REPORTABLE

2026 INSC 150

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2026
[@ SPECIAL LEAVE PETITION (CIVIL) NO. 19779 OF 2024]

R. SAVITHRI NAIDU ... APPELLANT(S)

VERSUS

M/S THE COTTON CORPORATION OF INDIA LIMITED AND ANOTHER ... RESPONDENT(S)

J U D G M E N T

S.V.N. BHATTI, J.

1. Leave granted.

2. M/s Lakshmi Ganesh Textiles Limited, Avinashi Road, Peelamedu, Coimbatore/Respondent No. 2 was a Public Limited Company, and on 30.06.2011, was incorporated as a Private Limited Company. The Cotton Corporation of India Limited, Ramanathapuram, Coimbatore ("CCI")/Respondent No. 1 primarily engages in the business of sale and purchase of cotton/cotton bales. On 22.01.1998, a sale agreement was entered into between the first and second respondents for the sale of cotton bales. On account of a dispute in recovery of the sale price of cotton bales supplied under the sale agreement dated 22.01.1998, the first respondent raised an arbitral dispute in AP No. 9 of 1999 for recovery of Rs. 37,51,380/- with interest and cost. On 11.06.2001, the learned arbitrator passed an award a sum of Rs. 26,00,572.90/- with future interest at 18% per annum and cost. On 25.09.2001, Respondent No. 2 filed AOP No. 10 of 2006 before the

Court of Principal District Judge, Coimbatore under Section 34 of the Arbitration and Conciliation Act, 1996.

3. The Appellant is the mother of the Managing Director of Respondent No. 2, wife of ex-director, and was also a non-executive director of the Respondent No. 2/Company from 2007 to 2012.

4. On 21.01.2013, AOP 10 of 2006 was dismissed, and has become final, since no appeal was filed by Respondent No. 2.

5. Respondent No. 2 is a borrower of ICICI Bank. For default of payment of the sums borrowed, ICICI Bank initiated recovery proceedings on 11.11.2013 under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") and attached the properties of Respondent No. 2. The Execution Petition ("EP") Schedule Properties are among the properties brought for sale by ICICI Bank. A tripartite agreement was entered into between ICICI Bank, Respondent No. 2 and the Appellant, resulting in a Sale Deed dated 23.04.2015, executed by Respondent No. 2 in favour of the Appellant. OA No. 120 of 2013, filed by ICICI Bank, was closed pursuant to a compromise evidenced by the tripartite agreement dated 29.12.2014.

6. On 16.07.2019, Respondent No. 1 filed EP before the Court of Principal District Judge, Coimbatore, for executing the award dated 11.06.2001. EP was transferred to the Court of Principal District Judge, Tirupur. On 19.08.2021, in EP No. 300 of 2019, the executing court ordered the conditional attachment of EP Schedule Property. The Appellant, claiming to be a third party, filed EA No. 141 of 2021 under Order XXI Rule 58 of the Code of Civil Procedure, 1908, praying for the removal of the attachment ordered in EP No. 300 of 2019 of the EP Schedule Property. The Appellant

states that on 23.04.2015, through a registered sale deed executed by Respondent No. 2 to the Appellant, she has become the absolute owner of the EP Schedule Property. The sale in favour of Appellant is for valid consideration and without notice, namely, the existing liability arising out of the arbitral award. The EP was filed in 2019, and attachment was effected on 19.08.2021.

6.1 On the date of attachment, the judgment-debtor is not the owner of the property. Therefore, the attachment of the EP Schedule and the consequent realisation steps for the sum due under the arbitral award dated 11.06.2001 are unsustainable and illegal. The EP schedule is, therefore, not available for either attachment or sale by the executing court in EP No. 300 of 2019 for realisation of the arbitral award. The EP was filed in 2019 and is therefore not maintainable against the property purchased by the Appellant under the sale deed dated 23.04.2015. To sum up, it is alleged that the Appellant is the absolute owner of the EP Schedule, paid consideration, and is without knowledge of the ongoing dispute between Respondent No. 1 and Respondent No. 2.

6.2 Respondent No. 1 alleges collusion between the Appellant and Respondent No. 2 and brought into existence the sale deed dated 23.04.2015. The completion of the sale under the SARFAESI Act will not affect the right of the decree holder in AOP No. 10 of 2006. The Appellant is a purchaser subsequent to the arbitral award in favour of the first respondent. The executing court recorded the claimant’s evidence and dismissed the claim petition. A finding relevant to the Appellant's claim is that the AOP had been pending since 1999 and concluded in 2013. Respondent No. 2 is under an obligation to disclose the award, as well as the pending AOP proceedings to the Appellant. The tripartite agreement preceding the sale deed has not been

exhibited to establish the absence of collusion or ignorance of ongoing proceedings. The third-party claimant has taken the risk of the execution petition, and the objection is hit by Rule 102 of Order XXI of the Code of Civil Procedure Code, 1908 ("CPC"). The claim petition was thus dismissed by order dated 03.01.2022. The Appellant carried the order in revision before the High Court in CRP No. 469 of 2022. By the impugned order dated 12.07.2024, the said revision was dismissed.

