXXX XXXX

•***All the Permitted Entities who have submitted EOI, NDA, Affidavit by Bidder and EMD (except the Anchor Bidder) shall be provided User ID and Password for participating in the E-Auction to be conducted on July 3, 2025 or such extended date as the Lenders may decide at their sole discretion. User shall log in on the said date & time for participating in the E-auction.***

XXXX XXXX XXXX

•***If bid under the SCM crosses the minimum mark-up specified in this document, the highest bidder becomes the ‘H1 Bidder’ and its highest bid becomes ‘H1 Bid’.***

XXXX XXXX XXXX

•***Acceptance and Proportional Adjustment of Bidder's Offer by Lenders:***

In the event that the offer submitted by the successful Bidder is not accepted by a minimum of seventy-five percent (75%) of the Lenders, calculated on the basis of the principal outstanding amount (both fund and non-fund based limits, as applicable) as of May 31, 2025, the Lenders, at their sole discretion, reserve the right to cancel and/or annul the process set forth in this BPD).



Such cancellation or annulment may occur without providing any reasons and without incurring any liability or obligation towards the successful Bidder or any other party involved.

However, if the offer submitted by the successful Bidder is accepted by seventy-five percent (75%) or more of the Lenders, calculated on the basis of the principal outstanding amount (both fund and non fund based limits, as applicable) as of May 31, 2025, the amount offered by the successful Bidder i.e. the Consideration Price, shall be subject to a proportional reduction. This reduction will be carried out in accordance with the sharing pattern to be finalized and agreed upon by the Lenders. This provision ensures that the distribution of the Consideration Price is proportionate to the amount of debt held by each participating Lender.

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Step 4: Right of First Refusal “ROFR” & Declaration of Successful Bidder

- ***The Lenders shall communicate the H1 Bid to the Anchor Bidder and give a ROFR to the Anchor Bidder.***
- ***If the Anchor Bidder, either matches or bids higher than the H1 bid, then the Anchor bidder shall become the winning bidder, else the H1 Bidder shall become the winning bidder (the “Successful Bidder”).***

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- ***A Letter of Award (“LOA”) or such other communication as the Lenders/BOBCAPS deem fit in the circumstances will be issued to the Successful Bidder. The Successful Bidder shall record such acceptance by providing the Lead Bank with 1 (one) copy of the LOA with an endorsement stating that the LOA is “Accepted Unconditionally”, and should have the signature of the authorized signatory of the Successful Bidder, within maximum 1 (one) day from the date of issuance of LOA.”***

(emphasis supplied)

66. Clause 3 of the BPD provides for the ‘Eligibility Criteria for the Bid’. Clause 3.1 thereof stipulates that only permitted entities as defined by the extant RBI Master Directions are eligible to participate in the bid process as



prospective bidders. The relevant excerpts of the said Clause is reproduced as under for ready reference:

“3. ELIGIBILITY CRITERIA FOR THE BID

The eligibility criteria for prospective Bidders/ participants, as approved by the Lenders, is as follows:

3.1. The Permitted Entities as defined by the extant RBI Master Directions are eligible to participate in the bid process as prospective Bidders. The prospective Bidders that are eligible as per the RBI Master Directions 210 are SCBs, AIFIs (NABARD, NHB, EXIM Bank, SIDBI and NaBFID), Small Finance Banks, All Non-Banking Finance Companies (NBFCs) including housing Finance Companies (HFCs), Asset Reconstruction Companies (ARC) and a company, as defined in sub-section (20) of Section 2 of the Companies Act, 2013 other than a financial service provider as defined in sub-section (17) of Section 3 of the Insolvency and Bankruptcy Code, 2016 (“IBC”). Acquisition of loan exposures by such companies shall be subject to the relevant provisions of the Companies Act, 2013.”

