

**IN THE COURT OF SUBORDINATE JUDGE, RASIPURAM**  
**PRESENT:- THIRU. J.K.Dhilip, B.A., B.L.,**  
**SUBORDINATE JUDGE,**  
**RASIPURAM.**

**FRIDAY, THE 17 th DAY OF APRIL, 2026**

**COMMERCIAL ORIGINAL SUIT. No. 8/2023**  
**(CNR NO.TNNM09-000557-2023)**

Canara Bank, Seerapalli Branch  
represented by its Authorized Officer,  
Mr.V.Saravanan

...Plaintiff

/Vs/

1. G.Balaji Ganesan  
2. P.Murugan

...Defendants

On 06.04.2026, this suit is came up before me for final hearing in the presence of Thiru. K.K.Palanisaami, Counsel appearing for the Plaintiff and Thiru. M.Mujibur Rahman, Counsel appearing for the First Defendant and Thiru. T.Sivakumar, Counsel appearing for the Second Defendant and upon hearing Both sides and on perusal of case records, this court delivers the following:-

**JUDGMENT**

1. The plaintiff, a nationalised bank represented by its manager, has filed a commercial suit against the defendants to recover an amount totalling ₹11,60,519.48/- (Rupees eleven lakhs sixty thousand five hundred nineteen and forty eight paise only). The plaintiff seeks subsequent interest on the principal amount at a rate of 9.65% per annum, compounded monthly, from the date of the suit until the amount is fully realised. The plaintiff also seeks that the defendants be ordered to pay the costs of the suit and any other relief that the court may deem fit and proper under the case circumstances.

**2. The substance of the plaint averments is as follows;**

2.1. The plaintiff bank conducts its business in accordance with the Banking Regulation Act and the rules established by the Reserve Bank of India. The bank provides loans across various categories, taking into account its customers' needs and requirements.

2.2. The first defendant is the borrower, and the second defendant is the co-borrower. Both defendants approached Canara Bank at the Seerapalli branch and submitted an application for a loan for Micro and Small Enterprises (MSEs) on December 10, 2018. The purpose of the loan was to manufacture towels and dhotis, with a total amount of ₹13,50,000 at an interest rate of 11.10% per annum. They agreed to abide by the bank's terms and conditions.

2.3. The sanction memorandum for the loan was issued on December 19, 2018. On the same day, the deed of hypothecation related to the machinery was signed, along with the guarantee agreement. The defendants agreed to repay the loan in 84 monthly instalments of ₹23,760 each, with the final instalment amounting to ₹6,273.

2.4. Since repayment of the above loan commences three months from the date of the loan, i.e., 19.03.2019, as per the agreement, the defendants acknowledged a debt and granted security to the plaintiff bank on 13.10.2021. Having availed the above loan, despite repeated demands by the plaintiff bank, the defendant has failed to repay the amount as per the agreement. Hence, this suit can be filed within 3 years from 13.10.2021, i.e., before 12.10.2024. Thus, this suit is not barred by limitation.

2.5. The defendants are irregular in repayment of the loan amount. As per the account maintained by the plaintiff bank in the regular course of business, the defendants were in default in paying the dues. Due to the defendants' default, an

outstanding liability of Rs. 11,60,519.48/-remains in the defendants' loan account, with present interest at the rate of 9.65% P.a., as on 24.03.2023, as per the account statement produced on 24.03.2022 by the plaintiff bank. The plaintiff demanded payment of the amount, but the defendants have not paid the dues. Hence, the plaintiff bank issued the legal notice to the defendants on 23.08.2022, and the 2nd defendant received it on 25.08.2022; the 1st defendant received it on 02.09.2022. Since they have not repaid the loan as agreed, it is necessary to file this suit against the defendant.

2.6. Because this suit falls under the Commercial Courts Act 2015, the plaintiff filed a Mediation petition with the District Legal Service Authority, Namakkal, and received a non-starter order on 20.03.2023. Hence, along with that order, this suit was filed as a commercial suit.

