



CNR: KAHC010327682022

NC: 2026:KHC:55027
WP No. 14671 of 2022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 5TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO. 14671 OF 2022 (GM-DRT)

BETWEEN:

1. MRS. MANJUALA. C
W/O. KRISHNA NAYAK,
AGED ABOUT 40 YEARS,
GUNGAL CHATHRA, YELWALA HOBLI,
MYSURU TALUK AND DISTRICT-571 130.
2. KRISHNA NAYAKA
S/O. SIDDANAYAKA,
AGED ABOUT 44 YEARS,
YELWALA HOBLI, GUNGRALCHATHRA,
MYSURU-571 130.

...PETITIONERS

(BY SRI. SHIVAPRAKASH .P.V, ADVOCATE)

AND:

1. M/S. EQUITAS SMALL FINANCE BANK LIMITED
REPRESENTED BY ITS DEPUTY MANAGER,
MR. FERNANDEZ H SPENSER PLAZA,
4TH FLOOR, PHASE II, NO. 769,
MOUNT ROAD, ANNASALAI,
CHENNAI-600 002.
REGD. UNDER THE COMPANIES ACT
2. M/S. EQUITAS SMALL FINANCE BANK LIMITED
REPRESENTED BY ITS BRANCH MANAGER/
AUTHORIZED OFFICER,
BRANCH AT MYSURU,

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ADICHUNCHANAGIRI ROAD, MEBT
MYSURU-570 023.

3. P.H.VINOD PANDIAN
SOLE ARBITRATOR
NO.74 AND 76, II AND III FLOORS
MARSHALLA ROAD EGMORE
CHENNAI-600 008

...RESPONDENTS

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO QUASH THE IMPUGNED ORDER RESTRUCTURING THE LOAN REPAYMENT INSTALLMENT SCHEDULE AT ANNEXURE-C DATED 05.11.2020 INCREASING THE INSTALLMENT FROM 120 MONTHS TO 151 MONTHS ISSUED BY THE R-2 M/S EQUITAS SMALL FINANCE BANK LIMITED CHENNAI, TAMIL NADU; AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The captioned writ petition is filed by the defaulting borrowers, calling in question the restructuring of the loan repayment schedule under Annexure-C dated 05.11.2020, whereby the period for repayment of the loan has been extended from 120 months to 151 months by respondent No.2.

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2. Heard the learned counsel appearing for the petitioners and the learned counsel appearing for the respondent-Bank. Perused the records.

3. This Court, by order dated 18.08.2022, had granted conditional interim protection to the petitioners, subject to their depositing 30% of the amount due to the respondent-Bank in three instalments. The said interim order was granted subject to strict compliance with the condition stipulated therein. However, despite obtaining such conditional interim protection, the petitioners have admittedly failed to comply with the said condition. Consequently, the matter has remained pending before this Court since the year 2022 without the petitioners complying with the condition imposed by this Court.

4. The grounds urged in the writ petition have been carefully examined.

5. The principal grievance of the petitioners is against the restructuring of the loan repayment schedule, whereby



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the number of monthly instalments has been enhanced from 120 months to 151 months. According to the petitioners, such restructuring is arbitrary, illegal and contrary to law. It is further contended that the respondents have taken undue advantage of the moratorium period by levying exorbitant interest and penal interest. The petitioners also contend that the respondent-Bank has declined to accept repayment in accordance with the original repayment schedule, allegedly in violation of the principles of natural justice.

6. However, a perusal of the records would disclose that the dispute between the parties has also been subjected to arbitration under the provisions of the Arbitration and Conciliation Act, 1996, and an arbitral award has been passed in favour of the respondent-Bank.

7. Be that as it may, the limited challenge in the present writ petition is to the restructuring of the loan repayment schedule. Except for making bald assertions

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that the restructuring was arbitrary, illegal and contrary to law, the petitioners have not placed any cogent or tangible material before this Court to demonstrate that the action of the respondent-Bank suffers from any patent illegality or arbitrariness warranting interference in exercise of the writ jurisdiction of this Court under Article 226 of the Constitution of India. The mere fact that the repayment schedule has been restructured by extending the tenure of repayment, by itself, cannot furnish a ground for interference in the absence of any material establishing illegality or violation of any enforceable legal right.

8. It is well settled that the grant, modification, re-phasing, rescheduling or restructuring of a loan falls essentially within the commercial and contractual domain of the lending institution. The determination of the tenure, instalment structure and other terms of repayment involves an assessment of the borrower's financial position, repayment capacity, credit risk and the applicable

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banking norms. Such matters ordinarily do not warrant judicial substitution of the Bank's commercial decision in exercise of the extraordinary jurisdiction under Article 226 of the Constitution. The mere extension of the repayment tenure, without more, neither constitutes patent illegality nor establishes arbitrariness or violation of any enforceable legal right.

9. It is also significant to note that this Court, while considering the matter on 18.08.2022, had granted interim protection to the petitioners subject to their depositing 30% of the amount due to the respondent-Bank in three instalments. The order was categorical and peremptory in nature, and the consequence of non-compliance with the stipulated condition was implicit therein. The petitioners, having availed the benefit of the said interim order, have failed to comply with the condition imposed by this Court and have nevertheless allowed the writ proceedings to remain pending since 2022.

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10. In the aforesaid circumstances, this Court finds that the petitioners have neither established any legal infirmity in the restructuring of the loan repayment schedule nor made out any ground warranting exercise of the extraordinary jurisdiction of this Court. The continued pendency of the writ petition, coupled with the petitioners' failure to comply with the conditional interim order, further disentitles them to any equitable relief.

11. For the foregoing reasons, this Court is of the considered view that the writ petition is devoid of merit and does not warrant interference.

Accordingly, the writ petition stands ***dismissed.***

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(SACHIN SHANKAR MAGADUM)
JUDGE