



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 21ST DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE ANANT RAMANATH HEGDE

REGULAR FIRST APPEAL NO. 1103 OF 2019 (MON)

BETWEEN:

1. M/S NMRM INFOTECH PVT. LTD.,
B.503, SANKALP-II, NEAR GOKULDHAM
PIMPRIIPADA MALAD-EAST, MUMBAI-400097,
MAHARASTRA,
REPRESENTED BY ITS DIRECTOR,
MR NIRAJ S MANDAL.
2. MR NIRAJ S MANDAL,
S/O S P MANDAL,
AGED ABOUT 47 YEARS,
NMRM INFOTECH PVT LTD.,
B.503, SANKALP-II,
NEAR GOKULDHAM,
PIMPRIIPADA MALAD-EAST,
MUMBAI-400097, MAHARASTRA.
3. MRS ROHIN NIRAJ MANDAL,
W/O MR NIRAJ MANDAL,
AGED ABOUT 42 YEARS,
DIRECTOR, NMRM INFOTECH PVT LTD.,
B.503, SANKALP-II,
NEAR GOKULDHAM,
PIMPRIIPADA MALAD-EAST,
MUMBAI-400097MAHARASTRA.

...APPELLANTS

(BY SRI M C JAYAKIRTHI, ADVOCATE)

AND:

GEETHA ELECTRONICS,
PERPRO GEETHA MONITORS PVT LTD.,

Digitally signed
by BELUR
RANGADHAMA
NANDINI

Location: HIGH
COURT OF
KARNATAKA



NO.38/II FLOOR, N S IYENGAR STREET,
BANGALORE - 560020,
REPRESENTED BY ITS DIRECTOR,
MR ASHOK ARJANDAS CHHABRIA,
AGED ABOUT 62 YEARS.

...RESPONDENT

(BY SRI ASHOK G V, ADVOCATE)

THIS RFA IS FILED UNDER ORDER 41 RULE 1 R/W
SECTION 96 OF THE CODE OF CIVIL PROCEDURE AGAINST THE
JUDGMENT AND DECREE DATED 23.01.2019 PASSED IN OS
NO.63/2015 ON THE FILE OF THE XXXVIII ADDL. CITY CIVIL
AND SESSIONS JUDGE, BANGALORE CITY DECREETING THE
USIT FOR RECOVERY OF MONEY.

THIS APPEAL, COMING ON FOR DICTATING JUDGMENT,
THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:
CORAM: HON'BLE MR. JUSTICE ANANT RAMANATH HEGDE

ORAL JUDGMENT

This appeal is filed against the judgment and decree
dated 23.01.2019 in O.S.No.63/2015 for recovery of money.
Plaintiff's suit to recover Rs.2,14,812/- is decreed along with
interest rate of 18% per annum. The suit is filed on the premise
that the plaintiff had supplied certain products to the defendant
No.1 Company.

2. Defendant No.1 is a Company, defendants No.2 and
3 are the Directors of the said Company. The fact that the
goods were supplied to defendant No.1 is not in dispute. The



defendant No.1 issued a cheque for Rs.2,14,812/- being the price of the product is not in dispute.

3. It is also not in dispute that the said cheque was not honoured as defendant No.1 instructed to stop payment. Defendants raised the contention that out of the three goods purchased, two were defective, as such, the defendants informed the plaintiff not to present the cheque for collection.

4. The suit is decreed holding that the defendants are liable to pay the amount on the premise that the goods were sold under the "manufacturer's warranty" in case of defect. Aggrieved by the aforementioned judgment and decree, the defendants are before this Court.

5. Learned counsel appearing for the defendants would urge that the goods were defective and it was not immediately noticed. It was sold to a customer of the first defendant, who in turn sold to his customer and the end user pointed out the defect and same was brought to the notice of the plaintiff's vendor through email dated 04.09.2014. Despite the defect being brought to the notice of the plaintiff and despite the instruction not to present the cheque for collection, the plaintiff



proceeded to present the cheque for collection without rectifying the defect in the goods, as such, the Trial Court could not have granted a decree for recovery of the amount. Thus, it is urged that the suit has to be dismissed by setting aside the judgment and decree.

6. Learned counsel for the appellants would submit that First Appellate Court has not referred to the e-mail communications marked at Exhibits D3, D6, D7 and D8. He would submit that from the said e-mail communications, it can be inferred that the manufacturer has directed the plaintiff to replace the goods, as such, the plaintiff is under obligation to replace the goods and he has not replaced the goods, as such, the suit is not maintainable.

7. In the alternative, it is also urged that the award of 18% interest is untenable and the Trial Court would not have awarded 18% interest on the transaction of this nature.

