HIGH COURT OF JAMMU & KASHMIR AND LADAKH AT JAMMU

Reserved on: 11.08.2026
Pronounced on: 21.08.2026
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Whether the operative part or full Judgment is pronounced: **Full**

RFA No. 42/2026 (O&M)

Shifali Gupta, Aged 41 years W/o Sh. Vaibhav Chowdhary, R/o H. No. 47-C/C, Gandhi Nagar, Jammu. …. Petitioner(s)/Appellants

Through:- Mr. Sunil Sethi, Sr. Advocate with Mr. Ankesh Chandel, Advocate.

V/s

1. Punjab National Bank , Through its Zonal Manager, Zonal Officer 1st Floor Plot No. 10, Administrative Block B, District Shopping Centre, near Passport Office, Ranjit Avenue, Amristar Punjab.
2. Branch Manager, Punjab National Bank, Channi Rama, NH Bye Pass, Jammu.

…..Respondent(s)

Through:- Mr. Parveen Kapahi, Advocate.

CORAM:HON'BLE MR.JUSTICE RAJNESH OSWAL, JUDGE
HON'BLE MR. JUSTICE M A CHOWDHARY, JUDGE

JUDGMENT

1. This appeal is directed against order dated 30.06.2026 passed by the learned Commercial Court, Jammu (for short "trial Court") whereby

the application for grant of interim relief filed by the appellant in suit titled "Shifali Gupta v. Punjab National Bank &Anr." has been dismissed.

Grounds of Appeal:

2. The appellant has assailed the order dated 30.06.2026 on the grounds that the appellant had succeeded in establishing the prima facie case by placing on record numerous documents in support of her case but the learned trial Court without returning any cogent findings has dismissed the application for temporary injunction filed by the appellant. It is urged that the learned trial Court has fallen into grave error in arriving at a conclusion that the appellant had sought restructuring of the loan from the Bank. In fact, restructuring was not sought by the appellant, nor did RBI circular provide any such condition and no prudent man availing huge loan facility would agree for restructuring of his/her loan amount at a higher rate of interest. It is also contended that the learned trial Court has agreed that the rate charged by the respondent-bank is exorbitant, but the appellant would not be entitled to the interim injunction, as she can be compensated for it by way of costs. These findings returned by learned trial Court are highly erroneous that the learned trial Court ought to have protected the appellant form the illegal and arbitrary actions of the respondent-Bank.

Submissions:

3. Mr. Sunil Sethi, learned Senior Counsel appearing for the appellant has submitted that the appellant had never sought restructuring of the loan

in the manner, the respondents have restructured the loan, as the appellant had only agreed for such terms and conditions, pursuant to which loan was initially granted to the appellant. He has strenuously argued that the respondent was only entitled to charge interest at the rate which was initially agreed to by the appellant i.e.at the rate of 9.15% per annum. He has further argued that downgrading of the rating of the appellant from B1 to B3 is unilateral act of the Bank regarding which the appellant was never informed and letter dated 10.12.2021 was merely a proposal which was never agreed to by the appellant.

4. Per contra, Mr. Parveen Kapahi, learned counsel appearing for the respondent-Bank, has submitted that the appellant through the medium of letter dated 11.08.2021 had approached the respondent-Bank for restructuring of both the loans for a further period of 10 years and, accordingly, her request was considered by MCC-CAC in its meeting held on 10.12.2021 and loans were restructured by extension of tenure of loan by two years. The sanction dated 10.12.2021 containing the terms and conditions of the restructuring of loan was duly acknowledged and accepted by the appellant and in token thereof, she had signed each page of the sanction restructuring the loan. He has further argued that in the sanction, it was mentioned that effective rate would be 11.90 percent. As such, once the appellant has herself agreed for restructuring of the loan, the appellant now cannot turn around to say that restructuring of the loan has been done by the respondent-Bank unilaterally. He has further argued that suit is not maintainable on the