(emphasis supplied)

67. Similarly, Clauses 5.9, 5.10, 5.15, 5.19, 5.37, 5.40, 5.42 and 5.51 under the heading ‘Other terms and conditions’ are also of significance. The same are reproduced hereinbelow:

“5.9. The Lenders / BOBCAPS (on instructions of Lenders) reserves the right to cancel / modify / alter any terms of the BPD, as it may deem appropriate at any given time of the Transfer / Sale of the Stressed Loan Exposure.

5.10. The Lenders reserves the right not to go ahead with or cancel, annul and/or postpone/extend the deadline of the proposed transfer / sale at any stage, without assigning any reason whatsoever and without being liable or without incurring any obligations. The decision of the Lenders in this regard shall be final, conclusive and binding on all the participants.

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5.15. The bid of the Anchor Bidder / H1 Bidder shall be subject to approval of competent Authorities of the Lenders.

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5.19. The Lenders shall have the right to issue addendum to the BPD / other documents to clarify, amend, modify, supplement or delete any of the conditions clauses or items stated therein. Each addendum so issued shall form a part of original BPD. Such amendments and/or modifications can be made by way of publication/notification on website or any other mode as the Lenders may deem fit. The Bidder/s are requested to visit the website on regular basis for the updates.

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5.37. Consortium Lenders, individual lenders and/or BOBCAPS reserves the right to examine the EOIs/ offers/Bids and accept or reject any or all or some of them at their sole discretion, and neither this notification nor delivery of an EOI/ offer /Bid nor the consideration thereof by consortium of Lenders, individual lenders or by BOBCAPS shall be construed as creating any kind of right or interest in any interested party to be considered any further in the process or entitle them to any recourse against the consortium of Lenders, individual lenders or BOBCAPS.

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5.40. Nothing herein, including the annulment of the bid process would affect the right of the Lenders to accept the Base Bid/ anchor bid of the Anchor Bidder. The Anchor Bidder shall have a preferential right to acquire the total exposure under the bid process as per terms described in this BPD.

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5.42. In the event of any dispute and/or difference on the point of meaning or definition of any particular word used in this document or, in respect of interpretation of any clause of this BPD as a whole or, in respect of sequence of events mentioned therein, decision of the Canara Bank (acting on behalf of the Lenders) shall be final, conclusive, and binding on all the parties concerned.

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5.51. Notwithstanding anything contained hereinabove, Lenders



reserve the right to examine the EOI and accept or reject any or all or some of the EOIs at their sole discretion, and neither this BPD nor delivery of an EOI nor the consideration thereof by Lenders shall be construed as creating any kind of right or interest in any interested party to be considered any further in the process or entitle them to any recourse against the Lenders.”
(emphasis supplied)

68. A conjoint reading of the letter dated 13.06.2025 of the respondent no.3/Canara Bank and stipulations contained under the heading ‘Disclaimer and Important Notice’ of BPD clarifies that the bid process by way of SCM was undertaken to discover the best price for the petitioner’s OTS proposal or for the transfer of the Stressed Loan Exposure, under an open auction process followed by a Swiss Challenge Method, with the petitioner company being provided with option of Right to First Refusal (ROFR) to match or better the bid of H-1 bidder.

69. The ‘Step 3’ and ‘Step 4’ in Clause 2.3 read with Clause 3.1 of the BPD makes it clear that except for the option of ROFR, the petitioner was not eligible to make bid in the E-Auction. As per the extant RBI Master Directions only the permitted entities as mentioned in Clause 3.1, were eligible to participate in the bid process as prospective bidders. The role assigned to the petitioner was only that of an Anchor Bidder with an option to exercise ROFR to match or better the H-1 bid at the stage of ‘Step 4’ under Clause 2.3 of BPD. No ‘offer’ as referred to in ‘75% Clause’ was to be submitted by the petitioner.

70. Under ‘Step 3’, the petitioner, as an Anchor Bidder, would become the successful bidder if bid under the SCM does not cross the minimum mark-up⁸ specified in the BPD.

