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C.S.No.136 of.



IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON 14.02.2025	PRONOUNCED ON 23.06.2025
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CORAM :

THE HON'BLE MR.JUSTICE K.KUMARESH BABU

C.S.No.136 of 2020

M/s.Tractors and Farm Equipment Limited,
77, Nungambakkam High Road,
Chennai – 600 034.

Represented by its Authorised Signatory Mr.C.Sounderarajan ... Plaintiff

vs.

1.M/s.Shreeji Tractors,
Opp.GIDC Main Gate,
Lunawala Road, Godhra - 389 001.

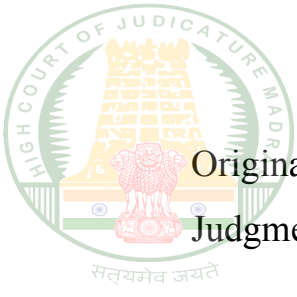
2.Mr.Jagdishbhaichimanbhai Patel,
No.13, Mehta Block,
Rangoonwala Compound, Prabha Road,
Godhra – 389 001.

3.Mr.Jitendrabhaikeshvlal Parekh,
No/3-769, Santhi Niwas Society,
Godhra – 389 001.

4.Mr.DharmeshbhaiBhupendrabhai Patel,
No.3- 769, Shanthi Niwas Society,
Godhra – 389 001.

... Defendants

Prayer : Civil Suit filed under Order IV Rule 1 & 2 of Madras High Court



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Original Side Rules read with Order VII Rule 1 of CPC to pass decree and Judgment against the defendant as hereunder:-

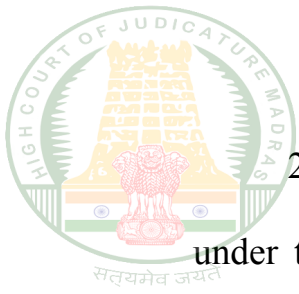
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- a) Directing the defendant to pay a sum of Rs.1,69,77,038.82 with interest at 18% per annum from the date of the suit till the date of payment;
- b) for such further or other reliefs, as this Court may deem fit and proper in the circumstances; and
- c) For the costs of the suit.

For Plaintiff : Ms.V.Nithiyasri
for M/s.S.Ramasubramaniam Associates
For defendants : D1 to D4 set ex-parte on 05.01.2024

J U D G M E N T

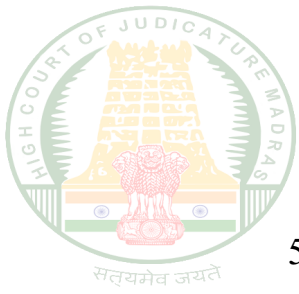
The present suit has been filed for the recovery of a sum of Rs. 1,69,77,038.82 (Rupees One Crore Sixty-Nine Lakhs Seventy-Seven Thousand Thirty-Eight and Paise Eighty-Two only) from the defendants.



2) The plaintiff's case is that the plaintiff is a company incorporated under the Companies Act, 1956, engaged in the manufacture of agricultural tractors and farm equipment, holding a market share of 25% with annual sales exceeding 1,50,000 tractors. The first defendant was a dealer for the plaintiff, and the remaining defendants are partners of the first defendant. A dealership agreement was executed between the plaintiff and the defendants on 01.01.2015. The first defendant breached the dealership agreement by failing to pay the suit amount in respect of the purchase of tractors from the plaintiff. Despite several requests and communications from the plaintiff, the defendants failed to make the payment. Hence, the plaintiff has filed this suit for the recovery of the outstanding amount.

3) On the side of the plaintiff, Mr.P.R.Mohamed Bilal, Assistant Manager of the plaintiff has been examined as PW1 and marked Ex.P1 to Ex.P43. The defendants were set exparte on 05.01.2024.

4) Heard Ms.V.Nithyasri, learned counsel appearing for M/s.S.Ramasubramaniam and Associates, learned counsel appearing for plaintiff.

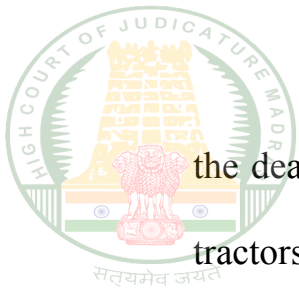


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5) Ms. V. Nithyasri, learned counsel appearing for the plaintiff, submits that the plaintiff company is incorporated under the Companies Act, 1956, and is engaged in the manufacture of agricultural tractors and farm equipment. She further submits that the plaintiff company is the second-largest tractor manufacturer in India, holding a market share of 25% with annual sales of over 1,50,000 tractors. She also submits that the plaintiff company has around 700 dealers across the country who directly sell their products to consumers. Additionally, she submits that the relationship between the dealer and the company is that of principal to principal and not that of principal-agent.