8. Learned counsel for the plaintiff/respondent would urge that the goods were specifically sold under the manufacturer's warranty where the purchaser would require to make a claim against the manufacturer in the event of any defect.



9. It is further submitted that there were no defects when the goods were sold by the plaintiff to the defendants and in case the end user has found any defect in the product, the plaintiff cannot be held responsible. The responsibility, if any, still would be that of the manufacturer.

10. In addition, learned counsel for the plaintiff would also urge that in the cross-examination, DW-1 has admitted that the goods were working fine 5 days after it was installed, and thereafter, an attempt was made by the end user to insert the disc and probably that is one of the reasons why the two products started malfunctioning, if at all, the contention relating to the defect is true.

11. The Court has considered the contentions raised in the Bar and perused the records.

12. The following point arises for consideration:

"Whether the appellants are able to establish that two products out of the three products purchased were defective?"

13. The evidence on record would indicate that the goods are supplied to the first defendant and later the first defendant



has sold the same to his customer and dealer has sold the same to the end customer.

14. The purchase order placed by the plaintiff would indicate that the goods are sold under the manufacturer's warranty. If that is the case, the plaintiff/seller cannot be held responsible as the purchaser has agreed to purchase the goods under the manufacturer's warranty.

15. The evidence on record would also indicate that the manufacturer has responded to the purchaser's complaint relating to the goods. However, the learned counsel for defendants would urge that Ex.P8, the communication addressed by the manufacturer to the plaintiff is not marked to the defendants, and the said document is a fake document as stated in the evidence by DW-1, and that document is not proved, there is no evidence to show that manufacturer has addressed the issue.

16. It is to be noticed that the first defendant has admitted in the cross-examination that 1st defendant has received the sale consideration amount from his customer. That



being the position, the Court is of the view that the 1st defendant has received sale consideration.

17. It is not the case of the first defendant that he has reimbursed the end purchaser for the alleged defect in the goods.

18. It is also required to be noticed that the alleged defect in the goods is also not established as there is no such evidence to hold that the goods were defective when it was sold by the plaintiff to the first defendant.

19. Admittedly, the cheque issued by the first defendant to the plaintiff towards sale consideration amount is dishonored and amount is not paid.

20. The learned appearing for the respondent/plaintiff would urge that the plaintiff in his cross-examination has admitted that he has received the replacement from the manufacturer and that being the position, the contention that the goods are not replaced is not available to the defendants/appellants.

21. The Court has gone through the communications referred to by learned counsel for the appellants marked at Exhibits



D3, D6, D7 and D8. From the said communications, one cannot conclude that the manufacturer has directed the plaintiff to replace the goods on account of the alleged defect.

22. Even assuming that there is such a direction, it is not the case of the plaintiff that under the contract of warranty that was in place between the plaintiff and the defendants, the plaintiff has not agreed to replace the goods at the direction of the manufacturer in the event of manufacturer declining to discharge his obligation under the warranty. The warranty is very specific. The goods are sold at the manufacturer's warranty.

23. That being the position, the contention that the plaintiff being the distributor, is under the obligation to oblige the direction of the manufacturer's warranty, cannot be accepted. Even if it is established that the goods are replaced and the defendant No.1 has paid for the new goods, it is for the defendants to make a claim against the manufacturer. Thus, the contention of the defendants/appellants that the plaintiff is not entitled to the value of the goods sold cannot be accepted.

24. This Court does not find any error in the judgment and decree passed by the Trial Court.



25. The only question is "whether the Trial Court could have awarded 18% interest per annum in this particular transaction which is said to have taken place in the year 2014?"

26. As already noticed, the Court has awarded 18% interest. Learned counsel for the plaintiff/respondent would urge that under the contract, the defendant had agreed to pay 24% interest per annum and, as such, there is no scope for further reduction as the Trial Court itself has awarded 18% interest per annum.

27. Learned counsel for the plaintiff/respondent placed reliance on the judgment of the Apex Court in ***Clariant International Ltd and Another vs. Securities & Exchange Board of India***¹.

28. The transaction is a commercial transaction. There is a contract relating to payment of interest. Though the documents would indicate that defendants agreed to pay 24% interest, the Court is of the view that discretion exercised by the Trial Court under *Proviso* to Section 34 of the Civil Procedure Code (CPC) awarding

¹ (2004) 8 SCC 524



18% interest need not be interfered with to reduce the interest further.

29. Accordingly, the appeal is ***dismissed***.

30. Amount in deposit shall be released in favour of the respondent/plaintiff.

Sd/-

(ANANT RAMANATH HEGDE)
JUDGE

DKB/GVP
List No.: 1 Sl No.: 50