



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 16.12.2021

CORAM

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

W.P.No.26902 of 2021

M/s.Hallmark Knit Fabrics Pvt. Ltd.,
rep.by its Executive Director,
Mr.S.Vidhyaa Shankar,
No.14, K.P.P.Garden,
Kongu Main Road,
Tirupur 641 607.

... Petitioner

Vs.

1.The Chief General Manager,
State Bank of India,
College Road,
chennai.

2.The Assistant General Manager,
State Bank of India,
SME-Overseas Branch,
Tirupur 641601.

... Respondents

Prayer: Petition filed under Article 226 of the Constitution of India to issue a Writ of Mandamus directing the 2nd respondent to apply the cash collateral towards the over dues of the petitioner and close the Covid helpline loan and term loan of the petitioner company.

For Petitioner : Mr.Ananda Gomathy Murugesan

O R D E R

The petitioner has filed this writ petition seeking issuance of Writ of Mandamus to direct the 2nd respondent to apply the cash collateral towards the over dues of the petitioner and close the Covid helpline loan and term loan of the petitioner company.

2. In view of the limited relief sought for in this petition, this petition is taken up for final disposal. Since no adverse order is passed against the respondents, notice to them



3. The case of the petitioner is that the petitioner Company is engaged in the business of Yarn trading and fabric manufacturing. For the purpose of its business, the petitioner Company has been banking with the State Bank of India and the operations of the accounts were perfectly satisfactory until October 2021, when the respondent Bank has classified the account as NPA and issued a demand notice. As early as on 30.03.2021, the petitioner Company had been granted with renewal of credit facilities along with COVID 19 emergency credit line and they were granted credit facilities to an extent of Rs.10.58 crores. Towards the loans availed, the respondent obtained a mortgage of two properties and also a cash collateral of Rs.1.15 crores and the said amount is lying with the bank in the form of fixed deposit.

4. It is the further claim of the petitioner that as the unit was slowly staggering, the respondent had suddenly turned the account as an Non Performing Asset on 07.10.2021 and issued a notice of demand on 08.10.2021 and even as of today, the overdue in the account would only stand at Rs.47,70,000/-, however the respondent Bank is on the other hand holding funds of the petitioner to an extent of Rs.1.15 crores. Inspite of that, the respondent still classifying the account as an NPA and proceeding with drastic recovery measures. The petitioner Company had on several occasions requested the bank to adjust the cash collateral against the overdue and close the COVID emergency credit line and the term loan and standardise other accounts, however the bank has not given any proper reply. Therefore, the group chairman had issued a representation to the SBI Chairman to consider a request for a restructuring and realignment of the loan account, however such request was not considered by the respondents. Aggrieved by the same, the present Writ Petition is filed.

5. Though very many grounds have been raised, learned counsel for the petitioner submits that it would suffice if this Court issues direction to the 2nd respondent to utilize the cash collateral towards the over dues of the petitioner within a particular time frame fixed by this Court.

6. In view of the aforesaid submissions, this Court without expressing any opinion on the merits of the case directs the 2nd respondent, if the guideline permits, to apply the cash collateral towards the over dues of the petitioner, within a



period of eight weeks from the date of receipt of a copy of this order. This writ petition is accordingly disposed of. No costs.

WEB COPY

Sd/-
Assistant Registrar (CS-VII)

//True Copy//

Sub Assistant Registrar

Sk

To

- 1.The Chief General Manager,
State Bank of India,
College Road,
chennai.
- 2.The Assistant General Manager,
State Bank of India,
SME-Overseas Branch,
Tirupur 641601.

W.P.No.26902 of 2021

AK II (CO)
GN (10/02/2022)