ground of being barred by Section 21-A of Banking Regulation Act, 1949 which provides that the transaction between the Banking company and its debtor shall not be reopened by any Court on the ground that the rate of interest charged by the Banking company in respect of such transaction is excessive. He has further argued that prior to the filing of the suit, the appellant had approached the Punjab and Haryana High Court through the medium of writ petition which was subsequently dismissed as withdrawn. Thereafter, the appellant approached the Banking Ombudsman but again withdrew the petition and thereafter approached the Consumer Commission and again, the complaint was withdrawn. Thereafter, just to prevent the Bank from declaring the loan account of the appellant as NPA, as the appellant has not maintained the financial discipline in discharging her obligation arising out of restructuring of loan, the present suit has been filed. He has further argued that the Bank has already declared the loan accounts of the appellant as NPAs.

5. Heard learned counsel for the parties and perused the material on record.

Facts

6. The appellant filed the suit for declaring notice dated 12.12.2025 issued by respondent No. 2 as void and inoperative in the eyes of law; for declaring the letter dated 10.12.2021 as *void ab-initio;* for declaring the action of the respondents in downgrading the appellant's risk rating from B1 to B3 and the charging of alleged exorbitant interest on two

different loan account numbers as illegal, in-operative, null and void with consequential relief of mandatory injunction restraining the respondents from acting upon the unilateral and arbitrary restructuring of loan communicated vide impugned letter dated 10.12.2021 and for mandatory injunction commanding the respondents to restore the original terms of the loan as sanctioned on 12.02.2019 and 27.05.2020 including the B1 risk rating and further relief of mandatory injunction commanding the respondents to appropriate the excess interest amount of Rs. 1,82,19,512/- charged upto 31.08.2025 towards the liquidation of the loan and interest on initial terms & condition and further restraining the respondent-Bank from adopting any coercive measure or declaring the two loan accounts of the appellant as NPA.

7. It was pleaded by the appellant that she, for the purpose of financing the construction of 7500 MT capacity Godown at Reasi, had obtained the loan of ₹ 4,16,84,000/- from the respondent-Bank in loan account No. 338600SA00000022. On 12.02.2019, as per terms of the aforesaid sanction letter, the appellant was assigned B1 risk rating and the applicable rate of interest was set at 9.15 percent per annum. Due to Covid-19 pandemic, the project execution was hampered, which constrained the appellant to seek an additional loan of ₹ 45.57 lacs, which was granted to her pursuant to term loan account No. 338600SA00000031. It is stated that due to Covid-19 pandemic, the Reserve Bank of India issued a beneficial circular titled "Resolution Framework 2.0 dated 05.05.2021 with an objective to provide relief and

alleviate the financial stress of the borrowers. It is contended that the appellant accordingly submitted a formal request for loan restructuring to the respondent-Bank through the medium of letter dated 11.08.2021 seeking the benefit of RBI's circular but the respondent- Bank in a flagrant disregard for the binding directive of the RBI circular informed the appellant vide its letter dated 10.12.2021 regarding the unilateral sanction of restructuring the loans of the appellant. It was contended that the communication dated 10.12.2021 never had the consent of the appellant and the risk rating of the appellant was also unilaterally reduced to B3 account, which seriously prejudiced the appellant as the Bank started charging interest at the rate of 11.95 percent up to 31.05.2022, 12.35 percent upto 01.06.2022, 12.85 percent upto 31.07.2022, 13.85 percent upto 01.12.2022 and 14.20 percent upto 01.02.2023. Faced with the alleged exorbitant charge of interest, the appellant vide communication dated 15.05.2023 asked the Bank to rectify its error but the Bank resorted to coercive measures and threatened that her accounts would be declared NPAs and under pressure, the appellant deposited ₹ 64.00 lacs on 24.06.2023. Faced with this situation, the appellant filed a complaint with the Banking Ombudsman, Reserve Bank of India on 30.10.2023 which was closed as not maintainable. Thereafter, the appellant filed a consumer complaint before the J&K Consumer Dispute Redressal Commission, Jammu which was subsequently withdrawn with liberty to approach appropriate forum. It is stated that pursuant to coercive tactics of the respondent-Bank, the appellant under duress deposited further amounts of ₹ 24,40,000/- and ₹ 2,45,000/- and despite that the Bank continued to issue overdue notices to the appellant. The appellant also served a notice upon the respondent-Bank but without any effect and, as such, the appellant filed the abovementioned suit.

