RESERVED ON 15TH SEPTEMBER 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF OCTOBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

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

WRIT APPEAL NO. 439 OF 2025 (GM-KEB)

BETWEEN:

1. CHAMUNDESHWARI ELECTRICITY
   SUPPLY CORPORATION
   CORPORATE OFFICE, NO.29
   VIJAYANAGAR, 2ND STAGE
   HINKAL, MYSURU - 570 017
   REPRESENTED BY ITS
   MANAGING DIRECTOR

…APPELLANT

(BY SRI S. SRIRANGA, SENIOR ADVOCATE A/W
SMT. UTTUR PADMAVATI SURESH, ADVOCATE &
SMT. ANITHA N. RAVINDRA, ADVOCATE)

Digitally signed by AMBIKA H B
Location: High Court of Karnataka

AND:

1. J. K. TYRE AND INDSTURIES LIMITED
   HAVING ITS FACTORIES AND OFFICE AT
   K.R.S. ROAD, METAGALLI
   MYSURU - 570 016
   REPRESENTED BY ITS

GENERAL MANAGER
COMMERCIAL AND ACCOUNTS
MR. RAMPRASAD M.P.

2. STATE OF KARNATAKA
BY PRINCIPAL SECRETARY TO THE
DEPARTMENT OF ENERGY
VIKASA SOUDHA
DR.AMBEDKAR VEEDI
BENGALURU - 560 001

…RESPONDENTS

(BY SRI R.V.S. NAIK, SENIOR ADVOCATE A/W
SRI N.D. SATISHCHANDRA, ADVOCATE FOR R-1;
SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-2)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE ORDER DATED 18.12.2024 PASSED BY THE LEARNED SINGLE JUDGE IN W.P.No.9969/2021 (GM-KEB) AND CONSEQUENTLY DISMISS THE WRIT PETITION.

THIS WRIT APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT, COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS PRONOUNCED AS UNDER:

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

C.A.V. JUDGMENT

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

1. The appellant, Chamundeshwari Electricity Supply Corporation Limited [**'CESCOM'**], has filed the present appeal impugning the order dated 18.12.2024 [**the impugned order**] passed by the learned Single Judge in W.P.No.9969/2021 (GM-KEB).

2. Respondent No.1, J.K. Tyre and Industries Ltd. [**JKTIL**] had filed the aforesaid petition praying as under:

> "i. Direct the respondents to relax the payment of Demand Charge/Fixed Charges during the lockdown period and refund the payments made by the petitioner towards Demand Charge/Fixed Charges, during the lockdown period.
>
> ii. Pass such other order as this Hon'ble Court deems fit, in the interest of justice and equity."

3. The learned Single Judge partly allowed the petition by the impugned order. The court directed CESCOM to retain only 3.1% and 5.1% of the demand charges of ₹16,95,750/- and ₹18,74,250/- invoiced for April, 2020, in respect of its installations bearing RR No.HT-57 and RR No.HT-138 respectively, and to refund or adjust the remainder against future bills.

FACTUAL MATRIX

4. JKTIL is a company incorporated under the Companies Act, 1956, having its registered office in Rajasthan and three tyre-manufacturing plants at Mysuru. JKTIL has secured high-tension [**'HT'**] power supply under two connections bearing RR No.HT-57 and RR No.HT-138, for its plants in Mysuru. The erstwhile Mangalore Electricity Supply Company Limited [**'MESCOM'**] originally provided these electricity connections and since its bifurcation, CESCOM supplies them.

5. JKTIL had entered into the agreements dated 11.12.2003 [**Agreement HT-57**] and 16.02.2006 [**Agreement HT-138**] for permanent HT power supply in respect of two installations – plant nos.1 and 2. These agreements, which are similarly worded are hereafter collectively referred to as 'the agreements'. Clause 2 of the agreements obliged the supplier to supply, and the consumer to receive, the contracted demand and Clause 3, titled "Reduction of Minimum Charges", provided for alteration of demand if the Consumer is prevented from receiving and using electrical energy supplied under this agreements

6. In view of the outbreak of the COVID-19 pandemic, the Central Government ordered a nationwide lockdown with effect from 24.03.2020 until 03.05.2020. The lockdown restrictions were eased from 04.05.2020 onwards. JKTIL contends that, as a result of the disruption caused by the nationwide lockdown, its plants remained non-operational and it was unable to receive and use the contracted electrical energy.

