



**IN THE COURT OF THE PRINCIPAL DISTRICT
JUDGE /COMMERCIAL COURT, UDUPI DISTRICT
AT UDUPI**

PRESENT

Sri K.S. Gangannavar, B.Com., L.L.B., (Spl.).
Principal District Judge, Udupi/
Presiding Officer, Commercial Court, Udupi.

Dated this the 31st day of July, 2026

Commercial O.S.No.44/2026

Plaintiff:-

Canara Bank, Bangalore, having its branch
office at Catholic Centre Branch, Udupi
Town, Rep by its Branch Manager/G.P.A
Holder, Anthony Irudaya Diackson E.J.,S/o
Eronimus R., Aged about 37 years, R/at
Udupi town.

(By Sri Prasad S.S., Advocate)

Versus

Defendants:

- 1) Panna Joint Liability Group,
Hanehalli, Brahmavara Taluk
Udupi District.
President
- 2) Thejassu K. S/o Purushayya,
Aged about 32 years,
R/at 4-104, Hosala,
Brahmavara Taluk, Udupi District.
Secretary
- 3) Deekshith S/o Udaya,
Aged about 27 years,
R/at Masthinagara, Hanehalli,
Brahmavara Taluk, Udupi District.

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- 4) Ramesh S/o Late Halappa
Aged about 42 years,
R/at Masthinagara, Hanehalli,
Brahmavara Taluk, Udupi District.
- 5) Shivananda Kotian
S/o Late Ramachandra Kotian,
Aged about 54 years,
Hanehalli, Barkur,
Brahmavara Taluk, Udupi District.
- 6) Santhosha S/o Late Basavaraj Naik,
Aged about 40 years,
R/at 1-1111-A, Mandarthi,
Heggunje Village,
Brahmavara Taluk, Udupi District.

(- Ex parte -)

Nature of the suit	Recovery of money
Date of institution of suit	25.02.2026
Date of service of summons on the defendants	D-1 to 5 : 09.04.2026 D-6 : 10.04.2026
Date of appearance of the defendants	Did not appear
Date of filing of the written statement and document	Not Applicable
Date of the commencement of the recording of the evidence	02.07.2026
Date on which the judgment was pronounced	31.07.2026
Total Duration	Year/s Month/s Day/s
	0 5 6

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Com. O.S.No.44/2026**JUDGMENT**

Plaintiff has filed this suit to recover amount of Rs.5,37,772.41 from the defendants along with cost and future interest at the rate of 11.75% p.a., monthly compounded rests from 01.02.2026 till the realization.

2. According to the plaintiff, for the purpose of best necessity, plaintiff bank on 13.10.2023 under account No.125004760230 granted financial overdraft facility up to a limit of Rs.5,00,000/- to defendant No.1 Joint Liability Group, represented by its President, Secretary and Members, defendant Nos.2 to 6. In this regard, defendant Nos.2 and 3 being president and secretary, had executed necessary documents such as Articles of Agreement, Inter se agreement and Pronote. As per the agreed terms, defendants are liable to repay the loan with interest at contract rate and overdue interest at 2% p.a., compounded monthly. Defendants in their individual capacity as borrowers and also as

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guarantors had undertaken to repay the entire loan amount.

3. In spite of repeated demands, the defendants failed to repay the loan as undertaken. The loan account was treated as NPA. As of now, defendants are liable to pay Rs.5,37,772.41 with interest thereon from 01.02.2026.

4. Before filing the suit, the plaintiff bank filed PIMS No.09/2026 dated 07.01.2026 before DLSA, Udupi. Since the defendants failed to turn up for settlement by way of mediation, after obtaining non-starter report dated 29.01.2026 plaintiff bank approached this Court.

5. After filing the suit, defendants were duly served with suit summons. However, they did not turn up. Hence, they were placed ex parte.

6. In support of the suit claim, Branch Manager/GPA holder of the plaintiff bank has filed

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affidavit for examination-in-chief as PW.1 and got marked Ex. Ps.1 to 6 and closed the side.

7. Heard. Perused the materials. Points that would arise for consideration are:

- (1) Does the plaintiff entitled to recover the suit claim amount with interest as prayed?
- (2) What Order or decree?

