KAUP010003012026

IN THE COURT OF THE II ADDITIONAL DISTRICT/COMMERCIAL COURT JUDGE AT UDUPI

Present

Sri.A.SAMIULLA. B.Sc, LL.B.,

II Addl. District & Sessions Judge, Udupi.

Dated: 02nd Day of July 2026

Com.OS.No.36 of 2026

* * *

PLAINTIFF:

Canara Bank, Bangalore,
A bank constituted and functioning
under the Banking Companies [Acquisition &
Transfer of Undertakings] Act, 1970
with its Head Office at Bangalore,
Karnataka State inter alia having its
branch office at Town Branch, Udupi Town
& is r/by its Manager & GPA Holder Sri.Krishan
Kumar, age; 33 years, S/o Sri.Ranvir Singh,
R/at Udupi Town.

(By Sri.SSP)

Versus

DEFENDANTS:

1. Ishani Joint Liability Group,
Gundmi, Sasthan, Brahmvara Taluk,
Udupi District, r/by its President.

2. Smt.Deepa, Age; 36 years,
W/o Sri.Raghavendra Poojary,
R/at 3-63, Gundmi, Indira Nagara,
Pandeshwara, Sasthan,
Brahmavara Taluk,
Udupi District – 576226.

3. Smt.Nisa Zainaha,
Age; 32 years,
W/o Sri.Abdul Majeed,
R/at #15-19, Rukiyabi, Gundmi,
Pandeshwara, Sasthan,
Brahmavara Taluk,
Udupi District – 576226.

4. Smt.Haseena, Age; 55 years,
W/o Sri.Kota Abdul Samad,
R/at Abad Manzil, Indira Nagara,
Gundmi, Pandeshwara,
Sasthan, Brahmavara Taluk.

5. Smt.Rathna, Age; 54 years,
W/o Sri.Mohan,
R/at 1-141, Neeradi Jeddu,
Pandeshwara, Sasthan,
Brahmavara Taluk,
Udupi District – 576226.

6. Smt.Shahistha Banu,
Age; 38 years, w/o Fayaz,
R/at 1-90, Kalkudru,
Udupi – 576 218.

(Ex parte)

Date of Institution	21.02.2026
Nature of the Suit	Recovery of Money
Date of recording of evidence	20.06.2026
Pronouncement of judgment	02.07.2026
Total duration	YY MM DD **–** **04** **12**

II Addl. District & Sessions Judge,
Udupi.

J U D G M E N T

Suit is for recovery of ₹3,99,580.05 with interest at 14.20% per annum, till realization.

2. The bank asserted that; the first defendant is a Ishani Joint Liability Group. Defendants-2 to 6 are its President, Secretary and Members. They availed ODOCC facility up to an extent of ₹5 lakh under A/c No.125005539790 on 05.03.2024 agreeing to repay the contractual interest and overdue interest of 2% per annum. They have executed Inter-Se agreement and also executed documents in their individual capacity as guarantors. They are irregular in the repayments, and their account turned NPA. Their liability as on 01.01.2026 is of ₹3,99,580.05.

Plaintiff approached the District Legal Services Authority, Udupi. In spite of issuance of notice, the defendants remained absent, as such non-starter report is issued on 12.01.2026. Cause of action for the suit arose on 05.03.2024 and 12.01.2026 and on such dates as seen in computerized statement of accounts, when the documents executed and amounts paid. Hence, the suit is filed.

3. After registration of suit; summons were issued; in spite of service of summons; defendants remained absent; consequently, they were placed *ex-parte*.

4. Following points arise for consideration;

POINTS

1. *Whether bank proves that, defendants availed a ODOCC of ₹5 lakh by executing documents as contended?*
2. *Whether bank proves that; the defendants have agreed to pay interest as claimed in the plaint & further proves that it is entitled for future interest 14.20% PA as prayed?*
3. *Whether suit is in time?*
4. *What relief bank is entitled for?*
5. *What Order or Decree?*

5. To prove the case; bank examined its branch Manager as Pw1; documents Exhibits P1 to P7 were marked.

6. Heard arguments; Perused records.

7. Answer to the above points is as follows;

Point-1: Affirmative.
Point-2: Partly affirmative.
Point-3: Affirmative.
Point-4: Partly affirmative.
Point-5: As per final order for the following;

<u>R E A S O N S</u>

8. **<u>Point-1</u>:** Bank asserted that; the defendants availed loan subject to the terms and conditions of the bank by executing documents.

9. In this case, the initial burden of proof is on the bank. To discharge burden; bank's Manager filed an affidavit in evidence reiterating plaint averments. He stated that the defendants availed ODOCC facility of ₹5 lakh agreeing to repay with interest.