7. Pursuant to the Government Order dated 08.05.2020, the Government of Karnataka granted relaxation in the payment of electricity bills due to the lockdown. MSME industries were exempted from paying demand/fixed charges for April and May 2020, and Non-MSME industries could defer payment of consumption charges until 30.06.2020.

8. It is not in dispute that JKTIL's industry falls within the Non-MSME category.

9. JKTIL addressed a representation dated 29.08.2020 to CESCOM seeking waiver of the demand/fixed charges and electricity charges for the lockdown period. CESCOM declined the request by communication dated 05.10.2020, stating that only deferment, not waiver, was available to non-MSME units. JKTIL

submitted a representation to the Hon'ble Chief Minister and the Minister of Energy on 29.09.2020, in response to which the Additional Chief Secretary, Energy Department, sent a communication dated 19.10.2020, advising JKTIL to approach CESCOM's local office.

10. Aggrieved by the denial of its request, JKTIL instituted W.P.No.9969/2021 (GM-KEB), seeking a direction to CESCOM to relax the demand/fixed charges levied during the lockdown period and to refund the amounts already recovered, together with consequential reliefs.

11. One of the questions that arose during the course of hearing of the writ petition was whether the charge levied on the respondent was, in substance, a 'demand charge' or a 'minimum charge'. By an order dated 23.08.2024, the learned Single Judge directed CESCOM to place on record an affidavit disclosing the units consumed by JKTIL. In compliance with the said directions, CESCOM filed an affidavit disclosing the energy consumed by JKTIL during the months of February, March and April 2020. The counter affidavit filed by JKTIL disclosed that, for April, 2020, its

consumption had fallen to 3.1% (RR No.HT-57) and 5.1% (RR No.HT-138) of its average consumption for the preceding months.

12. By the impugned order, the learned Single Judge held that the pandemic-induced lockdown constituted a *force majeure* event within the scope of Clause 3 of the agreements. The learned Single Judge reasoned that the steep, undisputed fall in consumption established that JKTIL's units had in fact remained shut during the said period. The court observed CESCOM's contention that 'demand charges' and 'minimum charges' were distinct and separate concepts was, in substance, an argument to avoid its contractual liability. The court held that any charge payable irrespective of actual consumption fell within the expression 'minimum charge' and that JKTIL was entitled to a proportionate reduction of the demand charges levied for April, 2020. However, the learned Single Judge also clarified that the directions would not operate as a precedent for other consumers, as they were rendered in the context of the specific contractual clause between the parties.

13. Aggrieved by the impugned order, CESCOM preferred the present appeal, principally on the grounds that the dispute, being contractual and relating to billing, ought to have been relegated to

the Consumer Grievance Redressal Forum under Section 42(5) to (7) read with Section 181 of the Electricity Act, 2003; and that the learned Single Judge erred in treating 'demand charges' as synonymous with 'minimum charges' for the purposes of Clause 3 of the agreements. The learned counsel for CESCOM contended that the two are distinct charges under the Conditions of Supply of Electricity of Distribution Licensees, 2010 [**Conditions of Supply**].

14. Clause 3 of the agreements expressly provide that if a consumer is prevented "from receiving and using" electrical energy supplied under the agreements owing to certain *force majeure* events, the contracted demand for such period shall be altered accordingly. The dispute is essentially confined to whether "demand charges" fall within Clause 3 of the agreements in question. The electricity bill for the month of April 2020 is placed on record. The said bill includes "Demand Charges" of 8,075 KVA at ₹210/- per KVA, amounting to ₹16,95,750/-.

15. The term "Demand Charge" is not defined in the agreements. However, the same is defined under clause 2.22 of the Conditions of Supply as under:

> "Clause 2.22 – 'Demand Charge' refers to a charge levied to a Consumer, which is based on

> the contracted demand or maximum demand recorded."

16. The terms "Maximum Demand" and Minimum Charges are defined under clause 2.38 and 2.41 of the Conditions of Supply as under:

> "2.38 "Maximum Demand" means the average amount of kilowatts or kilovolt amperes, as the case may be, delivered at the point of supply of the Consumer and recorded during a thirty minute period of maximum use in the month, however, subject to the Licensee reserving the right to shorten this period in the case of special classes of Consumers, if necessary, with the approval of the Commission."
>
> "2.41 – Minimum Charges means the minimum charges payable under the Tariff schedule in force from time to time."

