



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 21-05-2026

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THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

CRP No. 3082 of 2026

and

CMP No.13270 of 2026

Oil and Natural Gas Corporation Ltd.,
Cauvery Asset, Neravy,
Karaikal 609 604,
Pondicherry UT.

..Petitioner

Vs

1. M/s. Brick Steel Enterprises,
“Swamy Arul House”,
84/369-B, Salem Road,
Suramangalam Po,
Salem 636 005, Tamilnadu.

2. State Bank of India, Karaikal
Rep by its Chief Manager.

..Respondents

Prayer: Civil Revision Petition is filed under Section 115 of Civil Procedure Code, 1908 praying to pass an order to set aside the impugned order dated 24.11.2025 passed by the learned District Judge at Karaikal in C.F.R.No.2308 of 2022 in EP.No.37 of 2019 in Arb.OP.No.2 of 2008 by allowing the above civil revision petition and pass such further or other orders.

For Petitioner:

Mr.Mohammed Fayaz Ali



ORDER

The judgment debtor is the civil revision petitioner and the decree holder is the first respondent.

2. It is aggrieved by an order passed by the District Judge, Karaikal in C.F.R.No.2308 of 2022 in E.P.No.37 of 2019 in Arb.OP.No.2 of 2008. Between the parties to the proceedings, arbitration had been initiated by the first respondent herein. The arbitrator passed an award in 19.08.2008. Challenging the same, the judgment debtor preferred a petition under Section 34 of the Arbitration and Conciliation Act, 1996 in Arb.OP.No.2 of 2008. The said proceedings came to be dismissed by the learned District Judge, Karaikal on 20.07.2016. The order has attained finality. In other words, the challenge to the decree having been rejected, the liability as passed under the award is fastened on the civil revision petitioner. An attempt to move the order also came to be nibbed by this Court in CRP(NPD) Nos.2193 & 2194 of 2013 dated 23.10.2013.

3. Finding that the judgment debtor is not clearing its liability, the decree holder presented E.P.No.37 of 2019 on 01.02.2019. The decree holder/first respondent sought attachment of the account of the judgment debtor in Account No.10956398419. The learned executing Judge took the execution petition in E.P.No.37 of 2019 on file and by an order dated 24.11.2025,



crystallized the liability at Rs.33,84,193.17. Aggrieved by the said order, the present revision.

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4. It is the plea of Mr.Mohammed Fayaz Ali that the learned executing Judge erred in adjusting the interim payment made by the judgment debtor towards interest first and principal later. According to him, the amount should have been adjusted towards the principal first and interest thereafter. He further adds that assuming the order stands confirmed, the learned executing Judge erred in attaching the entire amount lying in the aforesaid account number and not confining it to the amount payable in the execution petition.

5. I have carefully considered the submissions of Mr.Mohammed Fayaz Ali. I have gone through the records.

6. The plea of Mr.Mohammed Fayaz Ali does not pose much of a difficulty for me in its rejection. A Constitution Bench of the Supreme Court has settled the position of law. The Supreme Court had directed unless and until there is a contract to the contrary of amount paid by the judgment debtor to the decree holder would have to be adjusted first towards interest and thereafter towards the principal (see, *Gurpreet Singh Vs. Union of India*, (2006) 8 SCC 457). Furthermore, after the survey of several judgments on the point, the Supreme Court in *Leela Hotels Ltd. Vs. Housing and Urban Development*



Corporation Ltd., (2012) 1 SCC 302, held the well-established rule is that money paid should first be applied towards interest and when that is satisfied, in payment of the capital. The law declared is that a debtor cannot be allowed to take advantage of his default to deny the creditor the amount to which he will be entitled on account of such default, by way of elimination of principal amount due. The only exception which permits appropriation towards principal first and interest later is the existence of the agreement under Section 59 of the Contract Act, 1872. Admittedly in this case there is no such contract. This is exactly what has been done by the executing Court. When the law has been clearly settled by the Supreme Court and when there is right application of the said law to the facts of the case, I do not find any merits in the revision to entertain the same.

7. However, the next plea of Mr.Mohammed Fayaz Ali deserves consideration. The executing Court could not have attached the entire amount lying in the account, especially, when the same is more than what the decree holder is entitled to. Hence, the pro-order issued by the learned District Judge at Karaikal shall read that the second respondent/Garnishee is directed to attach and withhold the account of the judgment debtor bearing Account No.10956398419 to an extent of Rs.55,00,000/-. The judgment debtor is permitted to operate the account for withdrawal of any amount above the aforesaid amount.



8. With the above modification of the above pro-order passed by the executing Court, the civil revision petition stands dismissed. Consequently, connected miscellaneous petition is closed. No costs.

21-05-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
veda/kj

(2/2)

To

The District Judge, Karaikal.



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V.LAKSHMINARAYANAN, J.

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