KADK010017162026

Presented on : 17-04-2026
Registered on : 18-04-2026
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./123/2026

Plaintiff :

State Bank of India
A banking corporation constituted under and governed by the provisions of the State Bank of India Act, 1955, having its Corporate Centre at Nariman Point, Mumbai and Branch office *interalia* at Ivernadu, Sullia Taluk, D.K.
Rep. herein by AMCC (Agri & Micro Centre), Mallikatta, Mangaluru, D.K. through their authorized officer/Manager for Credit Monitoring
Sri. Ajith Shenoy,
Aged 36 years,
S/o Sri. Surdas Shenoy,
Mangaluru

(By Smt. Surekha, Advocate)

/***Versus***/

Defendants:

1. M/s Sai Sagar Pure Veg Restaurant,
Prop. Prashanth Poonja
Aged 32 years,
S/o Sri. Ravindra Poonja
R/at Devi Heights, Ammu Rai Complex,
Main Road, Bellare, Sullia Taluk,
D.K. - 574 212

2. Sri. Prashanth Poonja
Aged 32 years,
S/o Sri. Ravindra Poonja
R/at Devi Heights, Ammu Rai Complex,
Main Road, Bellare, Sullia Taluk,
D.K. - 574 212

(Exparte)

JUDGMENT

This suit is filed by the plaintiff Bank as against the defendants for recovery of Rs.8,23,155.24/- along with future interest at the rate of 9.90% p.a. compounded monthly from 02.01.2026 till the date of last and final settlement of claim amount and to sell the hypothecated items, other assets to adjust the sale proceeds to the loan account of the defendant in pro-tanto satisfaction of the claim and also costs of the suit.

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

The defendant No.2 being the proprietor of defendant No.1 had availed Cash credit loan of Rs.2,00,000/- and Term loan of Rs.6,90,000/- on 19.09.2023 under loan A/c Nos.42287523533 and

42287141475 respectively for the business of running veg restaurant, by executing necessary loan documents agreeing to repay the loan amount with interest at 12.40% p.a. compounded monthly. After availing the loan, the 2nd defendant has failed to adhere to the terms of repayment and committed default, even after repeated reminders. Hence, the loan account is classified as NPA on 06.05.2025. The plaintiff got issued legal notice dated 02.01.2025 calling upon the defendants to repay the entire loan amount, but, after receipt of the same, the defendant neither cleared the dues nor replied to the notice. The plaintiff has approached DLSA in PIM No.40/2026, but, the defendant has failed to appear there also. Therefore, the plaintiff bank has no other efficacious remedy other than to approach this court for recovery of loan due of Rs.8,23,155.24/- with interest. Hence, this suit.

3. After institution of the suit, the summons issued was duly served to defendants on 08.05.2026. In spite of service, the defendants remained absent and thus were placed exparte.

4. In order to establish its case, the plaintiff examined its Manager as PW.1 and got marked Ex.P1 to Ex.P10 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.8,23,155.24/- 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 resolution dated 19.09.2023, the defendant availed cash credit loan of Rs.2,00,000/- and Term loan of Rs.6,90,000/-. The suit is instituted on 17.04.2026. Evidently, the suit is filed after 02 years 06 months 29 days. Article 37 of the Limitation Act provides three years from the date of default in payment of installments. Hence, point No.1 is held in **Affirmative**.

9. **Point No.2:**- Plaintiff–bank represented by its Manager has approached this Court seeking realization of outstanding loan amount of Rs.8,23,155.24/- along with future interest at 9.90% p.a. compounded monthly from 02.01.2026 till date of last and final settlement.

10. In order to establish the claim put forth by the plaintiff-bank, the 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.P10.

Ex.P.1 is the Authorization letter, Ex.P.2 is the Loan application, Ex.P.3 is the Loan sanction resolution, Ex.P.4 is the Loan arrangement letter, Ex.P.5 is the Agreement of loan cum hypothecation, Ex.P.6 is the Statement of account of the term loan, Ex.P.7 is the Interest statement of term loan, Ex.P.8 is the Certificate for statement of account of term loan, Ex.P.9 is the Lawyers registered demand notice along with postal receipt and postal acknowledgment and Ex.P.10 is the Non Starter report issued by DLSA, D.K

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.P10, it reflects that, the 2nd defendant being the proprietor of 1st defendant had borrowed cash credit loan of Rs.2,00,000/- and term loan of Rs.6,90,000/- on 19.09.2023 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 defendants' bank account maintained by the plaintiff-bank in the ordinary course of its business at Ex.P6 that there is an outstanding arrears of Rs.1,96,960.94 as on 01.08.2025 towards cash credit loan together with interest and as per the shadow account, the accrued interest is Rs.8,990/- as on 01.01.2026, in all **Rs.2,05,950.94**; and as

per Ex.P7, there is an outstanding arrears of Rs.5,96,854.30 as on 24.10.2025 towards term loan together with interest and as per the shadow account, the accrued interest is Rs.20,350/-, in all **Rs.6,17,204.30** as on 01.01.2026. The 2nd defendant has executed loan agreement and other documents relating to the above said loan. Ex.P6 & Ex.P7 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 defendants. Thus, outstanding arrears of **Rs.2,05,950.94** as on 01.01.2026 towards cash credit loan and **Rs.6,17,204.30** as on 01.01.2026 towards term loan is proved by the plaintiff bank.

12. Documents marked at Ex.P1 to Ex.P10 discloses that, loan transaction between the plaintiff-bank and defendants 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.P4/Letter of arrangement and Ex.P5/Agreement of loan cum hypothecation, there is a mention with regard to payment of interest at 12.40% p.a. However the plaintiff has claimed interest at 9.90% p.a. Hence, this Court finds it appropriate to direct the defendants to pay **Rs.2,05,950.94** along with interest at 9.90%p.a. from 02.01.2026 towards cash credit loan and **Rs.6,17,204.30** along with interest at 9.90%p.a. from 02.01.2026 towards term loan till realization. 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.2,05,950.94** along with interest at 9.90%p.a. from 02.01.2026 towards cash credit loan and **Rs.6,17,204.30** along with interest at 9.90%p.a. from 02.01.2026 towards term loan till realization from the defendants, along with costs of the suit.

Defendants are hereby directed to jointly and severally 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.P5 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 Ajith S. Shenoy

List of documents marked on behalf of Plaintiff Bank:

Ex.P.1 : Authorization letter

Ex.P.2 : Loan application

Ex.P.3 : Loan sanction resolution

Ex.P.4 : Loan arrangement letter

Ex.P.5 : Agreement of loan cum hypothecation

Ex.P.6 : Statement of account of the term loan

Ex.P.7 : Interest statement of term loan

Ex.P.8 : Certificate for statement of account of term loan

Ex.P.9 : Lawyers registered demand notice along with postal receipt and postal acknowledgment

Ex.P.10 : Non Starter report issued by DLSA, D.K.

Witnesses examined on behalf of Defendants:

NIL

List of document marked on behalf of Defendants:

NIL

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

VINAY DEVARAJ
Digitally signed by VINAY DEVARAJ
Date: 2026.07.09 16:44:38 +0530