



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY AND ORIGINAL CIVIL JURISDICTION**

**CHAMBER SUMMONS NO.550 OF 2019
IN
COMMERCIAL EXECUTION APPLICATION NO.43 OF 2025**

**RELIANCE ASSET RECONSTRUCTION)
COMPANY LIMITED)...APPLICANT**

V/s.

**HIROO HOTCHAND ADVANI AND ANOTHER)...RESPONDENTS
WITH
COMMERCIAL EXECUTION APPLICATION NO.43 OF 2025**

AND

**CHAMBER SUMMONS NO.552 OF 2019
IN
COMMERCIAL EXECUTION APPLICATION NO.44 OF 2025**

**RELIANCE ASSET RECONSTRUCTION)
COMPANY LIMITED)...APPLICANT**

V/s.

**HIROO HOTCHAND ADVANI AND ANOTHER)...RESPONDENTS
WITH
COMMERCIAL EXECUTION APPLICATION NO.44 OF 2025**

Mr.Ashish Kamat, Senior Advocate a/w. Mr.Nikhil Rajani, Mr.Vinay Deshpande and Mr.Ajay Deshmane i/by M/s.V.Deshpande & Co., Advocate for the Applicant.

Mr.Pankaj Savant, Senior Advocate a/w. Ms.Joshua D'Souza, Mr.Chirag Sancheti, Mr.Asif Lampwala and Mr.Saad Memon i/by Bulwark Solicitors, Advocate for the Respondents.

CORAM : ABHAY AHUJA, J.

**RESERVED ON : 9th DECEMBER 2025
PRONOUNCED ON : 23rd MARCH 2026**

ORDER :

1. The two Chamber Summonses seek assistance in execution of the awards dated 22nd October 2012 and for deposit of the decretal amounts along with interest after respectively adjusting part of the amounts of Rs.5,11,113/- and Rs.13,51,740/- of the demand draft of Rs.18,62,853/- received from the Judgment Debtors. The Applicant in the Execution Applications as well as in the Chamber Summonses is the assignor of the Decree holder who had loaned monies around 2010 to 2011 to the Judgment Debtors under two loan accounts : loan account no.RALPMUM000043150 amounting to INR 2,50,00,000/- and loan account no.RALPMUM000045338 amounting to INR 1,56,00,000/-. Since disputes arose between the parties on account of the two Judgment Debtors failing to service the loan, arbitral proceedings commenced. On 22nd October 2012, the awards were passed in the arbitral proceedings pertaining to both the loans. As regards the loan amount of Rs.1,56,00,000/-, the Judgment Debtors were directed to *inter alia* jointly and/or severally pay to the Claimant a sum of Rs.1,79,16,334.95 together with interest at the rate of 14.50 percent per annum from 21st April 2012 till payment or realization (the “Rs.1,56,00,000/- loan Award”) and as regards the loan amount of

Rs.2,50,00,000/-, the Judgment Debtors were *inter alia* directed to jointly and/or severally pay to the Claimant a sum of Rs.2,75,53,436.78 together with interest thereon at the rate of 14.50 percent per annum from 11th April 2012 till payment or realization (the “Rs.2,50,00,000/- loan Award”).

2. The Judgment Debtors, thereafter, on 24th January 2013 preferred Arbitration Petition No.95 of 2013 impugning the Rs.1,56,00,000/- loan award and Arbitration Petition No.96 of 2013 impugning the Rs.2,50,00,000/- loan award.

3. Thereafter, on 13th August 2018 an email was sent on behalf of the Judgment Debtors to the Decree holder requesting for No Objection Certificate (NOC) with respect to a Car loan of Rs.17,40,000/- bearing Loan Agreement No.RLNCMUM000168211. The Applicant on 16th August 2018 addressed an email to the Judgment Debtors stating that since a Car loan was linked with the Rs.1,56,00,000/- loan, the NOC along with Form 35 could be released only after termination of both the loan accounts. In view of the said e-mail communication, on 31st August 2018, the Judgment Debtors filed Suit No.2353 of 2018 before

the City Civil Court, Greater Bombay, challenging the refusal of the Decree Holder to issue NOC for the car loan. On 24th November 2018, a common order dated 24th November 2018 was passed by this Court in the Arbitration Petitions reading down and altering the impugned awards so as to exclude the additional interest of 3 percent per annum. On 1st January 2019, the Decree holder's Advocate addressed a letter to the Judgment Debtors calling upon them to pay the following revised amounts towards satisfaction of the awards (after considering discharged payments and computing interest) :

(i) 2.5 crore loan award : INR 1,47,80,329.33

(ii) 1.56 crore loan award : INR 96,89,207.33.

