III ADDITIONAL DISTRICT AND SESSIONS COURT,
TIRUVALLUR AT POONAMALLEE.

Present: **Thiru. C.VIJAYAKUMAR, B.A., B.L.,**
III Additional District and Sessions Judge.

Saturday, the 6th day of June 2026

O.S.No.108/2024

M/s. City Union Bank Ltd.,
Maduravoyal Branch, No.4A, KRM Towers,
Pallavan Nagar Main Road,
Singaravelan Nagar, Maduravoyal,
Thiruvallur District – 600 095.
Rep by its Branch Manager.

..Plaintiff

//Vs//

1) Mr. R.S. Arun, S/o. R. Sugumaran,
2) Mr. R. Sugumaran, S/o. G. Ramachandran,
3) Mrs. S. Ponmalar, W/o. Sugumaran,
4) Mr. P. Elamparithi, S/o. T. Ponnurangam,
All are residing at No.457,
North Mada Street, Maduravoyal,
Thiruvallur District – 600 095.

..Defendants

This suit came up before me for final hearing on 08.04.2026, in the presence of M/s. Bhuvaneshwari, Hemamalini learned counsels for the plaintiff, Defendants 1 to 4 were set *exparte* on 03.02.2025, and upon hearing the plaintiff counsel and on perusal of oral and documentary evidence, having stood over for consideration

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till this day, this court delivered the following:

<u>J U D G M E N T</u>

The plaintiff have filed the present suit seeking **(a)** direction to the defendants to pay a sum of Rs.12,14,596.56/- and together with further interest at 17.50% per annum threon compounded monthly from the date of institution of the suit till the date of the realization; and **b)** cost for the suit.

<u>2) The plaint averments as follows:-</u>

The plaintiff sanctioned a CUB Vidyavani Education Loan of Rs.3,65,000/- (Account No. 246012002027460) to borrowers Defendants 1 to 3 (a son, father, and mother) and Defendant 4 (guarantor) on 16.11.2012, which was disbursed in five annual installments of Rs.73,000/- against an executed promissory note, guarantee agreement, and security undertakings. The defendants agreed to a 15.25% annual interest rate compounded monthly, a repayment structure of 60 monthly installments, and a 2% default penal interest rate, later confirming their balances via revival letters through 2021 as rates adjusted to 15.50%. Due to non-repayment, the loan was classified as a Non-Performing Asset (NPA) on 31.03.2020. Despite a registered legal notice sent on 23.01.2024, the defendants failed to clear the debt, prompting the plaintiff to file this recovery suit for the total outstanding suit claim of Rs.12,47,596.56/-, along with a claimed future interest rate of 17.50% per annum compounded monthly from the date of the suit's filing until full realization. Hence, the suit.

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3) The defendants 1 to 4 were set exparte on 03.02.2025. On behalf of the plaintiff, Branch Manager was examined as PW1, and Exhibits A1 to A 19 were marked through him.

4) Now the point for consideration before this court is whether the relief seeking by the plaintiff is entertained or not?

5) The plaintiff has filed the present suit seeking direction to the defendants to pay a sum of Rs.12,14,596.56/- and together with further interest at 17.50% per annum threon compounded monthly from the date of institution of the suit till the date of the realization. It is well settled that though the defendants were set ex-parte, the plaintiff is not entitled to an automatic decree simply because the defendants were set ex-parte. The legal burden to prove her case by clear, convincing, and unimpeachable evidence remains undiminished on the plaintiff.

6) The plaintiff, a bank/financial institution, claims that it sanctioned a CUB Vidyavani Education Loan of Rs.3,65,000 on 16.11.2012 to Defendant Nos. 1, 2, and 3 as borrowers (being a son, father, and mother respectively) and Defendant No. 4 as guarantor, with the said amount being disbursed in five annual installments of Rs.73,000/- each. Under the agreed terms, the defendants accepted an interest rate of 15.25% per annum compounded monthly, a repayment structure of 60 monthly installments (EMIs), and a default penal interest of 2%. The defendants later confirmed their balances via revival letters through 2021, with the interest rates adjusted to 15.50%. However, the defendants failed to repay the loan, leading to its classification as a Non-Performing Asset (NPA) on 31.03.2020. Despite a registered legal notice being sent on 23.01.2024, the defendants did not clear the outstanding debt. Consequently, the plaintiff seeks a decree for Rs.12,47,596.56 as the total outstanding suit claim, along with future interest at 17.50% per annum compounded monthly from the date of filing the suit until full realization. The Defendants 1 to 4 were set ex-parte on 03.02.2025, and the plaintiff examined its Branch Manager as PW1, marking Exhibits A1 to A19 through him.

7) The loan creation and contractual terms, includes Exhibit A-1 (Loan Sanction Letter dated 16.11.2012) which proves the bank agreed to lend Rs.3,65,000/- Exhibit A-3 (Promissory Note) proving the borrowers unconditionally promised repayment, Exhibit A-4 (Guarantee Agreement) proving Defendant No. 4 guaranteed the loan creating joint and several liability, and Exhibit A-5 (Security Undertakings) proving the defendants provided collateral creating a charge on specified assets. The disbursement of funds, comprises Exhibits A-7 to A-10 and A-13 (Disbursement vouchers for five installments of Rs.73,000/- each) proving the plaintiff actually paid Rs.3,65,000/- to or on behalf of the defendants. The acknowledgment of debt and revival, includes Exhibit A.11 to Ex.A.17 proving the defendants agreed to the revised contractual rate, outstanding debt within the limitation period thereby reviving the bank's right to sue. The default and NPA classification, comprises Exhibit A-19 (Statement of Account) proving the defendants made irregular payments and evidencing the exact running balance. The demand and notice, includes Exhibit A-18 (Legal notice dated 23.01.2024 with postal receipt) proving the plaintiff formally demanded repayment before filing suit.

