



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 14TH DAY OF JULY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

COMMERCIAL APPEAL NO.278 OF 2026

BETWEEN:

CANARA BANK,
A BODY CORPORATE,
CONSTITUTED AND GOVERNED BY THE
BANKING COMPANIES
(ACQUISITION AND TRANSFER OF
UNDERTAKINGS) ACT, 1970
HAVING ITS HEAD OFFICE AT
J.C. ROAD, BANGALORE,
BRANCH OFFICE AT BANTWAL,
DAKSHINA KANNADA DISTRICT,
REPRESENTED BY ITS DULY
AUTHORISED BRANCH MANAGER
SRI ASHIK SALIM
S/O SALEEM MOHAMMED HANEEFA,
AGED ABOUT 36 YEARS.

...APPELLANT

(BY SRI. S. RAJASHEKAR, ADVOCATE)

AND:

MR. MOHAMMAD IQBAL,
S/O BAVA,
R/AT NO.1-38, KELAGINA VOGGA HOUSE,
KADABETTU VILLAGE,
BANTWAL TALUK - 574 241,
DAKSHINA KANNADA DISTRICT.

...RESPONDENT



THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 13(1A) OF THE COMMERCIAL COURTS ACT, 2015, PRAYING TO SET ASIDE THE IMPUGNED JUDGMENT AND ORDER DATED 09.01.2026 PASSED IN COM.O.S.NO.248/2025 ON THE FILE OF THE I ADDITIONAL DISTRICT JUDGE (COMMERCIAL COURT), D.K, MANGALURU AND DECREE THE SUIT FILED BY THE APPELLANT AS PRAYED FOR AND GRANT SUCH OTHER AND FURTHER RELIEFS AS THIS HON'BLE COURT DEEMS FIT AND PROPER UNDER THE FACTS AND CIRCUMSTANCES OF THE CASE IN THE INTEREST OF JUSTICE AND EQUITY.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. For the reasons stated in the affidavit accompanying the application, I.A No.1/2026, is allowed. The delay of 45 days in filing the appeal is condoned.



2. The appellant has filed the present appeal impugning the judgment dated 09.01.2026 passed by the I Additional District Judge and Commercial Court, D.K., Mangaluru [**Commercial Court**] in Com. O.S. No.248/2025.

3. The appellant Bank had instituted the said suit for recovery of an amount of ₹ 4,58,477.45/-, along with future interest at the rate of 13.15% per annum with quarterly rests from 26.04.2025 till the realisation.

4. The appellant Bank had extended a loan of ₹4,90,000/- to the respondent on 05.10.2016 for the purchase of a motor vehicle (New Maruti Ritz Car). The said loan was repayable in 84 Equal Monthly Installments [**EMIs**] comprising 83 EMIs of ₹8,519/- and last installment of ₹8,709/-.

5. The appellant states that the respondent failed to perform his repayment obligations, and, in view of the default, the appellant seized the motor vehicle hypothecated to it. The motor vehicle was sold at a public auction pursuant to the auction notices published on 17.02.2021 and 22.09.2021. A sum of ₹1,58,000/- was realised



from the sale of the vehicle and credited to the respondent's loan account on 27.10.2021.

6. Thereafter, the appellant Bank issued a legal notice dated 11.01.2024 calling upon the respondent to pay the outstanding amount due under the loan account. The said notice was returned unserved. The appellant claims that a sum of ₹4,55,197.45/- remained outstanding and payable by the respondent, inclusive of interest due and payable as of 06.04.2025.

7. The learned Commercial Court dismissed the said suit on the ground that it was barred by limitation.

8. A plain reading of the facts set out in the present appeal as well as in the impugned judgment indicates that there is no dispute that the loan extended to the respondent had been recalled prior to 2021. Thereafter, the appellant Bank took steps to recover the loan amount by auctioning the motor vehicle at a public auction. As noted above, the sale proceeds were credited to the respondent's loan account on 27.10.2021. Thus, undisputedly, the cause of action for filing the suit arose prior to 2021.



9. The date on which the respondent had defaulted in payment of EMI is neither stated in the memorandum of appeal nor reflected in the impugned order. And, the appellant has not filed any other document along with the present appeal. However, the learned counsel for the appellant does not dispute that the default in repayment of the EMIs occurred much prior to 2021.

10. It is undeniable that the loan extended to the respondent was recalled; that the appellant had taken possession of the motor vehicle; and that the same was sold in September / October 2021.

11. The suit was filed on 19.09.2025, which is clearly beyond the period of three years from the date of default.

12. The learned counsel for the appellant relies on Section 18 of the Limitation Act, 1963, to assert that the suit was filed within the period of limitation. The said contention is premised on the revival letters dated 20.08.2019 and 20.07.2022 allegedly executed by the respondent. According to the appellant, by virtue of Section 18 (1) of the Limitation Act, 1963, a fresh period of limitation is required to be computed from the date of such acknowledgements.



13. The learned Commercial Court had found that even if the said contention were to be accepted, the period of limitation would expire after the lapse of three years from the date of the letter dated 20.07.2022, *i.e.*, on 19.07.2025. However, the suit was filed on 19.09.2025, which was beyond three-years from the said date.

14. The learned counsel appearing for the appellant submits that the period of limitation ought to be counted from the legal notice dated 11.01.2024. We find no merit in the said contention.

15. Given the undisputed fact that the default had occurred prior to 2021, the period of limitation could not be extended by issuance of any legal notice or further communications.

16. He also submits that the cause of action is continuing one, since the loan was repayable over a period of seven years. This contention is also without merit, as it is not disputed that the loan had been recalled. Upon such recall, the entire outstanding amount became immediately due from the respondent. The appellant had also taken steps to recover the amount by sale of the vehicle in question. The contention that the obligation to pay the EMIs continued despite the loan's recall is insubstantial.



17. We find no infirmity with the said impugned decision. The appeal is accordingly dismissed.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE