KAUP010015292024

KIRAN S
GANGANNAVAR



**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 16th day of July, 2026

**Commercial O.S.No.79/2024**

**Plaintiff:**

Karnataka Bank Ltd.,having its registered Office at P.B.No.599, Kankanady, Mangaluru-575002 and having several Branches Through out India and one amongst them at Ambagilu Udupi Taluk and District Rep. by its Branch Manager,

(By Sri P. Vikram Acharya, Advocate)

**Versus**

**Defendants:**

1) Mohammed Riyaz BM,
S/o Ismail B.M.
Aged about 50 years,

2) Sambreena
W/o Mohammed Riyaz BM
Aged about 45 years

Both are residing at C-9 (104),
City Gateway, Flat No.801,
C Wing, 8th Floor,
Shantinagar Junction,
Udupi.

(Ex parte)

| | |
|---|---|
| Nature of the suit | Recovery of money |
| Date of Institution of suit | 03.07.2024 |
| Date of service of summons on the defendant | 12.12.2024 (Through Paper Publication) |
| 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 | 11.02.2026 |
| Date on which the judgment was pronounced | 16.07.2026 |
| Total duration | Year/s Month/s Day/s<br>2 0 14 |

**JUDGMENT**

Plaintiff is seeking decree to recover a sum of Rs.11,46,342.67 along with future interest at 10.25% p.a. compounded at monthly rests and 2% penal interest from the date of suit till the repayment.

2. According to the plaintiff, defendant No.1 offering defendant No.2 as guarantor, availed a loan of Rs.12,00,000/- on 07.08.2018 from the plaintiff bank for the purpose of purchase of new Hyundai Creta car bearing Regn.No.KA-20/MC-2948 and executed various

loan documents in favour of the plaintiff bank. As per the terms and conditions of the loan agreement entered into between the plaintiff and the defendants, the defendants are liable to repay the said loan amount in 84 monthly installments of Rs.19,491/-each. The rate of interest payable by the defendants is 9.30 p.a. compounded at monthly rests and penal interest at 2% p.a.

3. The defendants without intimating the plaintiff bank sold the car to one Fathimath Shanifa P.A. forging bank documents. In this regard, plaintiff bank complained before the RTO Udupi and lodged complaint in Udupi Police Station Cr.No.94/2024. Further, defendants have failed to repay the loan in installments as agreed in spite of several requests and demands. As on the date of suit, defendants are liable to pay the suit claim of Rs.11,46,342.67 with future interest and penal interest at contractual rate. The defendants have acknowledged their debt on

07.07.2021 and applied for restructuring of loan during covid. Plaintiff has granted them the said covid relief. Whatever the amount paid by the defendants are appropriated towards the amount due in the course of time. Hence, in compliance of Section 12A of Commercial Courts Act, plaintiff bank filed PIMS No.90/2024 on 04.04.2024. Upon failure of defendants to turn up, plaintiff bank obtained Non-starter Report dated 29.04.2024 and constrained to file this suit.

4. After filing the suit, defendants were served with suit summons through paper publication on 11.12.2024. But, they did not turn up. Hence, they were placed ex parte.

5. Assistant Branch Manager and GPA Holder of the plaintiff-bank has filed affidavit in lieu of Examination-in-Chief as PW1 and got marked Ex. P.1 to Ex. P.9 and closed the side.

6. Heard the counsel for the plaintiff and perused the materials.

7. The points that arise for the consideration of the Court are as under:

(1) Does the plaintiff-bank entitle to recover the suit claim amount with interest as prayed?

(2) What Order or decree?

8. The findings of the Court on the above points are as under:

Point No.1 : In the Affirmative

Point No.2 : As per final order

for the following:

**REASONS**

**Point No.1**:-

9. In his affidavit filed in lieu of chief-examination, the Assistant Branch Manager/GPA holder of the plaintiff bank has reiterated the plaint averments and thereby the defendants availing the vehicle loan, executing the necessary documents for the

purpose of said loan are all stated. Further, PW.1 stated about the default committed by the the defendants in repayment of loan and their liability to pay the same with interest as agreed.