⁸ [Step 3 (first bullet point – “The minimum-mark is **5% of the Base Price i.e. INR 21.50 Crore (Rupees Twenty-One Crore and Fifty Lakh only)** for e-auction process i.e. the bidding in the e-auction under the



71. From the above narration, *prima facie* it appears that the term ‘successful bidder’ in ‘75% Clause’ under ‘Step 3’ refers to such permitted entity, who makes the H-1 bid in terms of the bidding process. The petitioner was declared ‘successful bidder’ only after following the ‘Step 4’ and not at the stage of ‘Step 3’. It has been rightly pointed out by Mr. Sethi that if the offer submitted by successful bidder is not accepted by minimum 75% of the lenders, the lenders would have sole discretion to cancel and annul the process, and then at that stage, the entire process will come to an end. But, if the offer submitted by the successful bidder is accepted by minimum 75% of the lenders, as happened in the present case, then the process will proceed to ‘Step 4’, where the lenders will communicate the H-1 bid to the Anchor Bidder, giving it Right to First Refusal (ROFR), and if the Anchor Bidder, either matches or bids higher than the H-1 Bid, then Anchor Bidder shall become the ‘successful bidder’.

72. Seemingly, the situation that arose in the present case is that the offer of H-1 bidder in the present case was accepted by minimum 75% of the lenders. Accordingly, the bid process moved on to ‘Step 4’, where the petitioner was given ROFR by respondent no.3/Canara Bank *vide* its letter dated 03.07.2025 to match or better the H-1 bid of Rs. 465.50 crores.

73. Even otherwise, ‘75% Clause’ speaks of cancelling and/or annulling the process set forth in the BPD. Incidentally, it does not speak of binding contract coming into existence with the acceptance of offer of successful bidder by a minimum of 75% of lenders.

74. Thus, ‘75% Clause’ cannot be construed in a manner that once the bid of the petitioner had been accepted by minimum of 75% of the lenders i.e.

SCM shall start at a **minimum bid price of INR 451.50 Crore (Rupees Four Hundred Fifty-One Crore and Fifty Lakh only)**].



respondent nos.3 and 4 taken together, the contract became final and binding, and there was no discretion left with the lenders to cancel the same, as sought to be contended by Mr. Rohtagi.

75. In the context of the present case, it also needs to be noted that the option of ROFR was exercised by the petitioner vide its letter dated 05.07.2025, whereby the petitioner quoted its final bid for an amount of Rs. 472.10 crores in terms of the OTS approval letter dated 13.06.2025. The respondent no.3/Canara Bank vide its letter dated 07.07.2025 communicated to the petitioner that its bid of Rs. 472.10 crore has been approved as the highest bid and the petitioner is declared as successful bidder.

76. Notably, the said letter dated 07.07.2025 which was duly accepted unconditionally by the petitioner contains para 7, which categorically states that the petitioner's offer is subject to final approval from all the consortium lenders. The relevant paras including para 7 of the said letter are reproduced as under for ready reference:

*"7. Please note that this letter is not an agreement or an undertaking, and the Lenders does not undertake any liability arising in this regard. **Your offer is subject to final approval from all the consortium lenders. Further, by countersigning this Letter, you acknowledge and agree that this letter does not create any binding obligations on Lenders or its representatives.***

8. We look forward to receiving a countersigned copy of this letter along with your unconditional acceptance of the terms set out hereinabove and the Bid Process Document (BPD).

9. Please feel free to reach out to the undersigned in case you require any clarifications.

10. This letter is subject to your continued compliance of the conditions set out hereinabove and the Terms and conditions of e-auction process and the BPD thereof."

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Duly accepted unconditionally on behalf of **Karanja Terminal & Logistics Private Limited**

.....
Name: Jay Mehta
Designation: Chief Executive Officer
Date: 8 July, 2025
Place: Mumbai

”

(emphasis supplied)

77. Likewise, the respondent no.5 / P&S Bank *vide* its letter dated 29.07.2025 conveyed its approval of petitioner's offer of Rs. 472.10 crores to the consortium towards full and final settlement of its exposure and stated in unambiguous terms that the approval of OTS by Punjab & Sind Bank would be subject to the approval/permission from all lenders in consortium. The relevant Clauses in the aforesaid letter in this behalf reads thus:

“xiv. The approval of the OTS by Punjab & Sind bank would be subject to OTS approval by all the lenders of the consortium.