17. Clause 33 of the Conditions of Supply also refers to Minimum Charges as under:

> **"33.00-Minimum charges:** Charges for power supply In accordance with Tariff in force from time to time shall be payable by the Consumer until the power supply Agreementis terminated irrespective of whether the installation is in service or under disconnection."

18. As is apparent from the above, the term Minimum Charges is defined to mean charges payable under the tariff schedule which is in force. The learned counsel appearing for CESCOM also referred to an affidavit affirmed on 19.09.2024 which sets out the relevant

extract of the tariff order dated 30.05.2019 fixing the tariffs applicable to HT-2 (a) connection. Admittedly, the said tariff order is applicable to the electricity connections provided to JKTIL. The relevant extract of the said tariff order is set out below:

> "Conditions applicable to billing of HT installations:
>
> Billing Demand: The billing demand during unrestricted period shall be the maximum demand recorded during the month or 85% of the Contact Demand (CD), whichever is higher."
>
> Rate schedule
>
> HT-2 (b): Applicable to all areas of CESC

Demand Charges	Rs.210/kVA of billing demand/month
Energy Charges	
For the first one lakh units	695 paise per unit
For the first one lakh units	720 paise per unit

"

19. As is apparent from the above, billing demand is the maximum demand recorded during the month or 85% of the 'Contract Demand', whichever is higher. Thus, the demand charges as levied in terms of the applicable tariff order are at the specified rate for 85% of the Contract Demand. As rightly pointed out by the learned Senior Counsel appearing for CESCOM, the tariff order does not provide for levy of any Minimum Charges. However, the

learned Single Judge interpreted Clause 3 of the agreements to provide for waiver or relaxation of the Minimum Charges payable by JKTIL in the event of *force majeure*. The learned Single Judge held that the Minimum Charges would be those charges that would be payable irrespective of whether JKTIL consumed any electricity or not. On that basis, the Court held that the demand charges mentioned in the invoice for April 2020 are the minimum charges, which are required to be reduced under Clause 3 of the agreements.

20. We are unable to concur with the aforesaid view. Clause 3 of the agreements cannot be read in isolation and must be read in the context of the other clauses. Clause 2 of the agreements provides for Contracted Demand. Clause 3 of the agreements in question provides for alteration of the contracted demand, which obviously refers to the demand as mentioned in Clause 2 of the respective agreements. Clause 2 of the Agreement HT-57 provides for the contracted demand of 6000 KVA and the Agreement HT-138 provides for the Contracted Demand of 4850 KVA.

21. Clauses 2 and 3 of the Agreement HT-57 are set out below:

> "2. **Contracted Demand** : During the period of supply hereinafter mentioned the Supplier shall

supply and the Consumer shall take from the Supplier Electricity required by the Consumer for the purpose hereinabove recited at the point of supply upto a maximum extent of :

1. 6000 KVA (hereinafter termed as "Contracted Demand" From_____ to _____)

2. _____ KVA (hereinafter termed as "Contracted Demand from _____ to _____)
3. _____ KVA (hereinafter termed as "Contracted Demand from _____ to _____)

4. _____ KVA (hereinafter termed as "Contracted Demand" From_____ to _____)

5. _____ KVA (hereinafter termed as "Contracted Demand" From_____ to _____)

3. **Reduction of Minimum Charges :** If at any time Consumer is prevented from receiving and using electrical energy supplied under this agreementeither in whole or in part owing to causes like war, mutiny, riot, earthquake, hurricane, strike, tempest and accident to machinery or if the supplier is unable to supply power for the reasons stated above the contracted demand for such period shall be altered accordingly, provided, due notice of such causes and extent of such reduction sought for its for the full billing month(s).”

22. The terms of HT 57 Agreement are similar to the terms of the HT 138 Agreement, except that the Contracted Demand under clause 2 of that agreement is 4850 KVA.

23. In terms of Clause 2 of the agreements, JKTIL was obliged to take supply for the contracted demand under the respective agreements to the maximum extent. In terms of Clause 3 of the agreements, the contracted demand could be altered in the event of any force *majeure* event as set out in that clause, provided that due notice of such causes and the extent of reduction sought is for the full billing month(s). Although JKTIL has sought relaxation of the demand charges, it does not appear that any notice was issued under clause 3 of the agreements.