8. The respondent-Bank filed its response stating therein that the suit is barred by Section 21-A of Banking Resolution Act, 1949. It was further stated that the risk rating and the applicable rate of interest were fixed strictly in accordance with the internal guidelines of the Bank and the applicable MCLR issued by the RBI and the same were duly communicated to and accepted by the appellant initially at the time of sanction and the execution of loan documents on 12.02.2019 and 27.05.2020.Thereafter, pursuant to the appellant's written request dated 11.08.2021 seeking restructuring of the loan accounts, the Bank sanctioned the same vide letter dated 10.12.2021. The said letter was duly executed by both the appellant and the guarantor, thereby confirming their full knowledge of and consent to the revised terms. It was further stated that internal risk rating of the borrower was reassessed on 23.09.2021 as the previous rating was valid only up to 31.08.2021 and the said re-assessment resulted in the revision of the rating from B1 to B3, based upon the financial parameters of the borrower and delay in the completion of the project. The said rating and the applicable rate of interest were clearly mentioned in the sanction letter dated 10.12.2021 which was duly accepted by the appellant. The

Bank denied that the rate of interest levied on the loan accounts of the appellant was punitive, arbitrary or a result of any alleged illegal restructuring or risk rating downgrade. Rather, the rate of interest applicable to the loan accounts was floating in nature and linked with the Banks applicable MCLR and other regulatory benchmarks, therefore, was subject to revision from time to time in accordance with the guidelines of the Reserve Bank of India and the internal policies of the Bank. Any variation in the interest rate occurred automatically in accordance with the applicable benchmark lending rates and the banking norms and not due to any arbitrary action on the part of the Bank. The respondent-Bank admitted the issuance of communications to the appellant regarding the payment of overdue amounts and the appellant was requested to regularize the accounts in accordance with the terms and conditions governing the loan. It was also stated that through the communications, the appellant was merely informed regarding the status of loan accounts and requirement to regularize the overdue amount, failing which, the accounts were liable to be classified as NPAs. The said communications by no stretch of imagination can be construed as coercion or abuse of position as alleged by the appellant. The respondent-Bank also submitted that the deposits made by the appellant were voluntary towards liquidating the outstanding dues in the loan accounts and not because of any alleged pressure or coercion by the Bank. The respondents denied having acted in violation of the objective of RBI Resolution Framework dated 05.05.2021. Rather, it was submitted that re-structuring of the loan facilities was undertaken only at the request of the appellant. Precisely, the contention of the respondent is that the operation of both the loan accounts has been carried out strictly in accordance with sanction terms, loan agreements and applicable banking norms and the repayments have been appropriated in the manner as agreed to by the parties.

Appreciation

9. Before addressing the rival contentions of the parties, it is pertinent to observe that the grant or refusal of interim relief by a trial court is a matter of judicial discretion. Appellate interference with such an exercise of discretion is warranted only where it is demonstrated that the discretion was exercised arbitrarily, capriciously, or in disregard of settled principles of law. The mere possibility of a plausible alternative view does not constitute a valid ground to set aside an interlocutory order, provided the view taken by the court below is reasonably sustainable on the basis of record. In "**Shruti Manav Sharma v. Sunaina Singh**", **2026 INSC 843,** the Hon'ble Apex Court has observed as under:

