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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ OMP (ENF.) (COMM.) 8/2018 & EX.APPL.(OS) 174/2020, EX.APPL.(OS) 14/2021, EX.APPL.(OS) 2029/2024

MAHARASHTRA STATE HANDLOOM CORPORATION LTD.

.....Decree Holder

Through: Mr. Rohan Thawani, Adv.

versus

ASSOCIATION OF CORPORATION & APEX SOCIETIES OF HANDLOOMS (ACASH) .....Judgement Debtor

Through: Mr. Neeraj Malhotra, Sr. Adv.

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

<u>O R D E R</u>

% **31.10.2025**

1. This is a petition filed under Section 36 of the Arbitration and Conciliation Act, 1996 ("***1996 Act***") seeking enforcement of the Arbitral Award dated 28.01.2012.

2. The parties entered into a Settlement as recorded by the Arbitral Tribunal dated 26.12.2011 *vide* a joint application filed under Section 30(2) of the 1996 Act.

3. It is pertinent to note Clause Nos. 3(d) to 3(g) of the said settlement being the operative paragraphs read as under:

> *"Clause 3*
>
> …
>
> *d) The parties consequently agree that a total sum of Rs.*

1,81,27,129/- is finally due and payable by the Claimant to the Respondent for which the Claimant will prepare and open a fixed deposit receipt with a nationalised bank payable at New Delhi in the name of the Respondent, within a period of one week from the date of recording of the present settlement terms by the Arbitral Tribunal. The said FDR for a sum of 1,81,27,129/- will be made for a period of three (3) years and will be kept by the Respondent.

e) That an amount of Rs. 9.80 Crores, had been seized by the Income Tax Authorities from the Respondent towards payment of Income Tax and penalty on the interest earned on the FDRs of the Respondent during the year 1997-98 to 1999-2000 against which the Respondent has initiated legal proceedings which are pending adjudication before the Income Tax Appellate Tribunal. Similarly an amount of Rs. 2,23,16,129/- including an amount of Rs. 1.57 Crores is likely to be received by the Respondent from the Government of Bihar in furtherance of the arbitration proceedings pending between the Respondent on one hand and the State of Bihar and State of Jharkhand on the other:

f) That the parties agree that in the event of the above amounts of Rs. 9,80,00,000/- and Rs. 2,23,16,129/- being finally recovered and received by the Respondent within a period of three (3) years from the date of recording of this settlement by the Arbitral Tribunal the above amounts mentioned in Clause 3(e) hereinabove/ will be distributed *pari-passu to all the State Government agencies under the umbrella of the Respondent who had supplied Dhotis and Sarees to the State of Bihar in furtherance of the agreements entered into between them with the Respondent in the ratio and manner as decided by the Respondent and consequently the Claimant herein would also get the proceeds from the above amounts mentioned in Clause 3(e) to the extent mentioned in the present Clause.*

g) The parties agree that notwithstanding the fact that the Respondent is not able to receive or recover any or all of the sums mentioned in Clauses 3(e) hereinabove within a period of three years from the date of recording the present settlement between the parties by the Arbitral tribunal the FDR mentioned in Clause 3 (d) hereinabove shall be encashed by the Respondent on the expiry of the period of three years from the date of recording of the present settlement and upon expiry of the said period of three years, the Claimant agrees to abandon/waive and forfeit all its rights to claim the sum of Rs. 1.81 Crores of FDR from the Respondent. However, the interest accumulated on the said FDR will be paid by the Respondent to the Claimant hereinabove without any dispute and delay. If the amounts mentioned in Clause (f) hereinabove are not received and recovered within 3 years but are received and recovered after three years from the date of recording of the present settlement then the Claimant shall be entitled to receive the *amounts mentioned in Clause (f) hereinabove and also any compensation for losses pertaining to the subject matter of the present dispute, which the Respondent might receive or recover from any other source on pari-passu basis."*

4. On the basis of the said application, a Compromise Award dated 28.12.2012 was passed by the Arbitrator. In terms of Clause 3(g) the FDR of Rs. 1.81 crores was encashed and the judgment-debtor received an amount of Rs. 1.81 crores and the petitioner received the interest accrued thereon.

5. Mr. Thawani, learned counsel for the decree-holder, states that the subsequent Agreement of the parties namely receiving of any amount from the arbitration proceedings, income tax references and any other sources have not been complied with by the judgment-debtor.

6. Mr. Malhotra, learned senior counsel for the judgment-debtor, on instructions, states that no amounts, whatsoever, have been received by the judgment-debtor, either from the arbitration proceedings, or Income Tax Authorities and the matter is still pending before the Hon'ble Supreme Court.

7. Mr. Thawani, learned counsel, also states that the judgment-debtor is not serious in pursuing its claims. The same is disputed by the learned senior counsel for the judgment-debtor.

8. However, the fact remains that this Court in an Execution Petition cannot go behind the decree. Since the judgment-debtor has not received any amounts, whatsoever, in terms of Clause No. 3(g). The present execution petition is not maintainable at this stage and is disposed of.

9. However, as and when any amount is received under Clause No. 3(g), the judgment-debtor, within 15 days of the receipt of the same, shall inform the decree-holder and the decree-holder shall be at liberty to file a fresh execution petition.

10. Since the execution petition is disposed of, all interim orders are hereby vacated.

JASMEET SINGH, J

OCTOBER 31, 2025/sp