



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 8TH DAY OF JULY, 2026

BEFORE

THE HON'BLE MR. JUSTICE M.G.S. KAMAL

WRIT PETITION NO. 12583 OF 2022 (GM-RES)

BETWEEN:

M/S SUJAL PHARMA
A PROPRIETORSHIP FIRM
4TH CROSS, DEVANTHCHAR STREET
CHAMRAJPET, BENGALURU - 560 018

REP BY ITS PROPRIETOR
MR. VIJAY KUMAR P BHOJANI
sujalpharma@yahoo.co.in

...PETITIONER

(BY SRI. RAJESH MAHALE SENIOR.,ADVOCATE FOR
SRI. ASHWIN KUMAR H., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REP. BY ITS PRINCIPAL SECRETARY
HEALTH AND FAMILY WELFARE DEPARTMENT,
GOVERNMENT OF KARNATAKA
prs-hfw@karnataka.gov.in
2. KARNATAKA STATE MEDICAL SUPPLIES
CORPORATION LIMITED
DR. AMBEDKAR ROAD
SAMPANGI RAMA NAGAR
BENGALURU, KARNATAKA - 560009
REP. BY ITS MANAGING DIRECTOR

(ERSTWHILE KARNATAKA STATE DRUG
LOGISTICS WAREHOUSING SOCIETY)





NC: 2026:KHC:34479
WP No. 12583 of 2022

md.ksmscl@karnataka.gov.in

ALSO AT
P H I BUILDING, OPPOSITE SJP COLLEGE
K R CIRCLE, SHESHADRI ROAD
BENGALURU - 560 009

NO.1, DR SIDDAIAH PURANIK ROAD,
K H B COLONY, MAGADI ROAD
BASAVESHWARANAGAR
BENGALURU - 560 079.

...RESPONDENTS

(BY SRI. MAHANTESH SHETTAR, AGA FOR R1;
SRI. SUMANA BALIGA M.,ADVOCATE FOR R2)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226
AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO
DIRECTING THE R2 TO CONSIDER THE REPRESENTATION OF
THE PETITIONER DATED 09.05.2022 (ANNEXURE-A) AND
CONSEQUENTLY DIRECT THE RESPONDENTS TO MAKE A
PAYMENT OF INR 3,14,82,509 (THREE CRORE FOURTEEN LAKH
EIGHTY TWO THOUSAND FIVE HUNDRED AND NINE) ALONG
WITH 18 PERCENT INTEREST.

THIS PETITION, COMING ON FOR ORDERS, THIS DAY,
ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE M.G.S. KAMAL



ORAL ORDER

1. Petitioner who was admittedly issued with a purchase orders at Annexure-C series for supply of certain drugs by the respondent No.2 which he claimed to have supplied for a value of Rs.3,14,82,599/- as per Invoices at Annexure-D series, is before this Court seeking direction to the respondent No.2 to consider his representation dated 09.05.2022 and for consequent direction to the respondent No.2 to pay the said amount along with interest at the rate of 18%.
2. Respondent-authorities by an email dated 29.04.2022 as per Annexure-G informed the petitioner that the amount of Rs.2,94,50,000/- of purchase order No.KSMSCL/L-2021-22/PO-113 dated 06.07.2021 being claimed by the petitioner cannot be released inasmuch, the same has been adjusted towards not of standard quality, expiry of drugs and statutory deductions. This denial at the hands of respondent-authorities which has constrained the petitioner to approach this Court.



3. Sri Rajesh Mahale, learned Senior Counsel appearing for the petitioner submitted;

(a) that the respondents have not disputed the supply of drugs by the petitioner against the purchase orders dated 01.05.2021, 14.05.2021, 20.05.2021 and 06.07.2021 as per Annexure-C series.

(b) the total amount payable by the respondents against the supply made by the petitioner in terms of the purchase orders at Annexure-C series referred to above, aggregates in a sum of Rs.3,14,82,599/-. Invoices raised by the petitioner in this regard are in the Annexure-D series. Since there is no dispute of petitioner supplying the said, drugs as against the said purchase order, it was incumbent on the part of the respondent-authorities to have released the amount against the invoice raised.

(c) that the stand taken by the respondent-authorities in terms of the email dated 29.04.2022 to adjust the amount payable under purchase order, subject matter of this writ petition against the purchase order of the year



2020 is arbitrary, illegal as there is no such contract between the parties.

(d) that in any event, should there be any dispute with regard to quality or quantity as the case may be regarding supply made against the earlier order dated 27.03.2020, the respondent- authorities are required to conduct an inquiry, afford opportunity to the petitioner to represent his case and thereafter to pass appropriate order. However, such process shall not detain the respondent-authorities from making the payment which is admittedly due and payable to the petitioner.

4. Learned counsel for the respondent-authorities on the other hand submits;

(a) that the issue involved in this case is a part of larger issue pertaining to illegalities and irregularities in the COVID-19 Medical Procurement.

(b) The respondent-State therefore had constituted a Commission of Inquiry headed by Hon'ble Justice John Michael Cunha (Retired) Inquiry Commissioner, who has



submitted report recommending initiating of proceedings against the petitioner herein for recovery of an aggregate sum of Rs.2,60,00,000/-.

(c) that the present case cannot be read in isolation to the said irregularities which *prima facie* found the petitioner to be liable to make the payment. Since the public money is involved unless and until determination of the irregularities and the liabilities fixed on the petitioner, the respondent- authorities are justified in not releasing the amount due under the purchase order at Annexure-C series. Hence, seeks for dismissal of the writ petition.

