

HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

MONDAY, THE THIRTEENTH DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

:PRESENT:
THE HONOURABLE SMT JUSTICE RENUKA YARA
WP Nos: 9179 AND 4602 OF 2026

WP.NO. 9179 OF 2026**Between**

1. Sri Arun Kumar Agarwal, S/o Ravinder Agarwal, aged 52 years, Om Ex-Director of M/s. Suryajyothi Spinning Mills Ltd., Plot No. 341, Road No. 23-A, Jubilee Hills, Hyderabad, 500 034.
2. Smt. Neha Agarwal, W/o. Arun Kumar Agarwal, aged 52 years, Occ Ex-Director M/s. Suryajyothi Spinning Mills Ltd., Plot No. 341, Road No. 23-A, Jubilee Hills, Hyderabad 500 034.
3. M/s. Suryajyoti Infotech Ltd., Rep. by Sri Arun Kumar Agarwal, S/o. Ravinder Agarwal, aged 51 years, Occ Director of M/s. Suryajyothi Spinning Mills Ltd., Plot No. 341, Road No. 23-A, Jubilee Hills, Hyderabad 500 034.
4. M/s. Pangea Fabrics Pvt. Ltd., Rep. by Sri Arun Kumar Agarwal, S/o. Ravinder Agarwal, aged 51 years, Occ Ex-Director of M/s. Suryajyothi Spinning Mills Ltd., Plot No. 341, Road No. 23-A, Jubilee Hills, Hyderabad 500 034.

.....PETITIONERS**AND**

1. Reserve Bank of India, Saifabad, Hyderabad.
2. M/s. State Bank of India, Stressed Assets Management Branch, Secunderabad, D.No. 5-9-76, 2nd and 3rd Floors, Prabhat Towers, Opp SBI Amaravathi LHChappal Road, Gunfoundry, Hyderabad-500001.
3. M/s. Suryajyothi Spinning Mills Ltd, (In Liquidation), Burgul Village, Farooqnagar Mandal, Ranga Reddy District, Represented by its Liquidator, G. Madhusudhan Rao.
4. The Union of India, Represented by its Secretary Ministry of Finance, New Delhi

.....RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to (a) Issue a Writ of Certiorari or any other appropriate Writ, Order or Direction, calling for the records and quashing the order purportedly dated 20.01.2026 passed by the Review Committee on Identification of Wilful Defaulters (RCIWD) of the Respondent No. 2 Bank (Proceeding No. 2025- 26/11/05, communicated vide letter

dated 12.02.2026) as being illegal, arbitrary, vitiated by mala fides, passed in violation of the principles of natural justice and contrary to the RBI Master Directions on Treatment of Wilful Defaulters and Large Defaulters, 2024 (b) Declare that the impugned RCIWD Order is a consequential order flowing from the WDIC Order dated 29.08.2025 and is therefore covered by and subject to the interim order dated 13.02.2026 passed by this Hon'ble Court in W.P. No. 4602 of 2026 (c) Direct the Respondent No. 2 Bank to consider the Petitioners' Compromise proposal under Section 230 of the Companies Act, 2013 on its own merits, independently and without reference to the Wilful Defaulter proceedings;

I.A. NO: 1 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to Suspend the operation and effect of the impugned RCIWD Order purportedly dated 20.01.2026 (Proceeding No. 2025-26/11/05) and the WDIC Order dated 29.08.2025 (Agenda Item No. 6126), and thereby consequentially stop further proceedings and actions pursuant to the resolution passed in the 39th SCC Meeting dated 12.03.2026, including but not limited any notice for auction of the assets of Respondent No. 3 M/s. Suryajyothi Spinning Mills Ltd under liquidation, pending disposal of WP No 9179 of 2026, on the file of the High Court.

I.A. NO: 2 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to vacate the interim orders dated 26-03-2026 passed in IA.No. 1 of 2026 in WP No. 9179 of 2026, pending disposal of WP No 9179 of 2026, on the file of the High Court.

The petition coming on for hearing, upon perusing the petition and the grounds filed in support thereof and the order of the High Court dated. 26.03.2026 and 09.04.2026 made in IA.No. 1 of 2026 and upon hearing the arguments of SRI V MURALI MANOHAR Advocate for the Petitioners, SRI N Bhujanga Rao Deputy Solicitor General Of India for the Respondent Nos. 1 & 4.

WP NO: 4602 OF 2026

Between

1. Sri Arun Kumar Agarwal, S/o.Ravinder Agarwal, aged 52 years, Occ - Ex-Director of M/s.Suryajyoti Spinning Mills Ltd., Plot No.341, Road No.23-A, Jubilee Hills, Hyderabad 500 034.
2. Smt.Neha Agarwal,, W/o. Arun Kumar Agarwal, age 52 years, Occ - Ex-Director M/s.Suryajyoti Spinning Mills Ltd., Plot No.341, Road No.32-A,. Jubilee Hills, Hyderabad - 500 034.
3. M/s.Suryajyoti Infotech. Ltd, Rep. by Sri Arun Kumar Agarwal, S/o.Ravinder Agarwal, aged 51 years, Occ -Director of M/s.Suryajyoti Spinning Mills Ltd., Plot No.341, Road No.23-A, Jubilee Hills, Hyderabad 500 034

