



2026:DHC:1754



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

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Date of Decision: 17.02.2026

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FAO 271/2022 & CM APPLs. 45976/2022, 15816/2023

TARINI INFRASTRUCTURE LIMITED
AND ORS.

....Appellants

Through: Mr. Siddhant Asthana and Mr.
Siddhartha Negi, Advocates.

versus

MANISH KUMAR BANSAL

.....Respondent

Through: Mr. T. Singhdev and Mr. Tarun
Verma, Advocates.

CORAM:

HON'BLE MR. JUSTICE MANOJ KUMAR OHRI

JUDGMENT (ORAL)

1. The present appeal has been directed against the order dated 07.03.2020 passed by the learned ADJ-01 (South East), *Saket Courts, New Delhi* in CS 9776/2016, *vide* which the appellants' application filed under Section 151 CPC seeking disposal of the said suit on the basis of the Settlement Agreement dated 26.09.2019 entered between the parties was dismissed.
2. The background facts in brief are that the respondent, who is the plaintiff before the Trial Court, had filed a suit for recovery of Rs.17,76,971/- along with *pendente lite* and future interest. During the pendency of the suit, the Trial Court referred the parties to mediation. The mediation proceedings were conducted before the Mediation Centre, *Saket*



Courts, *New Delhi*, and were attended by the respondent/plaintiff in person, as well as the Managing Director of the appellant/defendant companies.

3. The record reveals that on 25.09.2019, the parties arrived at a settlement which was reduced to writing and signed by both the parties as well as the learned Mediator. The said Settlement Agreement (hereinafter referred to as the “SA”) was thereafter placed before the Trial Court; where the plaintiff stated that the terms of the settlement had not been complied with, as no amount had been received by him. Consequently, the Trial Court proceeded to frame issues and listed the matter for recording of evidence. At this stage, the appellants preferred the subject application under Order XXIII Rule 3 read with Section 151 CPC seeking disposal of the underlying suit in terms of the SA, which was dismissed by way of the impugned order.

4. Learned counsel for the appellants submits that the short issue arising for consideration in the present appeal is whether the SA, in respect of which no judicial order has been passed, would nevertheless be binding on the parties. He contends that the parties were referred to mediation by the Trial Court at their own request, where they reached a settlement as recorded in the SA; under its terms, nothing remained due from either party to the other *qua* the subject matter of the underlying suit, and accordingly, the respondent agreed to withdraw the suit. The SA further records that the respondent would be at liberty to avail the benefit of Section 16 of the Court Fees Act, 1870, and that the SA was arrived at voluntarily without any force, pressure, or coercion. It is, thus, claimed that the SA binds the parties and the Trial Court ought to have disposed of the underlying suit in terms thereof, for which learned counsel has further placed reliance on the judgment of the Coordinate Bench of this Court in Naveen Kumar Vs.



Khilya Devi and Ors.¹.

5. Mr. T. Singhdev, learned counsel for the respondent/plaintiff, on the other hand, vehemently opposed the said contentions. He submits that the SA, though reduced into writing, never attained the force of law as its terms were not complied with, which resulted in the respondent withdrawing from the settlement before it could be accepted by the Trial Court. It is highlighted in this regard that the SA itself required the parties to make necessary statements before the Trial Court, which was never done. While the plaintiff had preferred a suit for recovery of Rs.17,76,971/- along with *pendente lite* and future interest, the SA does not record any payable amount.

6. Before proceeding further, this Court deems it apposite to take note of the SA. The same is reproduced hereunder:

“MEDIATION CENTRE. SAKET COURTS. NEW DELHI

CS No. 17/16

Manish Kumar Bansal Vs. Tarini Infrastructure Ltd. & Ors.

25.09.2019

*Present : Plaintiff Sh. Manish Kumar Bansal in person.
Sh. V. Chander Shekhar, MD of the defendants.*

The present suit has been referred by the Court of Ms. Surya Malik Grover, learned ADJ-01, South-East District, Saket Courts, New Delhi.

*And whereas the plaintiff Sh. Manish Kumar Bansal (hereinafter referred as the first party) has filed a suit for recovery of an amount of Rs.17,76,971/- along with *pendente lite* and future interest against the defendant Tarini Infrastructure Ltd. & Ors. (hereinafter referred to as second party).*

And whereas on request of the parties, the matter has been referred for mediation in which the process of mediation is explained to the parties. Both the parties have exchanged offers and counter-offers.

¹ MANU/DE/3630/2011



After due discussions, both parties have agreed to settle their disputes in full and final on the following terms and conditions:

- 1. It is agreed between the parties that they have resolved all their disputes and differences amicably with regard to their claims and both the parties shall not claim anything from each other in future with regard to the present case.*
- 2. It is also agreed between the parties that pursuant to the present settlement, nothing shall remain due to the parties against each other in respect of the present suit and the first party shall withdraw the present suit by making statement before the learned referral court.*

The benefit of Section 16 of the Court Fee Act be given to the Plaintiff.

This settlement has been voluntarily arrived at between the parties with their own free will and without any force, pressure or coercion and both the parties are bound by the terms and conditions mentioned herein above.

*Sd/-
25/9
(Manish Kumar Bansal)
First Party*

*Sd/-
25/Sep/19
(V. Chander Shekhar)
MD of Second Party*

The contents of the settlement have been explained to the parties in vernacular (Hindi) and they have understood the same and have admitted the same to be correct.

Settlement proceedings be sent to the referral court. Parties to appear before the Court concerned on the date fixed i.e. 21.10.2019 for making necessary statements and for further directions.

Copy of settlement be given to both the parties.