2.7. The plaintiff bank is exempted from the provisions of the Debt Relief Act. The defendants have borrowed the loan for commercial purposes. As per section 21-A of the Banking Regulation Act, 1949, the defendants are liable to pay the suit amount, along with interest at the agreed rate, till the realisation of the entire amount. Therefore, the commercial suit has been filed for recovery of money against the defendants to recover an amount totalling ₹11,60,519.48/- (Rupees eleven lakhs sixty thousand five hundred nineteen and forty eight paise only). The plaintiff seeks subsequent interest on the principal amount at a rate of 9.65% per annum, compounded monthly, from the date of the suit until the amount is fully realized. The plaintiff also seeks that the defendants be ordered to pay the costs of the suit and any other relief that the court may deem fit and proper under the case circumstances.

**3. The substance of the written statement filed by the 1<sup>st</sup> defendant is as follows;**

3.1 The first defendant is running a company in the name and style of Shri Balaji Enterprises, involved in the business of manufacturing Towels and Dhotis. This defendant admits that he had availed a loan from the plaintiff towards starting the above-mentioned textile company. After availing a loan, he was prompt in repayment of his loan and had paid a sum of Rs. 6,21,302/- towards his EMI repayments. Due to the COVID pandemic, he suffered severe losses. For more than a year, the defendant could not restart his operations at the company, and he could not recover the money owed to him from the market.

3.2. This defendant had approached the plaintiff bank about all the financial conditions of the company with the sole intention of letting them know his actual status. This defendant does not intend to cheat the plaintiff of its lawful dues. This defendant had made every effort to restart his business in 2021. Still, due to the severe labour shortage, other GST-related issues, and rising raw-material costs, he could not run his company. This defendant submits that he does not deny any liability towards the plaintiff; however, the plaintiff's present claim is denied. This defendant states that, after payment of Rs. 6,21,302/- towards his loan of Rs. 13,50,000/-, the plaintiff has made a further claim of Rs. 11,00,000/-, which is denied. This defendant does not owe the plaintiff the claimed amount, and the plaintiff's actual dues are much less. The plaintiff's statement of accounts is denied as false. The suit is liable to be dismissed with costs to this defendant.

**4. The substance of the written statement filed by the 2<sup>nd</sup> defendant is as follows;**

4.1. The plaintiff's claim is false and fraudulent. It is untenable in law and equity, and is liable to be dismissed. Every statement made by the plaintiff—

specifically, that this Defendant submitted a loan application to the Plaintiff Bank on August 6, 2018, for the purpose of a power loom business; that based on said application, sanction was granted for the disbursement of a loan amount; and that, pursuant thereto, this defendant received the loan amount and executed a Loan Agreement, a Security Deed, and a Guarantee Deed on August 16, 2018—is entirely false.

4.2. This defendant has not availed himself of any loan from the Plaintiff, nor has he executed any document in connection therewith. Furthermore, the Plaintiff fails to specify the grounds upon which this defendant has been impleaded as a party to this suit. This Defendant has not affixed his signature to any of the documents pertaining to the loan in question. The plaintiff Bank has never, at any point, demanded payment from this defendant; nor has any notice been issued to this defendant.

4.3. This defendant is a customer of the plaintiff bank. However, this Defendant has not availed himself of any loan facility from the plaintiff bank. Similarly, he has not executed any guarantee on behalf of the First Defendant or any other individual. Consequently, this defendant is an unnecessary party to this suit. Insofar as this defendant is concerned, the suit is liable to be dismissed. Therefore, the suit ought to be dismissed against the second defendant, with costs.

**5. Based on the above pleadings this court framed the following issues for trial.**

1. Whether the plaintiff is entitled to the suit claim with subsequent interest against the defendant?
2. To what other relief?