6) She submits that the plaintiff and the first defendant entered into a dealership agreement which was marked as Ex.P5. The plaintiff and the defendants have maintained the dealership since 01.10.2002. She further submits that upon the demise of one of the three partners, the deceased partner's wife was inducted as a partner, and after her resignation, the fourth defendant was inducted as a new partner as per the partnership deed dated 01.04.2016, marked as Ex.P6.

7) She submits that the defendants' performance during the initial stages of



the dealership was reasonably satisfactory. However, subsequently, the sale of tractors by the defendants declined from September 2017 onwards. She further contends that the plaintiff company sent emails highlighting the decline in sales and requesting settlement of the outstanding dues on various dates. These email correspondences were marked as Ex.P7. She submits that the defendant replied on 19.12.2017, admitting the outstanding dues and expressing their efforts to clear them, under Ex.P8. She further contends that several discussions were held between January 2018 and September 2019, during which the defendants admitted their liability and assured the clearance of the overdue amounts. In particular, on 10.03.2018, the plaintiff wrote a letter to the first defendant pointing out that a sum of Rs. 393.61 lakhs was due and payable by the defendants. This letter was marked as Ex.P11.

8) She further submits that during the negotiation process, the dealership agreement was further extended for six months from 01.01.2018 to 30.06.2018 by a letter dated 19.03.2018, under the genuine belief that the defendants would clear the outstanding dues. This letter was marked as Ex.P12. Subsequently, in December 2018, the first defendant sent a letter promising to clear all outstanding dues, marked as Ex.P18. She contends that upon expiry of the renewal period, the plaintiff was not inclined to renew the dealership further.



However, the defendants continued purchasing tractors from the plaintiff and reselling them in the same manner as during the agreement period until September 2019.

9) She further submits that in the meantime, several discussions took place between the parties, and minutes of the meetings were recorded, but they did not yield any positive outcome during April 2019. Subsequently, the first defendant issued six post-dated cheques on different dates, which were not presented in good faith as the plaintiff genuinely believed that the defendants would settle the outstanding dues. These letters and cheques were marked as Ex.P29 to Ex.P34. She contends that even during the meeting on 10.09.2019, the defendants failed to indicate their intention to wind up operations and instead made a false commitment to sell 80 tractors in September 2019 and 70 tractors in October 2019. During that time, the first defendant gave an undertaking to clear the outstanding dues of Rs. 124.84 lakhs. The minutes of the meeting were marked as Ex.P37.

10) She contends that despite repeated requests from the plaintiff over a considerable period, the defendants failed to clear the liabilities owed to the plaintiff company. She further submits that the suit amount remains due and



payable to date. Upon inquiry, the plaintiff discovered that the third defendant had invested in the competitor's products instead of settling the dues owed to the plaintiff, which constitutes a violation of Clause 16(s) of the Dealership Agreement. She further submits that since the first defendant is a partnership firm and the other defendants are partners, they are jointly and severally liable to pay the suit amount, which they have admitted. Hence, she prays for a decree in favor of the plaintiff.

11) I have considered the submission of the learned counsel for the plaintiff and perused the materials available on record.

12)The defendants have been appointed as the dealer of the plaintiff. Many documents have been placed on record to substantiate the said dealership and the continuous transactions between the plaintiffs and the defendants under Ex.P7, which is the minutes of the meeting of the distributorship between the plaintiffs and the defendants. According to the plaintiffs, the defendants had failed to clear its liabilities and hence, they have filed the present suit. The defendants having being served the summons in the suit had failed to enter appearance and they were set ex-parte as early as on 05.01.2024.



13) This Court has perused the materials placed before this Court and various documents filed in support of the deposition of PW1 representing the plaintiff stands proved. Under document Ex.P37, the defendants 2 to 4 are the partner of the first defendant had categorically admitted to the outstanding due to a sum of Rs.124.84 lakhs. The present suit has been filed for recovery of a sum of Rs.1,69,77,038.82 which represents the outstanding due as on date of Ex.P.37 along with interest thereon.

14) In fine, the suit is decreed as prayed for. The defendants shall pay the plaintiffs a sum of Rs.1,69,77,038.82 together with interest at the rate of 9% per annum within a period of three (3) months from the date of receipt of a copy of this judgment. However, there shall be no order as to costs.

23.06.2025

Index : Yes / No
Internet : Yes / No
Gba



Plaintiff's witness:

P.W.1 – Mr.P.R.Mohamed Bilal

Documents exhibited by the petitioners:

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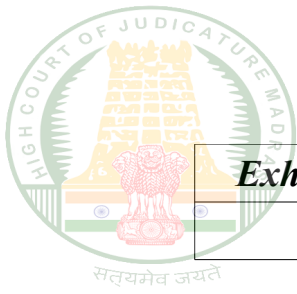
<i>Exhibits</i>	<i>Documents</i>
Ex.P1	The authorisation letter dated 13.06.2024
Ex.P2	The Office copy of the letter of Intent dated 26.07.2001
Ex.P3	The photocopy of the Letter of Acceptance sent by 1 st defendant firm to plaintiff dated 16.08.2001.
Ex.P4	The Office copy of the plaintiff's letter to the 1 st defendant firm dated 18.07.2007
Ex.P5	The Photocopy of the Dealer Agreement dated 01.01.2015
Ex.P6	The office copy of the deed of retirement of One Partner and Admission of One New Partner (Deed of Partnership) of the 1 st Defendant's firm dated 01.04.2016.
Ex.P7	The printout of the E-mail correspondence exchanged between the plaintiff and the 1 st defendant's firm from 07.12.2017 to 06.01.2018.
Ex.P8	The photocopy of the 1 st defendant's letter to the plaintiff dated 19.12.2017.
Ex.P9	The photocopy of the Minutes of Meeting dated 16.01.2018.
Ex.P10	The photocopy of the Minutes of Meeting dated 09.02.2018.
Ex.P11	The Office copy of the plaintiff's letter to the 1 st defendant firm dated 10.03.2018
Ex.P12	The Office copy of the Dealership Renewal Letter dated 19.03.2018
Ex.P13	The photocopy of the Minutes of Meeting dated 04.06.2018.
Ex.P14	The photocopy of the Minutes of Meeting dated 07.07.2018.



Exhibits	Documents
Ex.P15	The photocopy of the Minutes of Meeting dated 22.09.2018.
Ex.P16	The photocopy of the Minutes of Meeting dated 05.11.2018.
Ex.P17	The photocopy of the Minutes of Meeting dated 26.11.2018.
Ex.P18	The photocopy of the 1 st defendants letter to plaintiff December, 2018
Ex.P19	The Office copy of the plaintiff's letter to the 1 st defendant firm dated 28.01.2019
Ex.P20	The photocopy of the Minutes of Meeting dated 13.02.2019.
Ex.P21	The photocopy of the Minutes of Meeting dated 27.02.2019.
Ex.P22	The printout of the E-mail sent by the Plaintiff to the 1 st defendant firm dated 08.03.2019
Ex.P23	The Office copy of the plaintiff's letter to the 1 st defendant firm dated 16.03.2019
Ex.P24	The printout of the E-mail sent by the plaintiff to the 1 st defendant firm dated 06.04.2019
Ex.P25	The photocopy of the Minutes of Meeting dated 15.04.2019.
Ex.P26	The Office copy of the plaintiff's letter to the 1 st defendant firm dated 16.04.2019
Ex.P27	The photocopy of the Minutes of Meeting dated 04.05.2019.
Ex.P28	The photocopy of the Minutes of Meeting dated 23.05.2019.
Ex.P29	The photocopy of the Letter sent by the 1 st defendant firm enclosing cheque dated 30.06.2019 issued in favour of the Plaintiff dated 27.05.2019
Ex.P30	The photocopy of the Letter sent by the 1 st defendant firm enclosing cheque dated 30.06.2019 issued in favour of the Plaintiff dated 29.05.2019
Ex.P31	The photocopy of the Letter sent by the 1 st defendant firm



Exhibits	Documents
	enclosing cheque dated 15.06.2019 issued in favour of the Plaintiff dated 11.06.2019
Ex.P32	The photocopy of the Letter sent by the 1 st defendant firm enclosing cheque dated 30.06.2019 issued in favour of the Plaintiff dated 18.06.2019
Ex.P33	The photocopy of the Letter sent by the 1 st defendant firm enclosing cheque dated 30.06.2019 issued in favour of the Plaintiff dated 24.06.2019
Ex.P34	The photocopy of the Letter sent by the 1 st defendant firm enclosing cheque dated 30.07.2019 issued in favour of the Plaintiff dated 29.06.2019
Ex.P35	The photocopy of the Minutes of Meeting dated 16.07.2019.
Ex.P36	The photocopy of the Minutes of Meeting dated 14.08.2019.
Ex.P37	The photocopy of the Minutes of Meeting dated 10.09.2019.
Ex.P38	The printout of the Statement of Accounts of 1 st Defendant's firm for the period 01.04.2019 to 31.01.2020 dated 02.03.2020.
Ex.P39	The printout of the Ledger Account of the 1 st defendant firm for the period 01.04.2019 to 06.12.2019
Ex.P40	The office copy of the Title document in respect of the 1 st defendant's showroom.
Ex.P41	The office copy of the Bank Statement of the 1 st defendant firm for the period 01.07.2019 to 14.10.2019
Ex.P42	The office copy of the Letter of Intent issued in favour of the 1 st Defendant firm by a direct competitor of the plaintiff dated 26.08.2019
Ex.P43	The photocopy of the Photographs of the First Defendant's



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<i>Exhibits</i>	<i>Documents</i>
	showroom

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Defendant's witness:

NIL

Documents exhibited by the Respondent:

NIL

23.06.2025

Gba



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K.KUMARESH BABU.J.,

Gba

Pre-delivery Order in
C.S.No.136 of 2020

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