*Sd/-
(Lakhshana Oberoi)
Mediator: Mediation Centre
Saket Courts : 25.09.2019"*

- 7. The record further reveals that the SA was placed before the Trial Court at the first instance on 21.10.2019; however, on that day, owing to advocates being on strike, the matter was posted for 31.10.2019, for the recording of statement. The order dated 31.10.2019 reflects that none*



appeared on behalf of the respondent, and a statement was recorded on behalf of the appellants to the effect that the matter had been settled between the parties and the appellants had made the requisite payment to the respondent. The suit was thereafter renotified for 16.11.2019, on which date the respondent appeared and stated that no amount had been received by him and no formal recording of any settlement agreement had occurred. The Trial Court, after recording the aforesaid, proceeded with the suit and framed issues.

8. Order XXIII Rule 3 CPC provides that where a suit has been adjusted wholly or in part by any lawful agreement or compromise in writing and signed by the parties, or where the defendant satisfies the plaintiff in respect of the whole or any part of the subject matter of the suit, the Court shall order such agreement, compromise, or satisfaction to be recorded and shall pass a decree in accordance therewith, so far as it relates to the parties to the suit.

9. Rules 24 and 25 of the Mediation and Conciliation Rules, 2004² provide that a Settlement Agreement has to be recorded in writing and submitted to the Court for recording the settlement and passing a decree. The same read as under:

“Rule 24: Settlement Agreement—(a) *Where an agreement is reached between the parties in regard to all the issues in the suit or proceeding or some of the issues, the same shall be reduced to writing and signed by the parties or their constituted attorney. If any counsel has represented the parties, the conciliator/mediator may obtain his signature also on the settlement agreement*

(b) *The agreement of the parties so signed shall be submitted to the mediator/conciliator who shall, with a covering letter signed by him, forward the same to the Court in which the suit or proceeding is pending.*

(c) *Where no agreement is arrived at between the parties, before the*

² Notified on 11.08.2005 by the High Court of Delhi



time limit stated in Rule 18 or where, the mediator/conciliator is of the view that no settlement is possible, he shall report the same to the Court in writing.

Rule 25: Court to fix a date for recording settlement and passing decree—(a) On receipt of any settlement the court shall fix a date of hearing normally within seven days but in any case not beyond a period of fourteen days on such date of hearing, if the court is satisfied that the parties have settled their dispute(s), it shall pass a decree in accordance with terms thereof

(b) If the settlement dispose of only certain issues arising in the suit or proceeding, on the basis of which any decree is passed as stated in Clause (a), the court shall proceed further to decide remaining issues.”

10. Section 89 CPC also provides for the settlement of disputes outside Courts through the use of alternative dispute resolution mechanisms. A gainful reference in this regard can be made to the decision of the Supreme Court in Salem Advocate Bar Association Vs. Union of India³, wherein the Court noted that there has to be some public record of the manner in which the suit is disposed of and, therefore, the Court has to first record the settlement and pass a decree in terms thereof and, if necessary, proceed to execute the same in accordance with law. The relevant extract is as under:

“62. When the parties come to a settlement upon a reference made by the court for mediation, as suggested by the Committee that there has to be some public record of the manner in which the suit is disposed of and, therefore, the court has to first record the settlement and pass a decree in terms thereof and if necessary proceed to execute it in accordance with law. It cannot be accepted that such a procedure would be unnecessary. If the settlement is not filed in the court for the purpose of passing of a decree, there will be no public record of the settlement. It is, however, a different matter if the parties do not want the court to record a settlement and pass a decree and feel that the settlement can be implemented even without a decree. In such eventuality, nothing prevents them in informing the court that the suit may be dismissed as a dispute has been settled between the parties outside the court.”

11. The Division Bench of this Court in Dayawati Vs. Yogesh Kumar

³ (2005) 6 SCC 344



Gossain⁴, while extensively canvassing through the relevant provisions and case law, observed that Order XXIII Rule 3 provides for the compromise of a suit and the Legislature has pre-scripted that if it is “proved to the satisfaction of the Court that a suit has been adjusted wholly or in part by any lawful agreement or compromise in writing and signed by the parties”, then the Court ‘shall’ order such agreement or compromise to be recorded and ‘shall’ pass a decree in accordance thereof, so far as it relates to the parties to the suit. The Court further emphasized that Order XXIII Rule 3 CPC permits the consideration of an agreement or compromise, regardless of whether the subject matter of the agreement/compromise is the same as the subject matter of the suit. While disposing of the reference under Section 395 Cr.P.C. in the above case, the Division Bench noted that there was no judicial order binding the parties to honour the settlement arrived at by them in mediation, and thus directed the Trial Court to proceed with the trial.

12. To a similar effect as above, in the present case, although the SA was placed before the Trial Court, no judicial order recording the terms of the settlement or binding the parties to honour the said terms was ever passed. Rather, the respondent objected to the settlement on the first occasion itself, citing non-compliance of its terms by the appellants.

13. The appellants’ reliance on the aforementioned decision in Naveen Kumar (*supra*) is of no avail as the said decision pertains to a settlement prior to the judgment in Dayawati (*supra*). The said decision is further distinguishable on facts; in that case, not only was a settlement agreement placed on record, but the parties also admitted to its terms before the Court and even partly acted upon the same.

⁴ (2017) SCC OnLine Del 11032



2026:DHC:1754



14. In view of the above discussion, finding no merit in the present appeal, the same is dismissed. Consequently, all pending applications also stand closed.

15. The present appeal is disposed of in the above terms.

MANOJ KUMAR OHRI
(JUDGE)

FEBRUARY 17, 2026/pmc
(corrected & released on 26.2.2026)