IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16.04.2025

CORAM :

THE HON'BLE MR.K.R.SHRIRAM, CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE MOHAMMED SHAFFIQ

W.P.No.32894 of 2024
and W.M.P.No.35713 of 2024

R.Sudhakar .. Petitioner

vs

1.Bank of India,
Asset Recovery Branch,
Chennai.

2.The Recovery Officer,
Debts Recovery Tribunal-III,
Chennai. .. Respondents

Prayer : Petition under Article 226 of the Constitution of India seeking issuance of a writ of mandamus directing the first respondent to accept the balance amount of Rs.68,16,756/- (Rupees Sixty Eight Lakhs Sixteen Thousand Seven Hundred and Fifty Six) as per the agreed One Time Settlement letter dated 16.7.2024 and 13.9.2024 from the petitioner in respect of the Loan Account of M/s.Sipali Drugs and thereby direct the first respondent to issue full and final settlement receipt and thereby close the said loan account as fully discharged and also direct the first respondent to delivery all the original documents.

For Petitioner	:	Mr.N.Suresh
For Respondents	:	Mr.F.B.Benjamin George for respondent No.1
	:	R2 – Tribunal

ORDER

(Order of the Court was made by the Hon'ble Chief Justice)

On 2nd April, 2025, the following order came to be passed:

"Petitioner is a borrower. Petitioner was declared NPA. On 16.07.2024, petitioner gave One Time Settlement offer of Rs.220 lakh subject to petitioner paying a sum of Rs.50.00 lakh as upfront money to be appropriated towards the compromised amount and the balance Rs.170.00 lakhs within one month. According to petitioner, he paid about Rs.50.00 lakhs and agreed to pay balance of Rs.170.00 lakhs within a period of one month from the date of receipt of letter, which was 23.07.2024. This OTS offer was also recorded by Recovery Officer.

2. According to petitioner, on or about 28.08.2024, he paid a sum of Rs.51,83,244/- which was received by the bank on 29.08.2024. The bank called upon petitioner to pay the balance OTS amount of Rs.1,18,16,756/-. According to petitioner, because bank wrote a letter on 13.09.2024 to pay the amount, the period of OTS was deemed to have been extended by one more month. Petitioner paid a sum of Rs.50.00 lakh on 07.10.2024 and that payment has also been recorded by the Recovery Officer in the proceedings, that left a *balance of Rs.61,86,756/-. The Recovery Officer has recorded that this amount shall be deposited on 22.10.2024 and no further extension of time would be granted. Petitioner, thereafter, filed this petition on 18.10.2024 seeking to pay the amount of Rs.68,16,756/- by 06.11.2024. According to petitioner, when he approached the bank to accept the amount, it was refused and petitioner was informed that the payments already made would be treated as recovery in the normal course and will not be considered under OTS.*

3. It is petitioner's case which is stated across the bar that the amount of Rs.68,16,756/- was paid on 22.10.2024 by way of demand draft notwithstanding filing of petition.

4. Shri. George disputes and states that out of Rs.68,16,756/-, Rs.50.00 lakh was paid on 09.10.2024 and the balance was paid on 29.10.2024. In short, the entire amount has been paid as per the OTS.

5. According to petitioner, entire amount as per OTS has been paid, whereas Mr.George says though the amount as mentioned in the OTS has been paid, as part of the amount was paid beyond 22.10.2024, the entire OTS has failed and therefore, the amounts paid by petitioner would be treated as recovery in the normal course.

6. Petitioner has approached us for a Mandamus to direct the bank to treat the account as closed having paid the entire amount as per the OTS.

7. We requested Shri. George to take instructions. Mr.George stated that the Assistant General Manager, who is in-charge of this account, has no authority to take a decision, as it has to be taken by the Central Office in Mumbai. Mr.George submitted that the policy of the bank, which is based on Reserve Bank of India Guidelines, prescribes maximum of 90 days for an OTS proposal to be completely closed, whereas, in this case, the balance amount of Rs.18,16,756/- out of Rs.220 lakh was paid a week after the cut-off date was over. Hence, only the Central Office can take a call.

8. From the facts narrated above, it is clear that barring 10%, as per Mr.George's submissions, entire amount as per the OTS has been paid within the time prescribed, whereas, according to petitioner, the entire OTS amount was paid within the cut-off date.
9. Since, according to Mr.George, only the Central Office has power

to take a decision to either waive the delay or extend the time by one week, even though petitioner says there has been no delay, we would stand over the matter to 16.04.2025.

10. We are certain the Central Office will take a commercial decision on this because here is a case where petitioner has paid the entire OTS amount, even if we go by Mr.George's case, with one week delay.

11. Stand over to 16.04.2025.”

2. Today, Shri George tenders a statement, which is taken on record and marked as “X” for identification. By relying on the said statement, Shri George states that petitioner will have to pay a sum of Rs.7,32,873.69 to close the account where One-Time Settlement (OTS) has been agreed.

3. When the Court pointed out that the legal expenses could not be claimed and the bank should accept a sum of Rs.5.00 lakhs (Rupees Five Lakhs only) in full and final settlement, which petitioner counsel immediately agreed, Shri George was also agreeable for receiving that amount of Rs.5.00 lakhs. It is agreed by the parties that, on payment of Rs.5.00 lakhs, the account where OTS has been agreed upon will stand closed. This amount of Rs.5.00 lakhs, the parties have agreed will be paid as under:

(i) Rs.3.00 lakhs (Rupees Three Lakhs) on or before 23.04.2025.

(ii) Rs.2.00 lakhs (Rupees Two Lakhs) on or before 30.04.2025.

4. On payment of these amounts, the account shall stand closed and the bank shall forthwith handover the documents relating to the account/ mortgaged property.

5. If there is any default, as submitted by Shri George, the OTS will stand cancelled.

6. Petition is disposed of. There shall be no order as to costs. Consequently, interim application is closed.

(K.R.SHRIRAM, C.J.) (MOHAMMED SHAFFIQ, J.)

16.04.2025

Index : Yes/No
NC : Yes/No
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To

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Chennai.

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Debts Recovery Tribunal-III,
Chennai.

THE HON'BLE CHIEF JUSTICE
AND
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