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xxvii. The above OTS permission is subject to similar permission from all the lenders in consortium.”

(emphasis supplied)

78. The submission put forth on behalf of the petitioner is that after the petitioner has emerged as successful bidder upon exercise of its option of ROFR and the acceptance of its bid, the contract stood concluded, and incorporation of a condition in the letter dated 07.07.2025 issued by the respondent no.3/Canara Bank, as well as, in the letter dated 29.07.2025 issued by respondent no.4/Punjab & Sind Bank, to the effect that the offer of the petitioner is subject to the final approval from all the consortium lenders,



is misconceived, and tantamount to changing the rules of the game after the game has started.

79. Thus, the next question, and the more important one, that needs to be addressed is that whether a concluded and binding contract had come into existence by mere approval of petitioner's bid by respondent no.3/Canara Bank and respondent no.4/Punjab & Sind Bank and that whether the condition of requirement of approval of all the lenders inserted in the approval letters issued by the said banks is a post-bid condition, which was not stated in the BPD, rendering it *ultra vires* the BPD.

80. In this regard, it is to be noted that respondent no.3/Canara Bank's letter dated 13.06.2025, in terms of which the petitioner exercised ROFR, contains a condition that "*bank reserves the right for withdrawal of the OTS sanctioned at any point of time even during the period permitted for payment of OTS without assigning any reasons for withdrawal of OTS*".

81. Further, the Clause 5.15⁹ of BPD clearly brings out that the bid of the Anchor Bidder/H-1 bidder shall be subject to approval by competent authorities of the lenders. Lenders have been defined in the BPD to mean the Canara Bank, Punjab & Sind Bank and Bank of Baroda. Clearly, there is a stipulation in the BPD itself that the bid of Anchor Bidder i.e. the petitioner in the present case, shall be subject to approval of all the three lender-Banks including respondent no.5/Bank of Baroda, for a binding and concluded contract to come into existence.

82. It is the terms of Clause 5.15, which have been incorporated by the respondent no.4/Canara Bank and respondent no.5/Punjab & Sind Bank in their respective letters dated 07.07.2025 and 29.07.2025. Therefore, this

⁹ [“Clause 5.15. - ‘The bid of the Anchor Bidder / H1 Bidder shall be subject to approval of competent Authorities of the Lenders’].



Court does not find any substance in the submission made on behalf of the petitioner that the rules of the game have been changed after the game had started. That apart, the petitioner unconditionally accepted the terms of the letter dated 07.07.2025 by making an endorsement on the said letter.

83. In this factual backdrop, this Court *prima facie* finds that no binding and concluded contract had come into existence without approval of the respondent no.5/Bank of Baroda, and that the respondent no.3/Canara Bank, as well as, respondent no.4/Punjab & Sind Bank, were well within their right to annul and cancel the OTS proposal made by the petitioner.

84. Furthermore, the stipulation of requirement of approval by all consortium lenders was also part of the initial proposal made by the petitioner *vide* its letter dated 23.05.2025¹⁰.

85. Even the understanding of the petitioner, as borne out from the letter dated 25.08.2025 written by the parent company of the petitioner to the respondent nos. 3 to 5, was that the approval/sanction from respondent no.5/Bank of Baroda was *sine qua non* for concluding the OTS sanction process. The relevant paragraphs from the letter dated 25.08.2025 are reproduced herein below for the sake of ready reference:

“.....Following the process as envisaged and on completion of the SCM, Canara Bank issued letter dated 07.07.2025 where KTPL has been declared as the Successful Bidder, after KTPL exercised its Right of First Refusal and enhanced its bid to ₹472.10 Crores. In line with the commitment, an upfront deposit of ₹43 Crores has been placed in a no-lien account with Canara Bank.