6. To prove the case, Mr. P. Gowtham, a recovery official from the Regional office of Canara Bank at Namakkal, was examined as witness PW1 for the plaintiff. He marked Twelve documents as exhibits A1 to A12. The second defendant testified as DW1 and did not submit any documents. There is no oral or documentary evidence on behalf of the 1st defendant.

7. The plaintiff is a Corporation constituted by the functioning under the Banking Act of 1955. The plaintiff is doing banking business per the rules and regulations and has branches all over India, including the one at Rasipuram. The plaintiff bank is advancing loans on different needs, considering the needs and necessities of its customers. The above facts are undisputed.

8. The learned counsel for the plaintiff commenced his arguments by outlining the facts of the case. He further argued that the First Defendant had admitted in his written statement to having availed a loan from the plaintiff bank, and that the outstanding balance was substantiated by the account statement. He further contended that the Second Defendant, despite having appeared at the plaintiff bank and executed a Guarantee Agreement, was now falsely contesting the claim by willfully denying that he had executed such an agreement. He asserted that the signatures appearing on the Guarantee Agreement belonged to the First and Second Defendants, and that the plaintiff had proved its case; consequently, he argued that a decree ought to be issued as prayed for by the plaintiff.

9. Although an adequate opportunity was afforded to the First Defendant to present his case, no arguments were advanced on his behalf.

10. The learned counsel for the Second Defendant presented arguments refuting the plaintiff's case. He contended that the Second Defendant had not executed any Guarantee Agreement in favour of the plaintiff bank. He pointed out

that while the original suit described the Second Defendant as a "co-borrower," PW1 (the plaintiff's witness) had, in his testimony, referred to him as a "guarantor." He further argued that the Guarantee Agreement bore no attesting witnesses, did not feature a photograph of the Second Defendant, and that the plaintiff bank had failed to submit any identity documents pertaining to the Second Defendant. He asserted that, apart from the oral testimony, there was no other evidence to substantiate the claim that the Guarantee Agreement was executed by the Second Defendant. He highlighted that during cross-examination, PW1 admitted he was not employed by the bank at the time the agreement was executed and therefore had no direct personal knowledge of the event. Under these circumstances, he argued that the Guarantee Agreement had not been duly and legally proven; consequently, imposing any liability upon the Second Defendant would be legally untenable, and thus, the suit ought to be dismissed insofar as it pertains to the Second Defendant.

**Issue No. 1.**

11. In his testimony, PW1 stated that the second defendant acted as a guarantor and that on December 10, 2018—under the Micro and Small Enterprises Scheme—the first defendant obtained a loan of ₹13,50,000 from the plaintiff bank for the manufacture of towel and dhoti products. He further testified that, having agreed to repay the said loan with interest at 11.10%, the defendants executed and submitted the relevant loan documents to the plaintiff bank on the same date. Additionally, he deposed that the defendants submitted the loan application to the plaintiff bank on December 10, 2018, followed by the sanction letter and the loan agreement form on December 19, 2018; and that the loan amount of ₹13,50,000 was disbursed on November 28, 2018, through the first defendant's bank loan account bearing No. 0735760049. Furthermore, in his testimony, PW1 stated that the borrower was required to repay the loan availed on March 19, 2019, in 84 monthly instalments of Rs. 23,760 each; however, the First Defendant failed to duly remit the

