KADK010015412026

Presented on : 04-04-2026
Registered on : 08-04-2026
Decided on : 08-07-2026

IN THE COURT OF I ADDITIONAL DISTRICT JUDGE & COMMERCIAL COURT, D.K., MANGALURU

Present

Sri.Vinay Devaraj, B.Com., LL.M., ACS.
I Addl. District & Sessions Judge,
D.K., Mangaluru.

Dated this, the 8th day of July, 2026

Com. O.S./113/2026

Plaintiff :

Canara Bank,
A body corporate constituted and governed by Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Having its head office at J. C. Road, Bangalore,
Branch office at B.C. Road and
Rep.by its duly authorized Senior Branch Manager
Sri. Purandara A.,
Aged about 48 years

(By Sri. K. Ramachandra Bhat, Advocate)

/***Versus***/

Defendant:

Mr. Prashanth N.,
S/o Vasu Sapalya
Prop. M/s S. M. Enterprises

Aged about 36 years
No.1-14/1, Kundayagoli,
Shambhuru Village,
Bantwal Taluk – 574 231

(Exparte)

JUDGMENT

This suit is filed by the plaintiff Bank as against the defendant for recovery of Rs.6,43,242.30/- along with future interest at the rate of 13.5% p.a. in quarterly rest from 12.03.2026 till the date of realization and costs of the suit.

2. In brief, the contents of the plaint averments may be stated as under:

The defendant had availed loan of Rs.5,98,000/- on 11.10.2017 under loan A/c No.5303727000006 to purchase Areca Plate manufacturing machine, by executing necessary loan documents agreeing to repay the loan amount with interest at 11.05% p.a. compounded quarterly rest, in 84 EMIs each of Rs.14,890/- with initial one month moratorium period and last installment of Rs.7,213/- and 2% penal interest in case of default. After availing the loan, the defendant has failed to adhere to the terms of repayment and committed default, even after repeated reminders. The defendant has also executed letter of revival dated 25.09.2020 and on 21.09.2023 by declaring and confirming that all loan papers and securities referred above shall in force and continue to remain in force and binding to him for all purpose. The plaintiff has approached DLSA – Pre institution mediation on 08.01.2026, but, there was no settlement. Therefore, the plaintiff bank has no other efficacious remedy other than to approach this court for recovery of loan due of Rs.6,43,242.30/- with interest. Hence, this suit.

3. After institution of the suit, the summons issued was duly served to defendant on 07.05.2026. In spite of service, the defendant remained absent and thus was placed exparte.

4. In order to establish its case, the plaintiff examined its Senior Manager as PW.1 and got marked Ex.P1 to Ex.P13 documents.

5. I have heard the learned counsel for the plaintiff bank and carefully perused the materials available on record.

6. The following points would arise for my consideration :

1. Whether the suit of the plaintiff is within limitation?

2. Whether the plaintiff–bank is entitled for recovery of outstanding loan amount of Rs.6,43,242.30/- along with future interest and costs as prayed for?

3. What order ?

7. On the basis of the available materials on record, my findings on the above points are here under:

Point No.1: In the Affirmative

Point No.2: Partly in the Affirmative

Point No.3: As per the final order for the following

R E A S O N S

8. **Point No.1**:- As per Ex.P3/sanction letter dated 11.10.2017, the defendant availed Canara MSME loan of Rs.5,98,000/-. The suit is instituted on 04.04.2026. Evidently, the suit is filed after 08 years 05 months 24 days. Article 37 of the Limitation Act provides three years from the date of default in payment of installments. However, the defendant has executed letter of revival on 25.09.2020 and 21.09.2023. Thus, when the limitation is reckoned from 22.09.2023, the suit is within time (03 years). Hence, point No.1 is held in **Affirmative**.

9. **Point No.2:**- In the instant case, plaintiff–bank represented by its Senior Manager has approached this Court seeking realization of outstanding loan amount of Rs.6,43,242.30 along with future interest at 13.5% p.a. in quarterly rest from 12.03.2026 till the date of realization.

10. In order to establish the claim put forth by the plaintiff-bank, the Senior Manager of plaintiff bank is examined as PW.1 by filing an affidavit in lieu of examination in chief by reiterating the plaint averments in toto and also relied upon the documentary evidence marked at Ex.P1 to Ex.P13.

Ex.P.1 is the Letter of authorization, Ex.P.2 is the Loan application, Ex.P.3 is the Sanction letter, Ex.P.4 is the Deed of hypothecation, Ex.P.5 is the Letter of proprietorship, Ex.P.6 is the Letter of undertaking/consent, Ex.P.7 is the Specimen signature card, Ex.P.8 is the Letter of revival dated 25.09.2020, Ex.P.9 is the Letter of revival dated 21.09.2023, Ex.P.10 is the Office copy of the legal notice along with acknowledgment card, Ex.P.11 is the Ledger extract, Ex.P.12 is the Certificate u/Sec.2A of Bankers Book Evidence Act and Ex.P.13 is the Statement of truth.

