

GBJ Hotels Private Limited
v.
Sriharan Sripathmanathan & Ors.
(Special Leave Petition (C) No. 7301 of 2025)
28 April 2025
[Dipankar Datta and Manmohan, JJ.]

Issue for Consideration

During the proceedings before the High Court, the Court accepted a better price for the creditor. The offer of the GRT Hotels was accepted by Edelweiss ARCL and it was agreed that the amount deposited of GBJ Hotels would be returned. Aggrieved, GBJ Hotels filed this petition primarily on the ground that sanctity of the auction under the SARFAESI Act has been breached in the process.

Headnotes[†]

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 – Debt Recovery – Auction – Respondents no.1 and 2 committed default in repayment of their dues – Respondents owed Rs.135 crore approx. to Edelweiss ARCL – In proceedings under the SARFAESI Act, 2002, an auction was conducted – Bid of GBJ Hotels for a sum of Rs.108 crores was accepted by Edelweiss ARCL – Before the High Court, a third party (GRT Hotels) offered to pay Rs.120 crores – High Court instructed GBJ Hotels to obtain instruction as to whether it was willing to improve its offer – However, GBJ Hotels refused to raise the offer – Edelweiss agreed to accept the offer of GRT Hotels – Correctness:

Held: Both GBJ Hotels and GRT Hotels were invited to improve their bids – The same was done in exercise of the inherent power to fetch the best of offers when the secured asset was reportedly worth much more than what was offered before the High Court – GRT Hotels improved it to Rs.153 crore, which was Rs.17 crore more than GBJ Hotels – GRT Hotels deposited in the Registry a sum of Rs.33 crore – GRT Hotels was declared to be the successful bidder – It was also recorded that Rs.27 crore had been returned by Edelweiss ARCL to GBJ Hotels – This Court directs that the sum of Rs.27 crore which was to be returned to GBJ Hotels, shall

GBJ Hotels Private Limited v. Sriharan Sripathmanathan & Ors.

carry interest at the rate of 18% per annum – Sale certificate was issued in favour of GRT Hotels by Edelweiss ARCL – All other consequential steps to be taken by Edelweiss ARCL in accordance with law. [Paras 5-10, 14, 16, 17]

List of Acts

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

List of Keywords

Financial Assistance; Debt; Default in repayment of dues; Auction; Successful auction purchaser; Inherent power to fetch best offers; Secured asset; Awarding interest.

Case Arising From

CIVIL APPELLATE JURISDICTION: Special Leave Petition (C) No. 7301 of 2025

From the Judgment and Order dated 06.03.2025 of the High Court of Judicature at Madras in WP No. 1001 of 2025

Appearances for Parties

Advs. for the Petitioner:

G. Balaji, Neeleshwar Pavani, Ms. Arzu Paul.

Advs. for the Respondents:

Rajeeve Mehra, Rajiv Shakhder, Shyam Divan, S. Ravi, Satish Parasaran, Sr. Advs., Anush Raajan, Pradyumn Yadav, Jose John, Ms. Surekha Raman, M. Narendran, D. Prajesh, Shreyash Kumar, Karan Khetani, Ms. Maithili Moondra, Jonathan Ivan Rajan, M/S. K J John and Co., Mrs. Indu Mathi Ravi, R. Sanjeev, V. Ramasubramanian, Vishnu Mohan, Ravi Raghunath.

Judgment / Order of the Supreme Court**Order**

1. GBJ Hotels Private Limited¹ is the petitioner in this special leave petition, which impugns an order dated 6th March 2025 passed by

1 GBJ Hotels

Supreme Court Reports

the High Court of Judicature at Madras² on a writ petition³ presented by the respondents 1⁴ and 2.⁵

