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W.P. No.39934 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25.10.2025

CORAM:

THE HON'BLE MR. JUSTICE M. DHANDAPANI

W.P. No.39934 of 2025

Fortune Textiles Company
Rep. by its Authorized Signatory.

Petitioner

Vs

1. The General Manager
Canara Bank
Recovery and Legal Section
Circle Office,
Madurai.

2.Canara Bank,
Main Branch Erode.

3.The Assistant Regional Manager,
Canara Bank Coimbatore.

Respondents

Prayer : Writ Petition filed under Article 226 of the Constitution of India praying to issue Writ of Mandamus, directing the respondents herein to issue sanction letter as per the fresh proposal for OTS dated 21.06.2024 arrived at video conferencing and consequent e- mail letter 27.06.2024 enclosing authorization letter for attachment of no lien account given by the petitioner to the respondent bank.



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For petitioner : Mr.S. Srinivasa Raghavan
For respondents : Mr.R. Sreedhar

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ORDER

The relief sought in this writ petition is a direction to the respondents herein to issue sanction letter as per the fresh proposal for OTS dated 21.06.2024 arrived at video conferencing and consequent e-mail letter 27.06.2024 enclosing authorization letter for attachment of no lien account given by the petitioner to the respondent bank.

2. It is stated that the petitioner is the proprietor of a Micro, Small and Medium Enterprise (MSME) unit and had availed a loan from the respondent bank for his business purposes. Subsequently, a One-Time Settlement (OTS) proposal was arrived at between the petitioner and the bank for a total sum of Rs.71,00,000/-. According to the petitioner, pursuant to the said OTS, the petitioner paid a sum of Rs.30,00,000/- initially and thereafter remitted a further sum of Rs.27,00,000/- towards settlement. Thereafter he submitted a representation to the respondents seeking confirmation of the settlement and closure of the loan account. However, the respondents subsequently cancelled the OTS arrangement. In such circumstances, this writ petition has been filed.

3. Learned counsel for the petitioner would submit that the petitioner's OTS proposal was initially accepted by the respondent bank through video



conferencing, and the petitioner made substantial payments amounting to Rs.55,25,000/- under the said settlement. However, the OTS was later cancelled by the bank without any valid reason, even though only a remaining balance of Rs.21,00,000/- (approximately) to be paid by the petitioner.

4. Learned counsel further submitted that the petitioner, being an MSME unit, is entitled to the benefits and protection extended to small industries under the RBI guidelines. He also submitted that arbitrary cancellation of the OTS has caused severe financial hardship to the petitioner. Hence, he prayed that suitable directions may be issued by this Court in this regard .

5. Learned counsel for the respondents submitted that the OTS proposal referred to by the petitioner was not permissible as per the prevailing norms of the bank and therefore, the same was not approved by the bankers. He further submitted that if the petitioner is prepared to pay the entire outstanding loan amount, the respondents have no objection to close the account and issue necessary discharge documents. Therefore he prayed for dismissal of this writ petition.

6. Considering the aforesaid submissions and in view of the limited nature of the relief sought, this Court directs the petitioner to pay the entire outstanding loan amount to the 3rd respondent-bank, within a period of four weeks from the date of receipt of a copy of this order. Upon such payment, the



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2nd respondent bank shall close the loan account and issue a No Objection Certificate (NOC) to the petitioner, within a period of two weeks thereafter.

7. With the above direction, this writ petition stands disposed of. No costs.

25.10.2025

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation : Yes/No
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To

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M. DHANDAPANI, J.

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