11. When the plaint averments are appreciated in the light of oral testimony of P.W.1 and duly marked documents at Ex.P1 to Ex.P13, it reflects that, the defendant had borrowed Canara MSME loan of Rs.5,98,000/- on 11.10.2017 from the plaintiff bank with an undertaking to repay the same on demand together with interest by executing the loan agreement and other necessary documents for their business. It further reflects from appreciation of contents of statement of defendant’s bank account maintained by the plaintiff-bank in the ordinary course of its business at Ex.P11 that there is an outstanding arrears of Rs.6,39,692.30 as on 28.02.2026 towards Canara MSME loan together with interest. The defendant has also claimed interest from 1.3.2026 to 11.3.2026 @ 13.5%p.a. of Rs. 3,550/-. In all, the defendant's due as on 11.3.2026 is Rs. 6,43,242.30.

The defendant has executed loan agreement and other documents relating to the above said loan. Ex.P11 provides for prima facie evidentiary value under U/s. 4 r/w. S. 2(8) and S.2A of the Banker's Books of Evidence Act, as to genuineness of entries therein, and the said presumption remains unrebutted by the defendant. Thus, outstanding arrears of Rs. 6,43,242.30 as on 11.3.2026 towards Canara MSME loan is proved by the plaintiff bank.

12. Documents marked at Ex.P1 to Ex.P13 discloses that, loan transaction between the plaintiff-bank and defendant is purely a commercial one.

13. Section 34 of C.P.C provides for awarding of interest by the Court. Section 34 of CPC has no application to interest prior to the institution of this suit. Section 34 CPC provides that Court may in the decree, order, interest at such rate as the Court deems reasonable to be paid on the principal sum adjudicated from the date of suit to the date of decree.

14. The interest awarded by the Court may conveniently be divided under 03 different heads:

> 1.Interest prior to filing of suit - Section 34 has no application to interest prior to the institution of the suit since it is a matter of substantiative law, it can be awarded only when there is an agreement express or implied between the parties or by way of damages.
>
> 2.Interest pendentilite i.e., from date of the suit to the date of decree - The award of interest from the date of suit, to the date of decree is at the discretion of the Court.
>
> 3.Interest from the date of decree till payment.

15. The award of interest from the date of decree to the date of payment is also at the discretion of the Court but not exceeding 6% p.a. However, the proviso introduced by the amendment Act of 1976 empowers the Court to grant further interest at the existing rate 6% p.a. but not exceeding the contractual rate of interest and in the

absence of contract to that effect at the rate on which money is or rent or advanced by nationalized banks in relation to commercial transactions provided that liability arises out of the commercial transaction.

16. In Ex.P3/sanction memorandum and Ex.P4/Deed of hypothecation, there is a mention with regard to payment of interest at 11.05% p.a. Hence, this Court finds it appropriate to direct the defendant to pay Rs. 6,43,242.30 along with interest at 11.05%p.a. from 12.03.2026 till realization towards Canara MSME loan. Accordingly, point No.2 is answered **partly in the Affirmative.**

17. **Point No.3**:- In view of the above reasonings and findings on Point Nos.1 and 2, I proceed to pass the following:

ORDER

Suit of the plaintiff-bank is hereby decreed in part with future interest and costs.

Plaintiff-bank is entitled to recover the outstanding loan amount of Rs. 6,43,242.30 along with interest @ 11.05%p.a. from 12.03.2026 till realization from the defendant, along with costs of the suit.

Defendant is hereby directed to deposit the above sum within 30 days of this judgment, failing which, the plaintiff-bank shall be at liberty to recover the same as per Ex.P4 and in terms of decreetal command in accordance with law.

Office to draw the decree accordingly.

(Dictated to the Stenographer Grade-III directly on computer, corrected, then signed and pronounced by me in the open court on this **8th day of July, 2026**)

(Vinay.D)
I Additional District & Commercial Court Judge
D.K., MANGALURU.

ANNEXURE

Witnesses examined on behalf of Plaintiff Bank:

PW.1 Sujith M.

List of documents marked on behalf of Plaintiff Bank:

Ex.P.1 : Letter of authorization

Ex.P.2 : Loan application

Ex.P.3 : Sanction letter

Ex.P.4 : Deed of hypothecation

Ex.P.5 : Letter of proprietorship

Ex.P.6 : Letter of undertaking/consent

Ex.P.7 : Specimen signature card

Ex.P.8 : Letter of revival dated 25.09.2020

Ex.P.9 : Letter of revival dated 21.09.2023

Ex.P.10 : Office copy of legal notice along with acknowledgment card

Ex.P.11 : Ledger extract

Ex.P.12 : Certificate u/Sec.2A of Bankers Book Evidence Act

Ex.P.13 : Statement of truth

<u>Witnesses examined on behalf of Defendant</u>:

NIL

<u>List of document marked on behalf of Defendant</u>:

NIL

(Vinay.D)
I Additional District & Commercial Court Judge
D.K., MANGALURU

VINAY DEVARAJ

Digitally signed by VINAY DEVARAJ
Date: 2026.07.09 16:43:41 +0530