

IN THE COURT OF THE PRINCIPAL SUB JUDGE, PALANI.

**Present : Tmt.K.Renugadevi, LL.M.,
Principal Sub Judge, Palani.**

Dated this the 17th day of April 2026, Friday

C.O.S. No.2/2025

(CNR. No.TNDG07-000162-2025)

UCO Bank,
Palani through its Branch Manager

--- Plaintiff

/Vs/

1.M/s.Sri Annalakshmi Hotel,
Represented by its Pror: S.Sivaraj

2. S.Sivaraj

--- Defendants

This Commercial Suit was taken on file on 15.02.2025 and came before me on 13.11.2025 in the presence of Mr.P.Rajendran, the learned Counsel for the Plaintiff and the defendants are set exparte for non cross examination of PW1, and upon hearing the arguments on the side of the plaintiff and upon perusal of records and having stood over for consideration till this day this court doth delivers the following:

JUDGMENT

1. This suit is filed by the Plaintiff Bank directing the defendants to pay a sum of Rs.4,10,361/- (Rupees Four Lakhs Ten Thousand Three Hundred and Sixty One Only) with future compound interest at 9.40% + 2% penal interest total 11.4% p.a. from 01.09.2024 till the date of payment and costs to the plaintiff bank.

2. The plaintiff bank has filed a suit for recovery of sum of Rs.4,10,361/-, on the allegation that 2nd defendant had applied loan under MUDRA scheme on 16.08.2022 as a Proprietor of 1st defendant concern and the same was sanctioned by plaintiff's

bank on 23.08.2022 for a sum of Rs.3,63,000/- in loan account No. 24960610170984 and as a security for the said loan for stock of Cooking Equipments was hypothecated with the plaintiff's bank and he has also executed the suit pro-note for a sum of Rs.3,63,000/- on 23.08.2022. On the very same day the defendants have executed agreement relating to term loan to the plaintiff's bank and they agreed to pay the rate of interest at 9.4% at the banks ruling rate prevailing from time to time per annum compounded monthly interest. And due to the non payment of the loan amount as agreed, the loan account of the defendants was declared as non performing asset and the penal interest also charged. And therefore the outstanding amount of Rs.4,10,361/- as on 31.08.2024 was pending due to the irregular payment of defendants and therefore to recover the outstanding amount the plaintiff bank has approached the Legal Mediation Centre, Dindigul on 19.10.2024 in compliance of Section 12 (A) of the Commercial Courts Act in which the defendants have not appeared and so the present suit has been filed.

3. The defendants had not filed their written statement within the period of 120 days, hence the defendants forfeited their right of filing written statement and the defendants were set exparte for non cross examination of PW1 on 19.01.2026.

4. The plaintiff to substantiate their case examined the Manager of the plaintiff bank as PW1, through him Ex.A1 to A7 were marked.

5. The Point for determination:-

1. Whether the defendant is liable to pay the suit amount ?

2. If yes, whether the plaintiff is entitled for the recovery of suit amount with claimed interest ?

6. Point No.1 and 2 :-

The perusal of Ex. A7 would go to show that the plaintiff has approached the Pre- Institution Mediation as required under Section 12(A) of Commercial Courts Act before the filing of the suit and thereby complied the mandatory procedure enumerated under the Commercial Courts Act.

7. Further the perusal of Ex.A1 to A6 would go to show that the 2nd defendant in the capacity of proprietor of 1st defendant approached the plaintiff bank with a loan application dated 16.08.2022 and after considering the loan application of the defendants, the plaintiff bank has sanctioned a sum of Rs.3,63,000/- on 23.08.2022 and on the same day the 2nd defendant in his capacity as proprietor and individual capacity executed Ex.A3 pronote, Ex.A4 Agreement relating to Term Loan and Ex.A5 Hypothecation Deed agreeing to repay the loan amount along with 9.4% interest and abide to the terms and conditions of the plaintiff bank.

8. Further Ex.A6 statement of accounts discloses that there is an outstanding amount of Rs.4,10,361/- as on 31.08.2024 and hence it is proved that the defendants are liable to pay Rs.4,10,361/- along with interest. Hence the plaintiff has proved their claim and so the defendants are liable to pay the suit amount of Rs.4,10,361/-.

9. Further more the plaintiff has claimed penal interest at 2% p.a. As regards the penal interest is concerned, the Hon'ble Supreme Court in ***Central Bank of India /Vs/ Ravindra and others*** reported in ***(2002) 1 SCC 367*** has held that the banks are not

entitled for the pendente lite penal interest and therefore the plaintiff is not entitled for the penal interest at 2%.

In the result, the suit is decreed with cost directing the defendants to pay Rs.4,10,361/- along with simple interest at 9.4% per annum on Rs.4,10,361/- from the date of suit till the date of decree. Time for repayment of above said amount by the defendant is 4 months. If the defendant failed to pay within the period of 4 months, the plaintiff is entitled to simple interest at 9.4% p.a. on Rs.4,10,361/- till the date of realization. Notice of decree shall be intimated to the defendants within 15 days of this date. If after the expiry of 4 months the defendants failed to comply the decree, the plaintiff shall file the execution petition at the earliest for realizing the decree amount.

Dictated to the steno-typist directly and computerized by her, corrected and pronounced by me in the open court on this the 17th day of April 2026.

sd./K.Renugadevi,
**Principal Sub Judge,
Palani.**

Plaintiff side Witnesses :

PW1 : Mrs. Brindha (Branch Manager, UCO Bank, Palani Branch)

Plaintiff side Exhibits :

- 1.Ex.A1 : 16.08.2022 - Loan application by the defendant to the plaintiff bank.
- 2.Ex.A2 : 23.08.2022 - Loan sanctioned letter issued by plaintiff bank to the defendant.
- 3.Ex.A3 : 23.08.2022 - Pronote executed by the defendants in favour of plaintiff bank.

- 4.Ex.A4 : 23.08.2022 - Agreement relating to Term Loan executed by the defendants in favour of plaintiff bank.
5. Ex.A5 : 23.08.2022 - Hypothecation agreement executed by the defendant in favour of plaintiff bank.
- 5.Ex.A6 : ... - Statement of accounts.
- 6.Ex.A7 : 04.02.2025 - Form – 3, Non starter report and order of the District Legal Services Authority, Dindigul.

Defendant side witnesses and Exhibits – Nil.

sd./K.Renugadevi,
**Principal Sub Judge,
Palani.**

PRINCIPAL SUB COURT,
PALANI.

C.O.S.No.2/2025

DRAFT/FAIR JUDGMENT

Judgment dated 17.04.2026