7. Hence, the appeal at the instance of the purported third-party claimant.

8. Mr. Gopal Sankaranarayanan, Senior Advocate, contends that in the execution of the arbitral award, the property of the Judgment Debtor can be attached and brought for sale. The Appellant is the absolute owner under the registered document sale deed dated 23.04.2015. The Appellant cannot be treated as a *pendente lite* purchaser, inasmuch as, on the date of the purchase, neither a suit nor a legal proceeding was pending. The arbitral award is for the recovery of money. In other words, the subject matter of the arbitration does not concern the EP property. From the admitted circumstances, the Appellant is treated as an independent purchaser for consideration without notice. Therefore, the attachment of the Appellant's property purchased through a sale deed dated 23.04.2015 is ex facie illegal and liable to be set aside. The arguments have been substantially made based on the chronology of events, as admitted by the parties.

9. Advocate Sunita Singh appearing for Respondent No. 1 argues that the basis of the claim petition is that the purchase of Appellant is for valid consideration and without notice. In the peculiar facts, the plea is too broad inasmuch as the Appellant is the mother of the Managing Director of Respondent No. 2/Company. At the time of sale, Respondent No. 2 was a

private limited company. The claim for realisation of unpaid sale consideration for the purchase of cotton bales from CCI has been pending since 2001, and the property available with Respondent No. 2 is available for realisation of the arbitral award amount, subject to the claims of other secured creditors. The non-production of the tripartite agreement is crucial, and the courts below have correctly inferred that it was not produced, while refusing to remove the attachment on the EP Schedule property. The subject matter of the arbitral award, though not concerning the immovable property, still is the immovable property of the judgment debtor, which is available for realising the arbitral award. The Appellant cannot defeat the right of the first respondent, being a post-arbitral award purchaser. The first respondent relies on the judgment of Madras High Court in CMSA No. 13 of 2019 dated 26.04.2021, which has been referred to and approved by this Court in *Danesh Singh and others v. Har Pyari (Dead) Thr. LRs.*[1] for the proposition that the principle of *lis pendens* cannot, in terms, be excluded for money decrees.

10. In the facts and circumstances of the present case, the arbitral proceeding was instituted in 1999, and the award is dated 11.06.2001. Under Section 36 of the Arbitration and Conciliation Act, 1996, an arbitral award is enforceable in the same manner as if it were a decree of a court, essentially, a deemed decree. Order XXI Rule 102 of the CPC explicitly states that the protections available to *bona fide* claimants under Rules 98 and 100 do not apply to a transferee *pendente lite*. A transferee *pendente lite* is defined as someone to whom the property is transferred after the institution of the suit in which the decree was passed. The suit, i.e., the arbitration proceeding, was

[1] 2025 INSC 1434.

instituted in 1999, and the Appellant purchased the property on account of a sale deed dated 23.04.2015. Since the transfer occurred after the institution of the proceedings and the passing of the award, the Appellant is a transferee *pendente lite*/post arbitral award purchaser, and is barred by Order XXI Rule 102 from resisting the execution. The Appellant, *per contra*, argues that the Section 34 challenge was dismissed in 2013, and the sale was in 2015, implying no litigation was pending. However, the argument under Order XXI Rule 102 does not depend on the pendency of the Section 34 challenge, but on the fact that the transfer occurred after the institution of the suit in 1999, and after the arbitral award (decree) came into existence in 2001. A judgment debtor cannot defeat a decree by alienating the property after the decree is passed but before the decree is realised. In other words, the steps taken defeat the very fruits of the money decree. The ratio of this Court in *Usha Sinha v. Dina Ram*,[2] is kept in perspective while appreciating the claim which falls under Rule 102 of Order XXI of the CPC. The excerpt is noted here:

> *"Bare reading of the Rule makes it clear that it is based on justice, equity and good conscience. A transferee from a judgment-debtor is presumed to be aware of the proceedings before a court of law. He should be careful before he purchases the property which is the subject-matter of litigation. It recognises the doctrine of lis pendens recognised by Section 52 of the Transfer of Property Act, 1882. Rule 102 of Order 21 of the Code thus takes into account the ground reality and refuses to extend helping hand to purchasers of property in respect of which litigation is pending. If unfair, inequitable or undeserved protection is afforded to a transferee pendente lite,*

[2] AIR 2008 SC 1997; (2008) 7 SCC 144.

a decree-holder will never be able to realise the fruits of his decree. Every time the decree-holder seeks a direction from a court to execute the decree, the judgment-debtor or his transferee will transfer the property and the new transferee will offer resistance or cause obstruction. To avoid such a situation, the Rule has been enacted."