instalment amounts to the Bank. He further testified that despite being approached and requested to repay the loan, the First Defendant failed to come forward; subsequently, on October 13, 2021, the First Defendant executed and submitted a loan acknowledgement form to the Bank. He added that even after a legal notice was issued on September 2, 2022, the Defendants failed to repay the amount as agreed. He testified that, as per the loan account statement dated March 24, 2023, the Defendants are liable to pay a sum of Rs. 11,19,000 to the Bank, comprising both principal and interest—for which the Bank has filed the relevant account statement—and that the Defendants are jointly and severally liable to repay the Bank loan. To corroborate his testimony, the following exhibits have been marked: the loan application form submitted on December 10, 2018, as Exhibit A2; the sanction letter dated December 19, 2018, as Exhibit A3; the deed of partition executed on December 19, 2018, as Ex. A4; the guarantee deed executed by the second defendant on December 19, 2018, as Ex. A5; the loan revival form dated October 13, 2021, as Ex. A6; the bank account statement covering the period up to March 24, 2023, as Ex. A7; the copy of the lawyer's notice sent on August 23, 2022, as Ex. A8; the postal acknowledgement card confirming receipt of the notice on August 25, 2022, as Ex. A9; the postal acknowledgement card signed by the first defendant and dated September 2, 2022, as A10; the pre-mediation order as A11; and the letter of authority issued to the Bank Manager to give evidence as A12.

12. The first defendant in his written statement stated that he is running a company in the name and style of Shri Balaji Enterprises, involved in the business of manufacturing Towels and Dhotis. He admits that he had availed a loan from the plaintiff towards starting the above-mentioned textile company. Therefore, the 1<sup>st</sup> defendant admitted the borrowing of loan from the plaintiff bank.

13. During the cross-examination of PW1 for the First Defendant, it was claimed that the First Defendant never signed a revival letter on October 13, 2021,

and that this document was fabricated. The revival letter has been marked as Ex.A6 for the Plaintiff. It is important to note that in the First Defendant's written statement, there was no mention that he had not signed the revival letter or that his signature was forged by the Plaintiff. Since the First Defendant did not contest the revival letter in his written statement, the Court concludes that challenging its validity during cross-examination without proper pleadings is not allowed. Additionally, the First Defendant did not claim in his written statement that the suit was barred by limitation. Based on these facts, the contention made by the Second Defendant is unjustified and must be rejected.

14. The 2<sup>nd</sup> defendant in his written statement specifically contended that second defendant has not availed himself of any loan from the Plaintiff, nor has he executed any document in connection therewith. Second defendant has not affixed his signature to any of the documents pertaining to the loan in question.

15. According to the plaint averments the second defendant is the co-borrower. Both defendants approached Canara Bank at the Seerapalli branch and submitted an application for a loan for Micro and Small Enterprises (MSEs) on December 10, 2018. But, in the chief affidavit of PW1, it is stated that the 2<sup>nd</sup> defendant is a guarantor to the 1<sup>st</sup> defendant. The PW1 testimony further states the 2<sup>nd</sup> defendant executed Ex. A5 Guarantee Agreement. As already pointed that the 2<sup>nd</sup> defendant denied execution of any document favouring the plaintiff.

16. In these circumstances, it is the Plaintiff's responsibility to establish the authenticity of the Guarantee Agreement (Ex. A5). The document, filed by the Plaintiff, was examined carefully. It shows that on December 19, 2018, the Second Defendant signed the Guarantee Agreement as a guarantor for a loan the First Defendant obtained from the Plaintiff Bank. PW1 testified that the First Defendant signed as the borrower, and the Second Defendant as the guarantor. Ex. A5 bears two

signatures: one for the borrower and one for the guarantor. The Second Defendant has denied the signature on the agreement, so the Plaintiff must prove that the signature belongs to the Second Defendant. There are no witnesses or signatures on the document to confirm who signed it or in whose presence it was signed. No witnesses to the signing were examined. PW1 also testified he was not employed at the bank when the loan was approved, was not present during its sanctioning, and was not present when the documents were signed. Therefore, PW1 has no direct knowledge of the signing. The then-branch manager was not examined as a witness, and no witnesses signed the agreement. As a result, the Plaintiff has not provided evidence that the signature belonged to the Second Defendant. Thus, the Court finds that the Plaintiff has failed to prove that the Guarantee Agreement (Ex.A5) was signed by the Second Defendant. Without proof of execution by the Second Defendant, no liability can be established.