4. By letter dated 11th January 2019, the Advocate for the Judgment Debtors addressed the following letter attaching the demand draft for a sum of Rs.18,64,351/- towards full and final settlement of the captioned matter.

CHIRAG SANCHETI

Advocate, Solicitor & Company Secretary

104 - A, MITTAL TOWER, 'A' WING, 10TH FLOOR, NARIMAN POINT, MUMBAI 400 021

Tel: 2283 2425, 2288 5858

Email: chiragsancheti01@gmail.com

January 11, 2019

By Hand Delivery

Reliance Asset Reconstruction Company Limited,
Reliance Centre, 6th Floor, North Wing,
Near Prabhat Colony Road, Off. Western Express Highway,
Santacruz (East), Mumbai - 400 055.

Dear Sir,

High Court

O.O.C.J.

Arbitration Petition No.95 of 2013

And

Arbitration Petition No.96 of 2013

Hiroo Hotchand Advani

Versus

Reliance Capital Limited

I refer to our prior corresponding herein.

You are aware that the principal amount due in Arbitration Petition No.95 of 2013, is Rs.2,50,00,000/- and in Arbitration Petition No.96 of 2013, is Rs.1,56,00,00/-.

Further, you are also aware that my clients in Arbitration Petition No.95 of 2013, has already deposited a sum of Rs.2,46,01,731/- and in Arbitration Petition No.96 of 2013, has already deposited a sum of Rs.1,45,46,716/- (My clients said statement is also recorded in the Order dated 14.2.2017, passed in the captioned matter).

In the premises, the total principal amount due and payable by my clients in Arbitration Petition No.95 of 2013, is Rs.3,98,269/- and in Arbitration Petition No.96 of 2013, is Rs.10,53,284/-. Further, the interest accrued on the said balance principal amount is Rs.1,12,844/- and Rs.2,98,456/- respectively. Hence, an aggregate sum of Rs.18,62,853/- is due and payable by my clients to you.

CHIRAG SANCHETI

Advocate, Solicitor & Company Secretary

104 - A, MITTAL TOWER, 'A' WING, 10TH FLOOR, NARIMAN POINT, MUMBAI 400 021

Tel: 2283 2425, 2288 5858

Email: chiragsancheti01@gmail.com

Hence, attached herewith is a Demand for a sum of Rs.18,64,351/-
towards full and final settlement of the captioned matter.

Yours faithfully,

Chirag Sancheti

(C. K. Sancheti)

Received towards full and final settlement:

(FOR Reliance Asset Reconstruction Company Limited)

बैंक ऑफ इंडिया BANK OF INDIA
 BREACH CANDY IFSC CODE: BKID0000007
 BANKER'S CHECK

Pay **RELIANCE ASSET RECONSTRUCTION COMPANY LTD** को या उसके आदेश पर Or Order

रुपये Rupees **Eighteen Lakh Sixty Four Thousand Three Hundred Fifty One only** अंश को ₹ 18,64,351.00

अ/c. नं. 592 1864331.00

NOT OVERT
 कृपया ध्यान दें - धारक नहीं
 GI AC Payable Issued
 जारी करने के लिए नहीं बनाया गया है
 Valid for Three months from the date of Issue