11. We have taken note of the rival submissions. At first glance, it appeared to us that to realise the amount due under an arbitral award, a third party's property is attached. We have to arrive at an available finding examining the record and the foremost circumstances we preface are from 1999 till 2013, when the arbitration proceedings are pending against Respondent No. 2. From 2014 till date, the proceedings in execution are pending against Respondent No. 2. The EP has been filed before the Court of Principal District Judge, Coimbatore, and was transferred to Tirupur. The transferee court, within whose jurisdiction the properties are situated ordered attachment for realisation of the arbitral award dated 11.06.2001. The Appellant presents the case as a third-party stranger. We may not hasten to conclude that there is fraud between the Appellant and Respondent No. 2 in the transfer of the EP Schedule Properties by sale deed dated 23.04.2015. But the non-production of tripartite agreement, which is the genesis for discharging the claim of ICICI Bank, as has been rightly held by the Executing Court, enables this Court to safely conclude that the sale in favour of Appellant, even if for consideration cannot be without notice of the existing liability of the Company/Respondent No. 2. The recovery proceedings under SARFAESI Act are independent and does not give any shield of protection to other claims against the Judgment Debtor/Borrower in default. In the circumstances of the case, we reject the argument that the sale in favour of the Appellant is without notice.

12. The next question for consideration is whether the sale in favour of the Appellant can be brought within the purview of *pendente lite,* given that the arbitral award is for the recovery of money. The question need not be treated as *res integra;* the valid reasoning of the Madras High Court, affirmed by this court in *Danesh (supra),* is a complete answer. The operative portions of the judgment:

> *"63. To substantiate our reasoning, we may also look into the decision of the High Court of Madras in Annakkili v. Murugan & Anr., reported in 2021 SCC OnLine Mad 1673, wherein the plaintiff had filed a suit for the recovery of money, and also sought for a direction to be given to the judgment-debtor to furnish security for the suit claim, failing which the court must direct that the properties mentioned in the plaint, be attached. Before any direction could be passed, the appellant therein purchased one of the properties mentioned in the plaint. It was then argued that Section 52 of the 1882 Act cannot be invoked in case of a simple money suit. The Court held that Section 52 does not state that it is not applicable to suits for recovery of money, and the provision would not say so, because the Explanation to the provision states that the pendency of any suit continues until the suit or proceeding has been disposed of by a final decree or order and complete satisfaction or discharge of such decree or order has been obtained. It was further held that the parties must not create new rights in the property till the execution proceedings are discharged. The Court underscored that if Section 52 was read as always excluding money suits, despite a specific prayer in the plaint as regards the attachment of the property, a decree passed therein would be rendered meaningless, since the party would*

be free to alienate the property and there would be no property available to execute the money decree."

13. It is a well-worn proverb in litigation, echoing the Privy Council's century-old observation, that the true difficulties of a litigant begin only after they have obtained a decree.[3] It is generally stated that a suit may take 5 years to conclude, but its execution takes 10 years. Order XXI of the CPC was comprehensively amended in 1976 specifically to cure this mischief, operating as a self-contained code that strictly bars separate suits (under Section 47, Rule 92(3), and Rule 101) and imposes rigid limitation periods for raising objections. If the argument of the appellant is accepted allowing pendente lite purchasers or third parties to bypass these strict procedural safeguards and institute separate suits or raise belated objections long after the execution processes (like attachment and sale) have advanced, it would completely derail the statutory machinery. Judgment-debtors would be incentivized to systematically defeat decrees by transferring properties or planting surrogate objectors to initiate endless collateral litigation. Consequently, execution proceedings would not merely take 10 years, but would get trapped in an infinite loop and practically never get completed, reducing the hard-won decrees of competent courts to mere "paper tigers."

13.1 This Court emphasized in *Jini Dhanrajgir v. Shibu Mathew,*[4] that winning a case is meaningless unless the winner actually gets the relief they sought. We need a shift in mindset: the goal of the legal system should not just be to dispose of cases, but to ensure that the litigant enjoys the reliefs. The provisions in the CPC must be employed to secure actual relief, not just

[3] *General Manager of the Raj Durbhunga v. Coomar Ramaput Singh*, (1871-72) 14 MIA 605; 1872 SCC OnLine PC 16.
[4] (2023) 20 SCC 76.

a formal decree. We must ensure that the legal process results in justice not just appearing to be done, but justice actually being done.

14. To sum up, we note that the Appellant is a purchaser post-arbitral award for recovery of the amount. The execution proceeding was pending when the sale deed was entered into between Respondent No. 2 and the Appellant. Moreover, the Appellant failed to discharge the onus on the sale being without notice of the existing claim. The arbitral award remains unrealised till date. Therefore, in the circumstances of this case, and by following the ratio in *Danesh (supra)* we hold that the claim petition of the Appellant is rightly dismissed by the courts below.

15. In the circumstances of the case and for the above reasons, we agree with the order impugned, and the Civil Appeal fails and is dismissed. The executing court disposes of Execution Proceedings within two months from today.

16. No order as to costs. Pending applications, if any, stand disposed of.

.....J.
[PANKAJ MITHAL]

.....J.
[S.V.N. BHATTI]

New Delhi;
February 12, 2026.