5. Heard. Perused the records.
6. It is not in dispute that there is no defect or deficiency in supply of drugs by the petitioner in terms of the purchase orders dated 01.05.2021, 14.05.2021, 20.05.2021 and 06.07.2021 as per Annexure-C series. There is also no dispute of the fact that petitioner is entitled to the payment of Rs.3,14,82,599/- being the value of the said



purchase orders as per the invoice as per Annexure-D series.

7. Respondent -authorities by the impugned communication dated 29.04.2022 are intending to adjust/set of admitted due towards the alleged defective supply of sanitizers made by the petitioner pursuant to purchase order dated 27.03.2020.
8. This Court after hearing learned Senior counsel for the petitioner as well as counsel for the respondents, had by Order dated 29.06.2026 directed the respondent No.2 to secure the records pertaining to the transaction subject matter of present petition. In furtherance thereof, it is submitted by counsel for the respondents that there was no formal tender process adopted for the purpose of obtaining supply of sanitizer against the purchase order dated 27.03.2020, issued in favour of the petitioner inasmuch as, an exemption was provided, from application of Section 4G of the Karnataka Transparency Public Procurement Act considering the COVID-19 pandemic period.



9. She submitted General Conditions of the tender documents provided that should there be any dispute with regard to supply of the drugs, the subsequent bill amount would be adjusted against the defective supply.
10. Learned Senior counsel for the petitioner had offered, upon the suggestion, that the petitioner would be ready and willing to furnish a security against the payment to be made by the respondent-authorities in respect to the purchase orders dated 01.05.2021, 14.05.2021, 20.05.2021 and 06.07.2021 as per Annexure-C series, subject to the enquiry and the outcome of the enquiry to be conducted in respect of the alleged defective supply of sanitizers pursuant to the purchase order dated 27.03.2020. This proposal was considered.
11. In furtherance to which, today, learned Senior Counsel has filed an affidavit sworn to by one Sri. Vijay Kumar B Bhojani, who is the proprietor of the petitioner's firm along with copies of the title deeds of a property bearing Flat No.009, Ground Floor, "Flourish Gurushree



HC-KAR

NC: 2026:KHC:34479
WP No. 12583 of 2022

Apartments" having super built-up area of 1212 square feet together with 258 square feet of undivided share in the Schedule 'A' property bearing khata No.52/52/356/3/1, situated at Malathahalli Village, Yeshwanthpura Hobli, Bengaluru North Taluk. The affidavit reads that as on this date, respondent-authorities are due and liable to pay an aggregate sum of Rs.5,14,41,183/- which includes principal outstanding sum of Rs.3,14,82,599/- and the accrued interest at the rate of 10% per annum from 17.05.2021 till date. The affidavit further reads that the value of the property now offered as a security would be approximately Rs.1,50,00,000/-. The value of the sanitizers which was supplied by the petitioner subject matter of the enquiry was approximately Rs.2,50,00,000/-. Therefore, the property which is now sought to be offered as security against the payment to be made would cover as a security to the extent of Rs.1,50,00,000/- as against Rs.2,50,00,000/- being claimed by the respondent-authorities.



12. Learned Senior counsel for the petitioner further submits that if the respondents-authorities are directed to release at least sum of Rs.1,50,00,000/- as against the value of the property with a direction to conclude the proceedings and to release the balance amount soon thereafter with a interest payable at the rate of 10% per annum from the due date till payment, purpose of the petition would be served.
13. Learned counsel for the respondent-authorities though has expressed reservation with regard to the declaration and the assurance made by the petitioner in the affidavit, however submits if an order is passed for the consequences in the event of contents of the affidavit turning out to be false and incorrect, interest of the respondents-authorities to be protected.
14. Submission is placed on record.
15. Accordingly, the following;

ORDER
16. Petition is ***disposed of.***



17. Respondent-authorities shall release a sum of Rs.1,50,00,000/- being part payment of the amount towards the purchase orders dated 01.05.2021, 14.05.2021, 20.05.2021 and 06.07.2021 as per Annexure-C series within 15 days from the date of receipt of certified copy of this order.
18. The affidavit and the copy of the title document of the property as noted above filed by the proprietary of the petitioner is taken on record. The same shall constitute a security/guarantee against the part payment to be made by the respondent- authorities towards the purchase orders dated 01.05.2021, 14.05.2021, 20.05.2021 and 06.07.2021 as per Annexure-C series.
19. The respondent-authorities shall conduct and complete the enquiry with regard to alleged defective supply of sanitizers against the purchase order dated 27.03.2020 within an outer limit of 90 days from the date of receipt of certified copy of this order.



20. If petitioner is found entitled for the amount claimed in respect of the purchase orders at Annexures-C series, balance amount together with interest at the rate of 6% p.a. from the due date till determination of the matter, shall be paid within an outer limit of 90 days from such determination.
21. It is needless to mention that the amount now directed to be released in favour of the petitioner shall be subject to outcome of the enquiry with regard to the purchase order dated 27.03.2020.
22. The security offered here shall be valid against the amount to be determined by the respondent- authorities.
23. If in the event of petitioner is found to be due and liable to pay to the respondent-State on account of defective supply, and if he is aggrieved by such determination, he is at liberty to seek such remedy as may be advised, within 30 days thereafter.



24. Respondent-authorities would be at liberty to invoke the security offered by the petitioner as noted above thereafter.
25. It is made clear if in the event of contents of the affidavit or the property offered by the petitioner as security/guarantee found to be defective, the petitioner shall be liable not only to refund the amount together with the interest, shall also be liable for consequences including contempt of Court proceedings.

Ordered accordingly.

SD/-
(M.G.S. KAMAL)
JUDGE