24. We may also refer to clause 9 of the agreements which provides for payment of power supply charges, taxes, etc. The said clause is set out below:

> "9. **Payment of power supply charges, taxes, etc.:**
>
> a. From the date of commencement of supply until termination of the agreement, the consumer shall pay to the supplier for the electricity supplied during the prescribed billing period at the rates specified in the supplier's tariff in the class of power supply, irrespective of installation being in the service or under disconnection.
>
> b. The billing when the meter is not provided or faulty shall be regulated as per the relevant provisions of the ES&D Code 2000-01.
>
> c. The consumer shall also in the same manner, pay to the supplier, electricity taxes and such

> other levies as may be leviable under any enactment."

25. As apparent from the above, JKTIL is liable to pay for the electricity supplied at the rates specified in the supplier's tariff in the power supply clause, irrespective of whether the installation is in service or under disconnection. The tariff order dated 30.05.2019 sets out the applicable tariffs.

26. As noted above, the demand charges in turn are based on the contracted demand. And the contracted demand is as agreed under the agreements in question. Clause 3 of the agreements would be triggered if JKTIL was prevented from receiving and using electrical energy. A plain reading of the said clause indicates that it would be applicable only if there was some impediment to JKTIL receiving electrical energy owing to certain causes like war, mutiny, riot, strikes or by reason of earthquake, hurricane, tempest or other such *force majeure* events or if the suppliers was unable to supply power for those reasons. In the present case, there was no impediment for JKTIL in receiving electrical energy. JKTIL had received electricity and admittedly utilised energy in April 2020, although its consumption was a fraction of its normal consumption. Thus, there is no alteration of the contracted demand as contemplated under

Clause 3 of the agreements. Further, JKTIL had not issued any notice of such cause involving reduction of the contracted demand.

27. We may also refer to clause 16 of the agreements which reads as under:

> "16. **Reduction of Contracted demand:** During the agreement period initial or extended, the consumer is entitled to get his contracted demand reduced by executing a fresh agreement. The reduction will be given effect from the meter reading date following the expiry of two months from the date of registration of his application for reduction of contracted demand along with fresh agreement for reduced contracted demand duly making payment of registration fees as prescribed by the supplier from time to time."

28. Under the agreements, JKTIL was entitled to reduce the contracted demand by executing a fresh agreement. The same would be given effect to from the meter reading date following the expiry of two months from the date of registration of reduction of the contracted demand along with fresh agreement. Clause 3 of the agreements in question is an exception to clause 16. Thus, notwithstanding the provisions of clause 16, of the contracted demand could be altered provided due notice for such causes was given, and the alteration sought was for the full billing month(s).

29. In the absence of any specific notice seeking alteration of the contracted demand and the extent of the contracted demand, it is difficult to accept that JKTIL would be entitled to insist on alteration of the contracted demand. JKTIL has placed a letter dated 29.08.2020 on record which refers to a letter dated 30.03.2020. Although that letter is not placed on record, the letter dated 29.08.2020 makes it clear that JKTIL sought a waiver/relaxation of payment of fixed charges and electricity charges. By its letter dated 29.08.2020, JKTIL had sought waiver of the complete electricity charges, including fixed Demand Charges for the lockdown period – 24.03.2020 to 14.04.2020, which was later extended to 03.05.2020. JKTIL had sent another letter dated 29.09.2020 seeking similar relief. It claimed that because it was compelled to shut down operations, it could not draw power for reasons beyond its control. The said communication indicates that JKTIL also had sought relief based on the orders passed by the Government of Karnataka providing for relaxation in payment of electricity charges. These letters did not seek alteration of the contracted demand under Clause 3 of the agreements in question and neither of them can be considered as a notice as contemplated under the said clause.

30. The learned Single Judge had proceeded on the basis that Clause 3 of the agreements in question provided for waiver of Minimum Charges and the Demand Charges under the tariff order are synonymous with the Minimum Charges as referred to under the agreement. We may note that although the heading of Clause 3 of the agreements is "Reduction of Minimum Charges", the clause does not refer to Minimum Charges; it provides for alteration of “the contracted demand” which obviously has to be read in conjunction with clause 2 of the agreements. The said clause provides for the obligation of the supplier to supply the contracted demand and JKTIL to consume the same.

31. There is no dispute that JKTIL is not an MSME, and the Government of Karnataka has not granted any concession waiving electricity charges for units that fall under the Non-MSME category. The only concession available to industry falling under the Non-MSME category was a relaxation of the period for payment of electricity charges. Admittedly, that benefit has been accorded to JKTIL.

32. In view of the above, the appeal is allowed and the impugned order is set aside.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

SD/AHB