4. M/s.Pangea Fabrics Pvt. Ltd., Rep, by Sri Arun Kumar Agarwal, S/o.Ravinder Agarwal, aged 51 years, Occ -Ex-Director of M/s.Suryajyoti Spinning Mills Ltd., Plot No.341, Road No.23-A, Jubilee Hills, Hyderabad 500 034

.....PETITIONERS

AND

1. Reserve Bank of India, Saifabad, Hyderabad.
2. M/s.State Bank of India,, Stressed Assets Management. Branch, Secundrabad, D.No.5-9-76, 2nd and 3rd Floors, Prabhat Towers, Opp- SBI Amaravathi LHO, Chappal Road, Gunfoundry, Hyderabad-500001

.....RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased writ of Mandamus declaring the orders dated 29.08.2025 passed in Agenda Item No.6126 by the Wilful Defaulter Identification Committee communicated vide letter dt.30-09-2025 of the Respondent No.2 Bank and connected proceedings under the RBI Circular for declaration of the Petitioner as wilful defaulter including the show-cause notice dated 05-05-2025 and the action of the Respondent No.2 Bank in not considering the compromise proposal under Section 230 of the Companies Act, 2013 under the guise of pendency of Re-Examination of the Wilful Defaulter proceedings as illegal, arbitrary, high handed, in violation of the rights guaranteed to the Petitioner under Article 14 of the Constitution of India, in violation of the orders dated 20.06.2024 passed by this Honorable High Court in WP NO.5039 of 2023 and batch, in violation of the orders dt.03-02-2026 in Wp no. 35044 and 35052 of 2025 , in violation of the Master Circular issued by the Respondent No.1 for classification of Willfull Defaulters with a prayer to set aside the show-cause notice dated 05-05-2025 and orders of the Wilful Defaulters Identification Committee dated 29.08.2025, passed in Agenda Item No.6126 (communicated vide letter dt.30-09-2025) and direct the Respondent Bank to consider the Petitioners compromise proposal under Section 230 of the Companies Act, 2013 without reference to the Wilful Defaulter proceedings;

I.A. NO: 2 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to direct the Respondent No.2 Bank to consider the proposal filed by the Petitioners under Section 230 of the Companies Act, 2013 for compromise under the scheme without reference to the impugned wilful defaulter proceedings, pending disposal of WP No 4602 of 2026, on the file of the High Court.

I.A. NO: 1 OF 2026

Petition under Section 151 of C.P.C praying that in the circumstances stated in the affidavit filed in support of the writ petition, the High Court may be pleased to stay all further proceedings including orders passed by the Wilfull Defaulters Identification Committee dated 29.08.2025 in Agenda Item No.6126 (communicated vide letter dt.30-09-2025), pending disposal of WP No 4602 of 2026, on the file of the High Court.

The petition coming on for hearing, upon perusing the petition and the grounds filed in support thereof and the order of the High Court dated. 13.02.2026 and 09.04.2026 made in IA.NO. 1 of 2026 and upon hearing the arguments of SRI V MURALI MANOHAR Advocate for the Petitioners, the Court made the following.

ORDER

Learned counsel for the petitioners, learned Standing Counsel for State Bank of India and Liquidator/party-in-person are present.

Learned counsel for the petitioners while seeking for extension of interim orders also sought for stay of auction proposed to be held on 18.04.2026. Learned counsel for the petitioners contends that in case the auction is held the very purpose of filing of the writ petitions would be defeated. Further, it is contended that the liquidator is proposing to sell the subject property in piece meal manner and in case the same happens the petitioners would suffer irreparable damage.

The liquidator/party-in-person present in the Court submitted that auction is held over the entire subject property as one unit i.e., as a whole.

Learned Standing Counsel for SBI submits that there is no connection between the interim order granted in the present writ petitions and the auction proposed to be held on 18.04.2026. Further, it is submitted that in case petitioner has any objection for the auction, the same has to be challenged before NCLT and thereafter, before NCLA, instead the petitioners are approaching this Court and stalling the sale of subject property for the past three years in the guise of litigation either before this Court or before NCLT or other forums.

Learned counsel for the petitioners requested that order may be passed to the effect that the auction would be subject to the outcome of the writ petitions.

The Liquidator and the learned Standing Counsel for the SBI opposed the same.

Since there is prolonged litigation with respect to subject property of the writ petitioners and the proceedings are at current stage, while extending interim orders for the present writ petitions, the matters are listed for additional counter of the SBI on 20.04.2026.

Sd/- MOHD.ISMAIL
DEPUTY REGISTRAR

//TRUE COPY//


SECTION OFFICER

To,

1. Reserve Bank of India, Saifabad, Hyderabad.[By SPAD]
2. M/s. State Bank of India, Stressed Assets Management Branch, Secunderabad, D.No. 5-9-76, 2nd and 3rd Floors, Prabhat Towers, Opp SBI Amaravathi LHO, Chappal Road, Gunfoundry, Hyderabad-500001.[By SPAD]
3. The Liquidator, G. Madhusudhan Rao M/s. Suryajyothi Spinning Mills Ltd, (In Liquidation), Burgul Village, Farooqnagar Mandal, Ranga Reddy District.[By SPAD]
4. The Secretary, Union of India, Ministry of Finance, New Delhi[By SPAD]
5. One CC to Sri. V MURALI MANOHAR Advocate [OPUC]
6. One spare copy

HIGH COURT

RY, J

DATED: 13-04-2026

ORDER

WP.Nos.9179 AND 4602 of 2026

DIRECTION