10. To justify verbal evidence; bank relied on the documents (Exhibits P1 to P7). Exhibit P1; general power of attorney. Exhibit P2; request for OD. Exhibit P3; articles of agreement. Exhibit P4; Inter-Se agreement. Exhibit P5; Pro-note. Exhibit P6; statement of account with certificate. Exhibit P7; non-starter report issued by the DLSA, Udupi indicating that before approaching this Court the plaintiff had approached the DLSA and made an attempt to settle the dispute. When defendants didn't come forward to settle the said authority gave report stating that defendants remained absent for negotiation.

11. The oral & documentary evidence made available by the bank is left unchallenged. Defendants failed to contest the suit, which shows that they have no defense to the claim put forth by the bank. Genuineness & admissibility of documents stated *supra* are not in dispute. There is no reason to disbelieve said documents, which have presumptive value. *Factual matrix* remained intact. In the absence of contrary absolutely there is no impediment to believe the plaintiff's case.

12. Bank successfully demonstrated that defendants availed loan and failed to repay the same as agreed upon. Bank is entitled for the recovery of said amount. Hence, point-1 is answered in the affirmative.

13. **Point-2:** Bank stated that the defendants have agreed to repay the loan amount with interest in terms of loan availed by them. In the loan documents the contractual rate of interest is not forthcoming. Bank claims future interest at 14.20% per annum. The defendants availed a ODOCC facility of ₹5 lakh and defaulted in the repayment of loan amount.

14. Now the question that arises for consideration is whether the loan in question come within the purview of commercial transaction. The answer can be found in ***CRP.No.1113 of 2024,*** dated 13.06,2024, M/s Punjab National Bank V. M/s Sri Revathy Mahal and Bharani Mahal and others, wherein it is held that; *a bare reading of the Section 2(c) of the Commercial Courts Act would make it clear that "commercial dispute means a dispute arising out of ordinary transactions of merchants, banks, financiers and traders, including enforcement and interpretation of such documents. In this case, the petitioner is a Bank and its ordinary transaction/business is accepting deposits and giving loans. There is no exclusion of housing loan or education loan in the Act. All disputes arising out of ordinary transactions of the Bank would come under commercial disputes.* In the light of this decision it can be said that; the transaction in question is a commercial transaction.

Proviso to Section 34 CPC envisages that; *Provided that where the liability in relation to the sum so adjudged has arisen out of a commercial transaction, the rate of such further interest may exceed six percent per annum, but shall not exceed the contractual rate of interest or where there is no contractual rate, the rate at which moneys are lent or advanced by nationalized banks in relation to commercial transaction.*

Here, transaction is a commercial transaction. The contractual rate of interest is not mentioned in the loan documents. The bank claims future interest 14.20% per annum. Having regard to the facts and circumstances of the case this Court is of opinion that if interest at 8% per annum is awarded it will meet the ends of justice. Hence, above point is answered in the partly affirmative.

15. <u>Point-3:</u> As per documents the loan was raised on 05.03.2024. Suit is filed on 21.02.2026, which is within three years from the date of loan. Hence, point-3 is answered in the affirmative.

16. <u>Point-4</u>: Discussion *supra* manifest that; bank proves that the defendants availed loan subject to the terms and conditions of the bank by executing documents. Thus, bank is entitled to recover the loan amount with future interest at 8% per annum. Accordingly, point-4 is answered.

17. <u>Point-5:</u> By virtue of findings *supra* Court proceeds to pass the following;

<u>O R D E R</u>

Suit is decreed in part with costs.

Defendants are directed to repay **₹3,99,580.05** along with *pendente lite* and future interest ***8% per annum*** (inclusive of penal interest), compounded monthly from the date of suit till its complete realization, within four months from the date of decree.

Draw decree accordingly.

(Dictated to the Stenographer-III transcribed and typed by her directly on computer, corrected and initialed by me and then pronounced in the open Court on 02.07.2026)

(A.SAMIULLA)
II Addl. District & Sessions Judge,
Udupi.

ANNEXURE

Number of witness examined on behalf of plaintiff:-

Pw.1 Sri.Santosh Reddy

List of documents marked on behalf of plaintiff:-

Ex.P1	True copy of GPA
Ex.P2	Request for OD
Ex.P3	Articles of agreement
Ex.P4	Inter-Se agreement

Ex.P5	Pro-note
Ex.P6	Statement of account with certificate
Ex.P7	Non-Starter Report

Number of witnesses examined for defendants:- Nil

List of the documents marked for defendants:- Nil

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