Subsequently, on 30.07.2025, Punjab & Sind Bank also accorded its sanction. However, despite nearly 50 days having passed since Canara Bank’s declaration of KTPL as successful bidder and

¹⁰ [“.....this proposal is made: Subject to approval by all consortium lenders.....This settlement proposal is contingent upon: (a) Written acceptance and approval by Canara Bank and all consortium lenders within 45 days of receipt of this proposal as anchor bid”].



acceptance of the proposal, and over 25 days since Punjab & Sind Bank's sanction, the approval/sanction from Bank of Baroda remains pending as on date.

This delay is of significant concern as it constricts our ability to mobilize funds and timely compliance with the terms of the final sanction. This uncertainty has led us to precarious situation where despite completion of SCM and our company being declared as Successful Bidder by the consortium led by Canara Bank, we till date await sanction from Bank of Baroda and consequent execution of settlement documents.

We therefore earnestly request all consortium lenders to expedite and conclude the OTS sanction process including execution of requisite documents, enabling us to proceed with the necessary steps to honour our obligations within the stipulated timeframe.

We look forward to your kind cooperation in ensuring a smooth and timely closure of this process in letter and spirit."

(emphasis supplied)

86. As regards Mr. Rohatgi's submission that the tearing hurry in which the annulment letter annulling and cancelling the OTS proposal was issued on 02.09.2025, followed by issuance of another advertisement within few hours on 03.09.2025, shows lack of *bona fide* on part of the respondent nos. 3 to 5, it is to be noted that this Court has *prima facie* found that the decision of the respondent no.3/Canara Bank and respondent no.4/Punjab & Sind Bank to annul and cancel the OTS process is a decision taken in accordance with the terms and conditions of BPD, as well as, the initial proposal made by the petitioner. Clearly, the respondent nos. 3 and 4 acted within the purview of their authority in terms of the BPD. Merely because the cancellation was done on 02.09.2025 and fresh bidding process was advertised on 03.09.2025, in the absence of any other material, does not lead to the conclusion that there this is a *mala fide* involved.

87. On the contrary, *prima facie* there appears to be merit in the submission of Mr. Mehta that there is no *mala fide* involved in the entire



process related to petitioner's OTS handling, as the lenders are getting approximately Rs. 50 crores over and above petitioner's offer of Rs. 472.10 crore, since the new E-Auction would start from the base price of Rs. 520 crores, suggesting that interest of the respondent nos. 3 to 5, the public sector banks, is not being compromised in the new process.

88. Further, the respondent nos.3 to 5 are resorting to the exercise of transfer of loan exposure in terms of the RBI Master Directions of 2021 in which only permitted transferees can participate and compete. That apart, E-Auction would follow the Swiss Challenge Method to ensure that the best price is fetched, therefore, the new bid process is seemingly not intended to favour someone.

89. Thus, this Court is of the *prima facie* view that the impugned decision of the respondent nos. 3 and 4, followed by launch of fresh bidding process, is *bona fide* - sans any *mala fide*. Apparently, the decision has been taken in the interest of the respondent nos. 3 to 5, the public sector banks, who are custodian of the public money.

90. Insofar as reliance placed by Mr. Sethi on the decision in **Mihan India Limited** (supra) is concerned, it is to be noted that in the said case there was no question involved as regards approval of OTS and the Court held that Clause 2.16 of the RFP therein permitted rejection of bid only prior to its acceptance and not thereafter, whereas in the present case the bid of the Anchor Bidder/H-1 bidder was subject to approval by competent authorities of all the lenders. Therefore, reliance placed on the said decision is misplaced.

91. In view of the above, the petitioner has not been able to make out a *prima facie* case for grant of interim relief as prayed. Accordingly, the application is dismissed.



92. It is clarified that the opinion expressed hereinabove is only *prima-facie* for the purpose of deciding the application seeking interim relief.
93. Let counter-affidavit be filed within a period of three weeks. Rejoinder thereto, if any, be filed before the next date.
94. List the main matter on 17.12.2025.

OCTOBER 6, 2025
Aj/dss

VIKAS MAHAJAN, J