



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF MARCH, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C.M. POONACHA

COMMERCIAL APPEAL NO. 339 OF 2024

BETWEEN:

1. M/S G.K. ISPAT PRIVATE LIMITED
HAVING ITS OFFICE AT NO.44
BRIGADE BUSINESS SUITES
5TH FLOOR, T. MARIYAPPA ROAD
(100 FEET ROAD) JAYANAGAR II BLOCK
BENGALURU - 560 011
REPRESENTED BY ITS AUTHORIZED SIGNATORY
MR. VINAY M
S/O MARIYAPPA

...APPELLANT

(BY SRI P.B. RAJU, ADVOCATE)

AND:

1. M/S SAI CONSTRUCTION
HAVING ITS REGISTRATION OFFICE AT
NO.13, 1ST BLOCK
NARAYANAGAR ANJINAPURA MAIN ROAD
DODDAKALLASANDRA POST
KANAKAPURA ROAD
BENGALURU - 560 062
REPRESENTED BY ITS CHAIRMAN
MR. RAVI G

...RESPONDENT

(BY SRI GANAPATI BHAT VAJARALLI, ADVOCATE FOR C/R)



THIS COMMERCIAL APPEAL IS FILED UNDER SECTION 13 (1-A) OF THE COMMERCIAL COURTS ACT, 2015, PRAYING TO CALL FOR THE RECORDS IN COM O.S. NO.245/2023 PASSED BY THE HON'BLE LXXXV ADDITIONAL CITY CIVIL AND SESSIONS JUDGE COMMERCIAL COURT (C.C.H. NO.86) & SET ASIDE THE IMPUGNED JUDGMENT AND DECREE DATED 28.06.2024 PASSED IN COM.O.S. NO.245/2023 PASSED BY THE LXXXV ADDITIONAL CITY CIVIL AND SESSIONS JUDGE COMMERCIAL COURT (C.C.H. NO.86) BENGALURU & ETC.

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

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MR. JUSTICE C.M. POONACHA

ORAL JUDGMENT

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

1. The appellant has filed the present appeal impugning the judgment and decree dated 28.06.2024 passed by the LXXXV Additional City Civil and Sessions Judge, Bengaluru [**Commercial Court**] in Com. O.S.No.245/2023.



2. The respondent [**the plaintiff**] had filed the said suit for recovery of an amount of ₹64,36,360/- along with interest for the period 24.12.2020 to 26.09.2022, quantified at ₹27,03,271/-. Additionally, the plaintiff also sought interest from 26.09.2022 till the date of filing of the suit, that is till 16.02.2023, quantified at ₹6,43,636/-.

3. The learned Commercial Court decreed the said suit for a sum of ₹97,83,267/- along with interest at the rate of 24% per annum from the date of suit till realisation.

4. It is the plaintiff's case that it had paid a sum of ₹74,36,360/- to the appellant on 24.12.2020 as an advance payment for purchasing 115 metric tons of steel (Tata Steel). The plaintiff claimed that the material was required to be delivered at the construction site at Yeshwanthpura. Although the appellant had received the entire amount in advance, it failed to supply the agreed material. The plaintiff claimed that it sent repeated reminders calling upon the appellant to either supply the steel or refund the amount. The appellant refunded an amount of ₹10,00,000/- on 08.04.2021, leaving a balance amount of



₹64,36,360/- as outstanding. The plaintiff claimed that the appellant was liable to pay the said amount with interest at the rate of 24% per annum.

5. The plaintiff issued a legal notice dated 26.09.2022 (Exhibit-P3) calling upon the appellant to pay a sum of ₹90,10,827/- along with interest at the rate of 24% per annum from the date of notice (that is, from 26.09.2022). The said amount of ₹90,10,827/- comprised of an amount of ₹64,36,360/-, which remained outstanding and ₹25,74,467/- being the interest quantified at the rate of 24% per annum on the said amount from 24.12.2020 till the date of issuing the notice that is, till 26.09.2022.

6. The appellant filed a written statement denying that the plaintiff had placed the purchase order dated 24.12.2020 or that it had undertaken to pay the amount as claimed.

7. It is not necessary to examine whether the appellant is required to pay interest on the amount of ₹10,00,000/-, which was refunded. The plaintiff does not claim any interest on this amount. Further, the appellant has paid the sum of ₹64,36,360/- on 12.03.2025 and does not challenge the decree for the said amount.



The appellant has confined the dispute to the decree for the payment of interest.

8. The only question to be examined is whether the plaintiff is entitled to interest at the rate of 24% per annum on the amount of ₹64,36,360/- from the date the said amount was advanced by the plaintiff, till realisation.

9. It is material to note that in its statement, the appellant has denied that there was any agreement between the parties for payment of interest on the amount advanced. Concededly, there is no agreement on record which would substantiate that the appellant is liable to pay interest at the rate of 24% per annum on the amount as advanced.

10. In the written statement filed by the appellant, as well as in the affidavit in lieu of examination in chief, Sri Vinay M (DW.1) expressly affirmed that the calculations of interest as claimed were highly exaggerated and were not a part of any agreement between the parties. DW.1 was cross-examined. However, no question was put to DW.1 regarding any understanding or agreement regarding pre-suit interest.



11. In view of the above, we are unable to accept that the appellant was liable to pay interest from the date on which it had received the payments. However, the plaintiff had sent a legal notice dated 26.09.2022 (Exhibit-P3) calling upon the appellant to refund the said amount along with interest at the rate of 24% per annum. Thus, clearly, the appellant would be liable to pay interest from the date of the said notice that is, from 26.09.2022.

12. The only question remaining is whether the demanded rate of interest is reasonable or exaggerated.

13. The plaintiff had referred to the invoices (Exhibit D.5 to Exhibit D.13) raised by the appellant on a third-party buyer (Best Golden Developers Private Limited). The said invoices provided that interest at a rate of 2% per month would be payable from the due date. It is thus not disputed that the appellant supplied goods on the condition that if the payments were not made within time, the buyers would be liable to pay 2% interest (which amounts to 24% per annum).



14. In this view, we are unable to accept that the demand of interest at the rate of 24% per annum in the notice served by the plaintiff is unreasonable or otherwise not in conformity with the commercial terms on which transactions relating to the purchase and supply of goods, are usually consummated.

15. In view of the above, we are unable to accept that the plaintiff would not be entitled to interest from the date of the notice demanding repayment, that is, 26.09.2022, till the date of payment of the said amount.

16. In view of the above, we find no ground to interfere with the decree insofar as it relates to interest, except to the extent that the interest would run from 26.09.2022, being the date of the notice demanding interest (Exhibit-P3), till 12.03.2025, being the date on which the amount was deposited in the Court.

17. The learned counsel appearing for the respondent (plaintiff) fairly states that the plaintiff is not claiming any interest on the sum of ₹10,00,000/-, which was paid on 08.04.2021.

18. The decree is modified to the aforesaid extent.



19. The appeal is partly allowed in the aforesaid terms.
20. The pending interlocutory application stands disposed of.

**SD/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**SD/-
(C.M. POONACHA)
JUDGE**

KPS
List No.: 2 Sl No.: 11