> "36. **An order on an application for temporary injunction is a discretionary one, and an appellate court does not ordinarily substitute its own discretion for that of the court of first instance, save where the discretion has been exercised arbitrarily, capriciously or perversely, or in ignorance of the settled principles governing the grant or refusal of such relief. The principle laid down in Wander Ltd. &Anr. (supra) which has been approved by subsequent decisions of this Court, has been guiding the appellate courts in the country for decades while exercising the appellate jurisdiction considering the correctness of the discretion and jurisdiction for grant or refusal of interlocutory injunctions.** The order of the learned Single Judge, resting as it does on seven specific findings addressing the nature of the original

plaintiff's interest under the Will, the doubt surrounding its finality, the plea of undue influence, and the alter-ego character of the defendant entities, cannot be said to be arbitrary, capricious or perverse, nor to have been passed in ignorance of settled principle. It is, on the contrary, an order squarely anchored in the three conditions that govern the grant of interim injunction. The Division Bench's substitution of its own appreciation of the Will, of the parties' conduct, and of the applicability of statutory provisions bearing on the final merits, for the exercise of discretion by the learned Single Judge, was not warranted on the standard it had itself correctly recited, and constitutes precisely the kind of interference that Wander Ltd. &Anr. (supra) forbids."

(emphasis added)

10. The appellant contends that the Bank unilaterally restructured the loan accounts in violation of the applicable RBI circular, and that the appellant never consented to the terms and conditions of restructuring for either of the two loan accounts mentioned above. However, a perusal of the record reveals that the Bank initially sanctioned a term loan of ₹4,16,84,000/- (Loan Account No. 338600SA00000022), and subsequently granted an additional amount of ₹45,57,000/- (Loan Account No. 338600SA00000031). Under the initial sanction letter dated 12.02.2019, the interest rate for the former account was set at MCLR + 0.60% (i.e., 9.15% per annum as applicable to a B1 risk rating), subject to annual review linked to credit risk ratings as per Circular 54 of 2018. Similarly, the loan of ₹45,57,000/- obtained on 27.05.2020 carried an interest rate of 8.65% per annum, subject to identical terms.

11. The record further reveals that by way of a communication dated 11.08.2021, the appellant requested the respondent-Bank for a 10-year extension of the loan tenure. The respondent-Bank considered the appellant's request; however, in lieu of 10-years extension, the

competent authority sanctioned a restructuring of the loans vide sanction dated 10.12.2021, extending the tenure of both term loans by two years. The sanction letter setting forth the terms and conditions of restructuring was duly signed by the appellant, which stipulated an interest rate of 11.90%, as applicable to a B-3 risk-rated account. Furthermore, the sanction contained a provision empowering the Bank to review the re-assessed sanction limit at least semi-annually, with a complete renewal or re-assessment required on at least an annual basis.

12. The appellant’s plea that the loan restructuring was unilateral and non-consensual is manifestly unsubstantiated. The restructuring was initiated exclusively at the appellant's behest and subsequently formalized through a sanction letter duly accepted and signed by the appellant. The appellant cannot now be permitted to approbate and reprobate by challenging the very restructuring terms to which she voluntarily assented.

13. It is a settled principle of law that the grant of an injunction is governed by the irreducible trinity i.e. the existence of a robust *prima facie* case, the balance of convenience lying in favor of the applicant, and the manifest likelihood of suffering irreparable injury.

14. Though a *prima facie* case signifies the presence of substantial questions to be tried, the record in the instant dispute is bereft of any material to show that the Bank unilaterally restructured the loan accounts. The appellant, having acted upon and accepted the benefit of the restructuring, is precluded by law from approbating and

reprobating. In "**M/s. New Bihar Biri Leaves Co. and others Vs. State of Bihar and others"**, **AIR 1981 SUPREME COURT 679**, the Hon'ble Apex Court has observed as under:

> "50. **It is a fundamental principle of general application that if a person of his own accord, accepts a contract on certain terms and works out the contract, he cannot be allowed to adhere to and abide by some of the terms of the contract which proved advantageous to him and repudiate the other terms of the same contract which might be disadvantageous to him. The maxim is qui approbat non reprobat, (one who approbates cannot reprobate). This principle, though originally borrowed from Scots Law, is now firmly embodied in English Common Law. According to it, a party to an. Instrument or transaction cannot take advantage of one part of a document or transaction and reject the rest,** That is to say no party can accept and reject the same instrument or transaction."
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> (emphasis added)