2. Respondents 1 and 2 had received financial assistance provided by Edelweiss Finvest Limited. The debt was then assigned to Edelweiss Asset Reconstruction Company Limited, respondent no.3.⁶ Respondents 1 and 2 committed default in repayment of their dues. As borrowers, the respondents 1 and 2 owed approximately Rs. 135 crore to the Edelweiss ARCL as on date the impugned order was passed (recorded in paragraph no.4 thereof). In the writ petition, the respondents 1 and 2 had challenged an order of the relevant Debts Recovery Appellate Tribunal, whereby they were ordered to deposit 50% of the sum due, i.e., a little less than Rs.36 crore.
3. Pertinently, in pursuance of proceedings under the SARFAESI Act, 2002, an auction was conducted. Bid of GBJ Hotels for a sum of Rs.108 crore was accepted by Edelweiss ARCL.
4. Prior to the impugned order, the High Court had passed two orders on 26th February 2025 and 5th March, 2025.
5. Upon perusal of the order dated 26th February, 2025, it appears that counsel for the respondent no.1 submitted that he *“is ready with a third party who is ready to pay Rs. 120 crores for the same property, which is being sold for Rs. 108 Crores”*. Pursuant to this submission, the High Court directed the sum of Rs. 120 crore to be kept in deposit to show the *bona fides* of interested parties. The third party, although not named in the order, appears to be GRT Hotels & Resorts Private Limited.⁷ This is clear upon a perusal of the letter of intent dated 4th March, 2025 addressed to the respondent no.1 whereby GRT Hotels expressed its intent to purchase the assets of the respondent no.4⁸ (wherein the respondents 1 and 2 were directors) and which was under a process of corporate insolvency.

² High Court

³ Writ Petition No. 1001 of 2025

⁴ Sriharan Sriparthmanathan

⁵ Asiana Hotel Management Company PTE Limited

⁶ Edelweiss ARCL

⁷ GRT Hotels

⁸ Malabar Hotels Private Limited

GBJ Hotels Private Limited v. Sriharan Sripathmanathan & Ors.

6. Thereafter, the said letter, along with a memorandum of compliance (stating deposit of Rs. 120 crore pursuant to the order dated 26th February, 2025) and demand draft for the said sum, were placed before the High Court. The High Court *vide* order dated 5th March, 2025 acknowledged the same. Learned counsel for GBJ Hotels was directed to obtain instructions as to whether it was willing to improve its offer.
7. No doubt, GBJ Hotels emerged as the successful auction purchaser in the process of sale conducted by Edelweiss ARCL. However, faced with the situation that the High Court, in course of hearing, was informed of the offer of GRT Hotels that it had kept in deposit with the Registry of the High Court a sum of Rs.120 crore in terms of the order dated 26th February, 2025, the High Court had extended an opportunity to GBJ Hotels to improve its offer. Learned counsel appearing on its behalf on 6th May, 2025 expressed inability to pay a penny more than Rs.108 crore. The High Court thus felt, *“better the price, better it is for the creditor”*. The concluding part of the impugned order, which records that Edelweiss ARCL has agreed to accept the offer of GRT Hotels and to return the deposit of GBJ Hotels, left GBJ Hotels aggrieved triggering this petition primarily on the ground that sanctity of the auction under the SARFAESI Act has been breached in the process.
8. This special leave petition was considered by us on 24th March, 2025, for the first time. On the oral prayer of Dr. Singhvi, learned senior counsel, GRT Hotels was impleaded as the respondent no.8 in the special leave petition. On the same date, while directing relisting of the special leave petition on 28th March, 2025, we invited GBJ Hotels and GRT Hotels to improve their bids and submit the same in sealed covers by 27th March, 2025. Obviously, this was in exercise of our inherent power to fetch the best of offers when the secured asset was reportedly worth much more than what was offered before the High Court.
9. Order dated 28th March, 2025 passed by us recorded as follows:
 - “1. Pursuant to the earlier order dated March 24, 2025, GBJ Hotels Private Limited/petitioner and GRT Hotels and Resorts Pvt. Ltd./respondent no.8 have submitted their offers in sealed covers.