8) These documents proved a valid contract of loan and guarantee existed; consideration of Rs.3,65,000/- passed from plaintiff to defendants; breach of contract occurred when defendants failed to repay as per the 60-month EMI schedule; limitation is not a bar as revival letters extend the limitation period; the quantum of debt is accurately calculated and evidenced; due diligence of notice and service is established; and the authority of the plaintiff to sue through PW1 is proved.

9) PW-1's testimony remained unchallenged for want of cross-examination by the ex-parte defendants. The plaintiff bank thus proved its claim through the oral evidence of PW-1 and the documentary evidence marked as Exhibits A-1 to A-19.

10) The plaintiff has claimed future interest at 17.50% per annum compounded monthly from the date of suit until realization. The Hon'ble Supreme Court in the case of **I.K. MERCHANTS PVT. LTD. & ORS. ... APPELLANT(S) VERSUS THE STATE OF RAJASTHAN & ORS. ... RESPONDENT(S) reported in 2025 INSC 418** held that,

> **16. Be it noted, while the discretion to award interest, whether pendente lite orpost-decree, is well recognized, its exercise must be guided by equitableconsiderations.**

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> **The rate and period of interest cannot be applied mechanically orat an unreasonably high rate without any rationale. Though it is not possible toarrive at the actual value of improvement or the inflation on the fair consideration,if paid at the relevant point of time, it is just and necessary that the rate of interestmust be a reparation for the appellant. The Court must ensure that while theclaimant is fairly compensated, the award does not become punitive or undulyburdensome on the Judgement Debtor. Therefore, the rate of interest should bedetermined in a manner that balances both fairness and financial impact, takinginto account the "loss of use" principle and economic prudence, in the specificfacts of each case.**

While this court applied the above principle of imposing interest in the present case, the transaction between the plaintiff and the defendants is an education loan, not a commercial transaction. Hence, this court exercises its discretion under Section 34 of the Civil Procedure Code, 1908 to award reasonable future interest on the principal and contractual interest amount. Considering the nature of an education loan and prevailing bank rates, this court finds that interest at 9% per annum simple from the date of suit until the date of decree, and thereafter at 6% per annum simple on the decreetal amount until full realization, is just and proper.

12) In the result, the suit is decreed in favor of the plaintiff and against the defendants (jointly and severally) as follows:

> **1)** The defendants 1 to 4 shall jointly and severally pay to the plaintiff a sum of Rs.12,47,596.56/- (Rupees Twelve Lakhs Forty-Seven Thousand Five Hundred Ninety-Six

and Fifty-Six Paise only) as on the date of filing of the suit with cost.

2) The defendants shall pay future interest on the said amount at the rate of 9% per annum simple from the date of filing of the suit until the date of this decree.

3) The defendants shall pay further interest on the total decreetal amount at the rate of 6% per annum simple from the date of this decree until the date of full realization.

4) Decree be drawn up accordingly.

Dictated by me directly to the Stenographer, typed by him, corrected and pronounced by me in the open court, on this the 6th day of June 2026.

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III Additional District & Sessions Judge,
Tiruvallur @ Poonamallee.

<u>Plaintiffs side Witness</u>:-

P.W.1 - Mr. Premkumar (Branch Manager).

<u>Plaintiffs side Exhibits</u>:-

Ex.A.1	Application cum Undertaking dated 16.11.2012 (Original)
Ex.A.2	Sanction Letter for Advances dated 16.11.2012 (Original)
Ex.A.3	Demand Promissory Note dated 16.11.2012 (Original)
Ex.A.4	Guarantee Agreement dated 16.11.2012 (Original)
Ex.A.5	Undertaking Letter dated 16.11.2012 (Original)
Ex.A.6	Undertaking Letter dated 16.11.2012 (Original)
Ex.A.7	1st Stage Loan Letter dated 16.11.2012 (Original)

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Ex.A.8	2nd Stage Loan Letter dated 26.04.2013 (Original)
Ex.A.9	3rd Stage Loan Letter dated 09.04.2014 (Original)
Ex.A.10	4th Stage Loan Letter dated 29.04.2015 (Original)
Ex.A.11	Letter of Revival Clean Advances dated 06.06.2015 (Original)
Ex.A.12	Confirmation of Balance dated 06.06.2015 (Original)
Ex.A.13	5th Stage Loan Letter dated 20.04.2016 (Original)
Ex.A.14	Letter of Revival Clean Advances dated 14.02.2018 (Original)
Ex.A.15	Confirmation of Balance dated 14.02.2018 (Original)
Ex.A.16	Letter of Revival Clean Advances dated 01.01.2021 (Original)
Ex.A.17	Confirmation of Balance dated 01.01.2021 (Original)
Ex.A.18	Lawyer Notice dated 23.01.2024 (Copy)
Ex.A.19	Statement of Account (Photocopy)

Defendant side Witness and Exhibits :- **NIL**

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