15. In "**R. N. Gosain Vs. Yashpal Dhir", AIR 1993 SUPREME COURT 352,** Hon'ble the Apex Court has observed as under:

> "10. **Law does not permit a person to both approbate and reprobate. This principle is based on the doctrine of election which postulates that no party can accept and reject the same instrument and that "a person cannot say at one time that a transaction is valid and thereby obtain some advantage, to which he could only be entitled on the footing that it is valid, and then turn round and say it is void for the purpose of securing some other advantage"**. According to Halsbury's Laws of England, 4th Edn., Vol. 16, "after taking an advantage under an order (for example for the payment of costs) a party may be precluded from saying that it is invalid and asking to set it aside".
>
> (emphasis added)

16. Be that as it may, the gravamen of the suit pertains to the alleged overcharging of interest by the respondent-Bank. The monetary value of the alleged injury is thus easily quantifiable. Once harm is susceptible to full financial indemnification, the threshold requirement of 'irreparable loss' fails. The appellant's own prayer of seeking a

mandamus to appropriate the excess interest charged prior to 31.08.2021 in accordance with the original sanction letter dated 12.02.2019 demonstrates that any prospective injury is purely pecuniary in nature and fully rectifiable without injunctive relief. In "**Dalpat Kumar and another Vs. Prahlad Singh and others, AIR 1993 SUPREME COURT 276,** the Hon'ble Supreme Court of India has held as under:

> 5. Therefore, the burden is on the plaintiff by evidence aliunde by affidavit or otherwise that there is "a prima facie case" in his favour which needs adjudication at the trial. The existence of the prima facie right and infraction of the enjoyment of his property or the right is a condition for the grant of temporary injunction. Prima facie case is not to be confused with prima facie title which has to be established, on evidence at the trial. **Only prima facie case is a substantial question raised, bona fide, which needs investigation and a decision on merits. Satisfaction that there is a prima facie case by itself is not sufficient to grant injunction. The Court further has to satisfy that non-interference by the Court would result in "irreparable injury" to the party seeking relief and that there is no other remedy available to the party except one to grant injunction and he needs protection from the consequences of apprehended injury or dispossession. Irreparable injury, however, does not mean that there must be no physical possibility of repairing the injury, but means only that the injury must be a material one, namely one that cannot be adequately compensated by way of damages.** The third condition also is that "the balance of convenience" must be in favour of granting injunction. The Court while granting or refusing to grant injunction should exercise sound judicial discretion to find the amount of substantial mischief or injury which is likely to be caused to the parties, if the injunction is refused and compare it with that it is likely to be caused to the other side if the injunction is granted. If on weighing competing possibilities or probabilities of likelihood of injury and if the Court considers that pending the suit, the subject-matter should be maintained in status quo, an injunction would be issued. Thus the Court has to exercise its sound judicial discretion in granting or refusing the relief of ad interim injunction pending the suit."
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> (emphasis added)

17. We have examined the judgment passed by the learned trial court and we find that the learned trial court has rightly arrived at the conclusion that the appellant has failed to establish prima facie case for issuance of injunction. Similarly, the learned Trial Court has rightly concluded that any loss allegedly suffered by the appellant is capable of monetary indemnification in the event the appellant ultimately succeeds in the suit. The discretion exercised by the learned trial Court in refusing the injunction cannot be said to be perverse, capricious or arbitrary in any manner.

18. In view of the above, the present appeal is found to be devoid of any merit and the same is, accordingly, **dismissed.**

(M A Chowdhary)
Judge

(Rajnesh Oswal)
Judge

JAMMU
21.08.2026
NEHA-1

Whether the order is speaking: Yes
Whether the order is reportable: Yes