Supreme Court Reports

2. Respondent no.8 outbids the petitioner by almost Rupees seventeen crore by offering Rupees one hundred fifty-three crore.
 3. We call upon the respondent no.8 to deposit, with the Registry of this Court, Rupees thirty-three crore by 9th April, 2025. In default, the bid of the petitioner will be considered together with forfeiture of such amount out of Rupees one hundred twenty crore deposited by the respondent no.8 earlier as this Court would deem fit and proper.
 4. In case the deposit is made by the respondent no.8, Registry shall invest the said amount in a short-term fixed deposit interest bearing account of a nationalized bank on auto renewal basis, until further order.
 5. Relist the special leave petition on 17th April, 2025.”
10. The next order dated 17th April, 2025 went on to record that GRT Hotels had, in compliance with the order dated 28th March, 2025, deposited in the Registry an additional sum of Rupees 33 crore, which was invested in compliance with the directions contained in such order. GRT Hotels was declared to be the successful bidder. However, Edelweiss ARCL was called upon to file an affidavit within a week from date indicating therein the sum that the respondents 1 and 2 as borrowers owed to it on the date the impugned order was passed by the High Court, with particulars. It was also recorded that Rs. 27 crore had been paid by Edelweiss ARCL to GBJ Hotels on 18th March, 2025 and that the question of awarding interest on the said sum of Rs. 27 crore shall be considered on the next date. The special leave petition was directed to be relisted on 28th April, 2025.
 11. In compliance with the order dated 17th April, 2025, Edelweiss ARCL has filed an additional affidavit. In paragraph 10 of such affidavit, it is pleaded that the debt is to the tune of Rs.1,86,23,72,734.
 12. Having regard to the current position when GRT Hotels has put in what was required of it in terms of the order dated 28th March, 2025 but Edelweiss ARCL claims that the debt much exceeds what it has received from GRT Hotels, we have heard objections being raised with regard to the contents of the additional affidavit of Edelweiss

GBJ Hotels Private Limited v. Sriharan Sripathmanathan & Ors.

ARCL as well a contention that the secured asset has been sold to GRT Hotels at a throwaway price.

13. At this juncture, we do not consider it necessary to examine the quantum of debt. The best available offer has been accepted. We are only tasked today to determine the rate of interest payable by Edelweiss ARCL to GBJ Hotels on the sum of Rs.27 crore which has been returned to the latter by the former and to also pass consequential directions with regard to declaration of GRT Hotels as the successful bidder.
14. Learned counsel appearing for Edelweiss ARCL has left the rate of interest to be awarded to our discretion. We direct that the sum of Rs.27 crore which has been returned to GBJ Hotels, shall carry interest at the rate of 18% per annum as follows:
 - a. on Rs. 10.80 crore, from 18.05.2024 to 18.03.2025; and
 - b. on Rs. 16.20 crore from 23.05.2025 to 18.03.2025.
15. Let the sum on account of interest be paid within 7 (seven) days.
16. We are informed that sale certificate has been issued in favour of GRT Hotels by Edelweiss ARCL.
17. Sale certificate having been issued, steps for delivery of peaceful and vacant possession of the assets of the respondent no.4 in favour of GRT Hotels and all other consequential steps, if any, shall be taken by Edelweiss ARCL in accordance with law within a month from date.
18. We clarify not having examined the claim of Edelweiss ARCL that the debt is now somewhere near Rs.186 crore + and that only Rs.153 crore could be recovered in course of the process of bidding that was undertaken pursuant to our order dated 28th March, 2025.
19. All questions, except the sale which stands confirmed, are left open for the parties to agitate before an appropriate forum in accordance with law, if so advised.
20. Edelweiss ARCL shall be at liberty to approach the Registry with a prayer for withdrawal of Rs.33 crore deposited by GRT Hotels. Once such approach is made, the said amount with accrued interest, if any, shall be released in favour of Edelweiss ARCL as early as possible.

Supreme Court Reports

21. With the aforesaid directions/observations, the special leave petition stands disposed of.
22. This order is passed in the special facts and circumstances of this case and is not to be treated as a precedent.

Result of the case: SLP disposed of.

†Headnotes prepared by: Ankit Gyan