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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 09.07.2026

CORAM

THE HON'BLE MR.SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE
AND
THE HON'BLE MR.JUSTICE G.ARUL MURUGAN

WP No.16133 of 2024

M/s.Dinakar Textiles
Prop. Mr.D.Senthil Kumar (Borrower),
5/286, Nallur Palayam,
Vadambachery Village, Sulur Taluk,
Coimbatore 641 669. .. Petitioner

-vs-

1. Indian Bank,
Previously as Allahabad Bank,
Rep. By its Authorised Officer,
Sultanpet Branch, Coimbatore 641 005.

2. Indian Bank,
Zonal Office Coimbatore Branch,
31, Second Floor, Variety Hall Road,
Coimbatore 641 001.

3. Indian Bank
254-260, Avvai Shanmugam Salai,
Pudupet, Gopalapuram,
Chennai Tamil Nadu 600 014. .. Respondents

Prayer: Petition filed under Article 226 of the Constitution of India for issuance of a Writ of Mandamus to direct the 1st respondent to consider the petitioner's representation dated 28.04.2024 and issue

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the no due certificate and execute the Discharge Receipt and handover the security documents.

For Petitioner : Mr.M.Venkadesh Kumar

For Respondents : Mr.MA.Abdul Wahab

* * * * *

ORDER

(Order of the Court was made by G.Arul Murugan, J.)

This writ petition is filed seeking for a direction to the respondents/bank to consider the petitioner’s representation for issuance of 'No due certificate' and execute the discharge receipt.

2. It is the case of the petitioner that he had availed financial facility originally from Allahabad Bank, which has since now been merged with the respondents/Indian Bank and due to non-payment of dues, the account was classified as NPA on 01.01.2019 and the total outstanding due was Rs.26,13,001/-. It is the further case of the petitioner that the bank had conducted a camp for recovery of the loan amount and the petitioner had participated in the camp and offered a sum of Rs.8 lakhs as one time settlement to discharge his dues and for obtaining no due certificate from the bank.

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3. Pursuant to the discussions made, the offer was accepted and the petitioner had made the entire payment of Rs.8 lakhs in two instalments on the same day, i.e., on 28.07.2021, for which the bank had issued receipts dated 28.07.2021 acknowledging the receipt of Rs.8 lakhs towards one time settlement. The letter dated 28.07.2021 reads as under:

To

M/s.Dinakaran Textiles
Sultanpet.

Sir/Madam,

We have received of Rs.8.00 lakhs (Rupees Eight Lakhs only) towards OTS settlement.

FOR INDIAN BANK

Sd/-
BRANCH MANAGER.

Subsequently, since the documents were not returned to the petitioner by issuing 'no due certificate', the petitioner has preferred the instant writ petition.

4. Learned counsel appearing for the respondents/bank, by relying on the counter-affidavit and the additional documents filed

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before this Court, submitted that even though an amount of Rs.8 lakhs was received from the petitioner, since the outstanding due was around Rs.26 lakhs, the amount of Rs.8 lakhs was only a part amount and still the balance amount is liable to be paid by the petitioner and only then, no due certificate could be issued.

5. Mr.H.Chandramouli, Chief Manager, Indian Bank, Sultanpet, Coimbatore, is present before this Court and submitted that the earlier officer, who was in-charge, had issued the receipts and he is not having any knowledge of the same. However, the bank has subsequently issued several letters seeking further recovery of the outstanding loan amount.

6. We have considered the rival submissions and perused the materials available on record.

7. It is not in dispute that the petitioner has availed financial facility from the respondents/bank and due to non-payment of dues, the account was classified as NPA on 01.01.2019. Though an outstanding of Rs.26 lakhs and odd was due, the bank had themselves conducted a camp to enable their customers to settle their loan

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account under one time settlement. In the camp conducted by the respondents/bank, the petitioner participated and offered to pay a sum of Rs.8 lakhs towards one time settlement.

8. Since the said offer of the petitioner was accepted, the petitioner had paid the sum of Rs.8 lakhs in two instalments on the same day, i.e., on 28.07.2021, for which the bank had also issued receipts acknowledging that the said amount was received towards one time settlement. When the petitioner had participated in the camp and his offer of payment of Rs.8 lakhs was accepted and a receipt was also issued stating that it is towards one time settlement, it is to be noted that the respondents bank did not choose to return the documents by issuing 'no due certificate'.

9. On the contrary, waiting for about nearly 5 months, the officer of the respondent bank, who was the successor in office, had issued further communications intimating the petitioner that since out of total dues of Rs.26 lakhs, only a sum of Rs.8 lakhs has been paid, still the balance amount is to be paid and only thereafter, the account would be closed.

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10. When once the loan amount has been settled under the one time settlement in the camp conducted by the respondent bank, any subsequent communication or proceedings initiated by the bank would not enure to their benefit. The loan account stands closed immediately once the one time settlement was accepted. In spite of affording opportunity, the bank is also not in a position to produce a copy of the one time settlement arrived at or any of the proceedings or letters issued by the respondent bank on the same day on receipt of the amount, intimating that this is only a part amount which is subject to acceptance by the Head Office.

11. When the camp was conducted only for the petitioner to settle the loan amount and when the amount was settled and receipts were issued, we are unable to accept the contention of the respondents/bank that this is only a part amount and the petitioner is still have outstanding dues to pay.

12. It is further to be noted that if at all the bank had any doubt or disputed that the offer accepted by the erstwhile officer of the bank at the camp was without any authorisation, no proceedings has been

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initiated against the erstwhile officer and it leaves no doubt that the amount was actually accepted in a proper manner in the camp conducted and the present stand is only an after-thought to wriggle out of the one time settlement entered into with the petitioner.

In view of the above, this writ petition stands allowed and the respondent bank is directed to issue the 'no due certificate' along with the original documents submitted by the petitioner by registering the discharge receipt, if required. There shall be no order as to costs.

(SUSHRUT ARVIND DHARMADHIKARI, CJ.) (G.ARUL MURUGAN, J.)
09.07.2026

Index : Yes/No
Neutral Citation : Yes/No
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN, J.

(sra)

To

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