10. Further, to substantiate the suit claim, PW.1 has got marked 9 documents at Ex. P.1 to 9.

11. Ex. P.1 is the copy of GPA executed by plaintiff bank in favour of PW.1 authorizing her to represent the plaintiff bank before the court in this suit. Thus, it is clear that PW.1 is authorized representative of the plaintiff bank.

12. Ex. P.2 to 7 are documents relating to suit loan transaction. Ex. P.2 is the loan sanction letter which enumerates the terms of sanctioning the term loan for purchase of a new car. The document clearly mentions that loan of Rs.12,00,000/- is sanctioned with a condition to repay the same in 84 equated monthly installments of Rs.19,491/- with interest at

9.30% p.a. total cost of the vehicle is shown as Rs.14,35,855/-. It is also clearly mentioned that rate of interest is subject to change and penal interest of 5% p.a. will be charged in case of default in payment of installments. Ex. P.3 is the term loan agreement again laying down various terms and conditions to be abide by the borrowers. Ex. P.4 is the hypothecation agreement whereby defendants have hypothecated the vehicle purchased out of loan as security. Ex. P.5 is the letter issued by Car Dealer -Kanchana Automobiles, Udupi for having delivered the car to the defendant No.1. The letter mentions total cost of the vehicle, Sales Invoice number, receipt number and the date of delivery.

13. Ex. P.6 is the Acknowledgment of Debt issued by the defendants on Stamp of Rs.102/- on 07.07.2021 as required under section 18 of the Limitation Act, thereby saving the suit claim from being time barred. This suit is filed on 03.07.2024 just four

days before expiry of three years from the date of execution of Ex. P.6.

14. Ex. P.7 dated 07.07.2021 is the proposal for rescheduling of loan during covid period which is duly sanctioned by plaintiff bank on 29.07.2021.

15. All these documents show that defendants having availed term loan for purchase of car have failed to repay the same.

16. Ex. P.8 is the statement of suit loan account which shows that as on 07.03.2024, defendants are liable to pay Rs.11,46,342.67 i.e., the suit claim to plaintiff bank.

17. Ex. P.9 is the Non-Starter Report which indicates due compliance of Section 12A of the Commercial Courts Act by plaintiff bank before filing this suit.

18. Defendants being ex parte, said suit claim is not being challenged. This court has no reason to

disbelieve the claim set up by plaintiff bank which is supported by cogent documentary evidence. Hence, there is no impediment to conclude that plaintiff bank is entitled to recover the suit claim from defendants with interest as prayed.

**19.** Accordingly, above point is answered in the affirmative.

**Point No.2:-**

**20.** In view of finding on point No.1, this court pass the following:

**ORDER**

The Suit is decreed with costs.

The plaintiff is entitled to recover ₹11,46,342.67 along with interest at 10.25% p.a., compounded at monthly interest and penal interest at 2% p.a. from the date of suit till the date of realization.

Plaintiff is entitled to recover the same by attachment and sale of movable and immovable properties of the defendants and has right to proceed against the defendants in person also.

Draw decree accordingly.

(Dictated to the Stenographer Grade-I transcript revised and corrected and then pronounced in the open court, on this the 16th 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 - Lahari Poojary

**List of witnesses examined for the Defendant:**

None

**List of documents marked for the Plaintiff:**

| | | |
|---|---|---|
| Ex.P.1 | - | Copy of GPA |
| Ex.P.2 | - | Loan Sanction Letter |
| Ex.P.3 | - | Term Loan Agreement |
| Ex.P4 | - | Hypothecation Agreement |
| Ex.P5 | - | Letter of Kanchana Automobiles |
| Ex.P6 | - | Acknowledgment of Debt |
| Ex.P7 | - | Grant of Rescheduling of Loan |
| Ex.P8 | - | Statement of Accounts |
| Ex.P9 | - | Non-Starter report |

**List of documents marked for the Defendants:** NIL

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