17. The court must review the details of the total amount paid by the First Defendant to the Plaintiff Bank and the remaining balance. PW1 testified that, as of March 24, 2023, the First Defendant owed Rs. 11,60,519/-; this account statement is marked as Exhibit A7. During cross-examination, the witness admitted the First Defendant had paid Rs. 6,21,302/-. The account statement shows that the First Defendant made periodic loan payments until July 22, 2022. According to exhibit A4 (the Loan Agreement), if instalments are not paid on time, penal interest applies. Although the First Defendant disputes the account statement's accuracy, no questions were asked about its contents. No inquiries were made about interest calculations, penal interest, or how the current outstanding balance was determined. Additionally, the First Defendant did not submit any calculation memo to support their claims about payments made versus the outstanding amount. Given these facts, the First Defendant has not provided sufficient grounds to challenge the bank statement. Therefore, the Plaintiff Bank has proved that, as per the bank account statement, Rs.

11,60,519/- was still owed at the time the suit was filed. Therefore, this Court has no reason to reject the account statement filed by the plaintiff.

18. As a result, the plaintiff's case has been proven. The bank account statement submitted indicates that the outstanding amount is Rs. 11,60,519/- The first defendant is the borrower, liable to repay the amount owed to the plaintiff bank. Since this case involves a commercial transaction, the first defendant must pay the contractual interest rate for the subsequent interest. However, considering the defendants' circumstances, this court sets the interest rate at 7% per annum and has no hesitation in granting the relief requested by the plaintiffs.

### **Issue No. 2**

19. Because of the answer to the above issue, this issue does not require any consideration.

**As a result, the suit is decreed as prayed for with costs. The first defendant is ordered to pay the plaintiff a sum of Rs.11,60,519/- (Rupees Eleven Lakhs Sixty Thousand Five Hundred and Nineteen only) along with subsequent interest at the rate of 7% per annum on the suit amount from the date of the suit until the amount is fully paid.**

Dictated to the Steno-typist, typed by her directly on computer, corrected and pronounced by me in the Open Court dated this the 17 th day of April 2026.

Subordinate Judge,  
Rasipuram.

### **Appendix:-**

#### **List of Plaintiffs' side Witnesses :-**

P.W.1.Thiru. Gowthem, Branch Manager of plaintiff bank.

**List of Plaintiffs' side Exhibits:-**

|         |            |   |
|---------|------------|---|
| Ex.A.1  | 14.12.2022 | Authorization Letter (Certified Xerox copy)   |
| Ex.A.2  | 10.12.2018 | Application form for Loans to Micro and Small Enterprises (MSEs) (Original)                                 |
| Ex.A.3  | 19.12.2018 | Sanction Memorandum (Original)  |
| Ex.A.4  | 19.12.2018 | Deed of Hypothecation RE:Machinery (Original)   |
| Ex.A.5  | 19.12.2018 | Guarantee Agreement (Original)  |
| Ex.A.6  | 13.10.2021 | Acknowledgment of debt and Security ( Original)   |
| Ex.A.7  | 24.03.2023 | Account Statement up to 24.03.2023 with 2A Certificate (Computer Copy)                                      |
| Ex.A.8  | 23.08.2022 | Legal Notice sent to the I <sup>st</sup> and 2 <sup>nd</sup> defendants by the plaintiff bank (Office copy) |
| Ex.A.9  | 25.08.2022 | Served Acknowledgment of postal legal notice issued to the 2 <sup>nd</sup> defendant (Computer copy)        |
| Ex.A.10 | 02.09.2022 | Served Acknowledgment of postal legal notice issued to the I <sup>st</sup> defendant (Computer copy)        |
| Ex.A.11 | 20.03.2023 | Pre -Mediation order No.70/23 dated 20.03.2023 (Original)   |
| Ex.A.12 | 02.04.2024 | Authorization Letter (Xerox)  |

**List of Defendant side Witnesses :**

D.W.1 – Thiru. Murugan

**List of Defendant side Documents: Nil**

Subordinate Judge,  
Rasipuram.