8. The answers to the above points are as under:

Point No.1 : Partly affirmative

Point No.2 : As per final order

for the following:

REASONS

Point No.1 :-

9. Plaintiff bank in support of the suit claim has examined the Branch Manager of the plaintiff bank as PW.1 who in support of oral evidence has marked Ex. P.1 to 6. The oral evidence canvassed by the affidavit reiterated the plaint averments, wherein it is contended that defendants being representatives of a Joint Liability Group, availed overdraft facility of

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Rs.5,00,000/- on 13.10.2023 for their best necessity on executing necessary documents. It is further contended that the defendants failed to repay the loan amount as agreed and they are liable to pay the suit claim with agreed rate of interest.

10. Plaintiff in support of examination-in-chief, has produced documents at Ex. P.1 to 6.

11. Ex. P.1 is the copy of GPA authorizing PW1 to represent the plaintiff bank in this suit. Documents relating to loan transaction are marked at Ex.P.2 to Ex.P.4.

12. Ex. P.2 is the Articles of Agreement for financing Self Help Groups. It contains 16 terms and conditions to be complied by a Self Help Group to seek financial assistance. Ex. P.3 is the inter se agreement between defendants authorizing defendant Nos.2 and 3 (President and Secretary) to enter into loan transaction and to execute necessary documents for and on behalf of the Self Help Group. Ex. P.4 is the Demand

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Promissory Note wherein executants – defendant Nos.2 and 3 have undertaken to repay the loan on demand with interest at 11.70% per annum. All these documents clearly demonstrate that defendants availed suit loan accepting the terms and conditions imposed by the plaintiff bank by executing necessary documents.

13. Present suit is filed on 25.02.2026 i.e., within 3 years from the date of loan transaction dated 13.10.2023. Thus the suit is well within limitation.

14. Ex.P.5 is the statement of accounts of suit loan. As per this document, as on 01.02.2026 the amount due from the defendants was Rs.5,37,772.41 which itself is the suit claim amount.

15. Ex.P.6 Non-Starter Report indicates that plaintiff bank has complied with Section 12A of Commercial Courts Act before filing this suit.

16. As against this, the defendants did not appear in spite of due service of suit summons and

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were placed ex parte. Thus, the claim set up by the plaintiff bank remained unchallenged. This Court has no reason to disbelieve the same, having regard to the oral and documentary evidence placed on record. Therefore, there is no impediment to hold that the plaintiff bank has established its claim by producing cogent, oral and documentary evidence. Consequently, plaintiff bank is entitled for recovery of suit claim.

17. Plaintiff bank has claimed interest to be compounded at monthly rests. Though defendants are placed ex parte, it does not dispense with the Court's obligation to examine whether the relief sought is just and equitable.

18. In the present case, this court feels, compounding of interest at monthly rest would substantially enhance the decretal amount and may result in irrecoverable financial burden upon both the parties. In the absence of any contest by the defendant and there being no material placed before the Court to

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demonstrate any commercial necessity warranting monthly compounding of interest, it would not be appropriate to grant interest with monthly rests merely because such a stipulation is contained in the contract. Therefore, this court finds it appropriate to grant interest at agreed rate but to be compounded quarterly.

19. Accordingly, point No.1 is answered partly in the affirmative.

Point No.2 :-

20. In view of finding on Point No.1, suit deserves to be decreed. Hence, the following:

ORDER

The Suit is decreed in part with costs.

The plaintiff is entitled to recover Rs.5,37,772.41 from the defendants along with cost and future interest at the rate of 11.75% p.a., with quarterly compounded rests from 01.02.2026 till the realization.

Plaintiff is entitled to recover the same by attachment and sale of movable and immovable properties of the defendants and

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*has right to proceed against the defendants
in person also.*

Draw decree accordingly.

(Dictated to the Stenographer Grade-I, transcript revised,
corrected and then pronounced in the open court, on this the 31st
day of July, 2026)

(K.S. Gangannavar)
Principal District Judge/
P.O., Commercial Court, Udupi.

ANNEXURE

List of witnesses examined for the Plaintiff:

PW.1 - Anthony Irudaya Diocson

List of witnesses examined for the Defendants: None

List of documents marked for the Plaintiff:

Ex. P.1	- Copy of GPA
Ex. P.2	- Articles of Agreement
Ex. P.3	- Inter-se Agreement
Ex. P.4	- Demand Promissory Note
Ex. P.5	- Statement of Accounts
Ex. P.6	- Non-Starter Report

List of documents marked for the Defendants: Nil

(K.S. Gangannavar)
Principal District Judge/P.O. Commercial Court,
Udupi