BFS/HO/H PURCHASER-THE CANDLE LIGHT COM

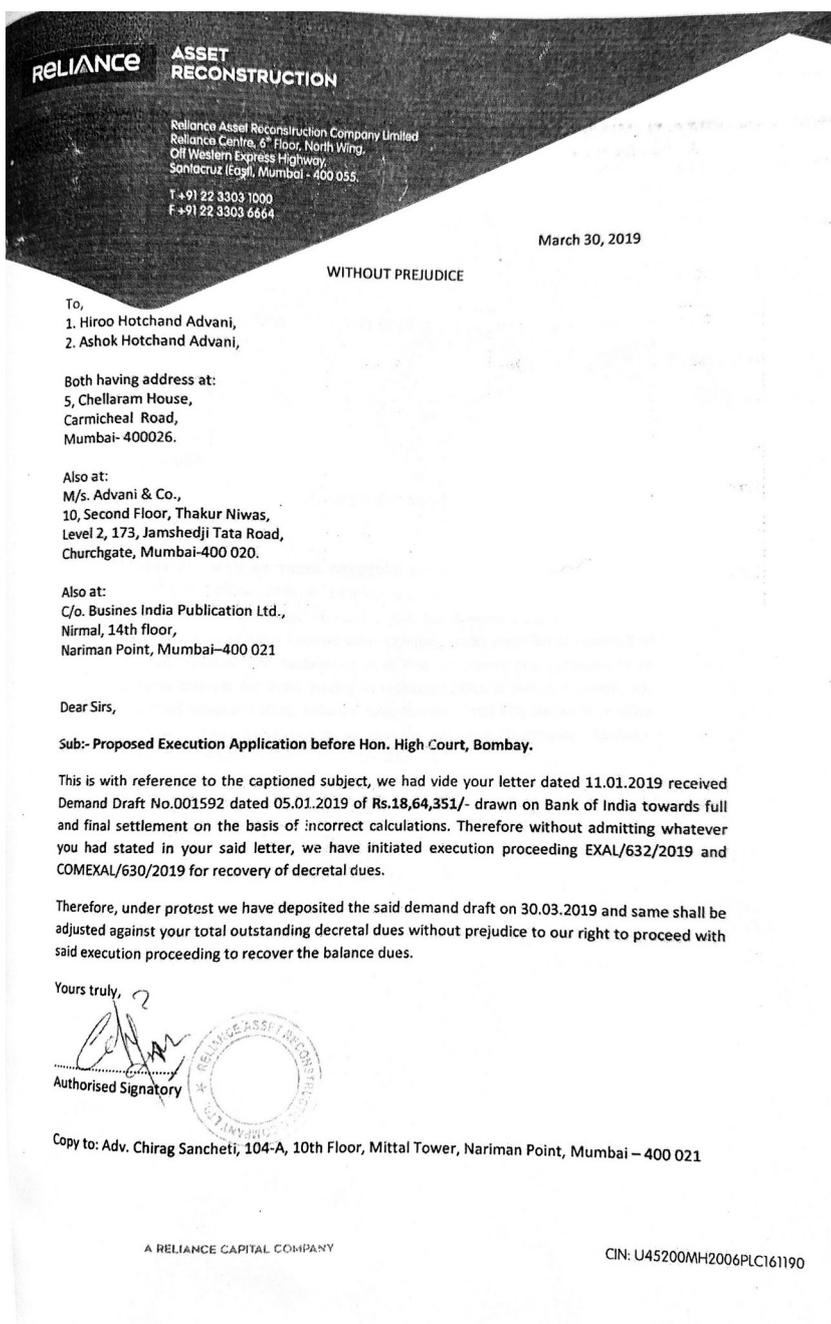
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5. By letter dated 30th January 2019, the Advocate for the Decree holder addressed a communication to the Advocate for the Judgment Debtors in S.C.Suit No.2353 of 2018 enclosing the following documents including the NOC for the car loan :

- (i) The indemnity letter for Loan Agreement No.RLNCMUM000168211 (original) viz. in respect of the car loan

- (ii) No objection certificate dated 28th January 2019 addressed to Regional Transport Office (original)
- (iii) No objection certificate dated 28th January 2019 addressed to the Insurance Company Ltd. (original)
- (iv) Form 35 (As per Rule 81(1) 2 original copies on one page)

6. On 30th March 2019, the Decree holder addressed the following letter to the Judgment Debtors stating that on 11th January 2019 the demand draft for Rs.18,64,351/- towards full and final settlement was on the basis of incorrect calculations, and therefore, without admitting what had been stated in the said letter, the Decree holder has initiated execution proceedings for recovery of the decretal dues, and that, therefore, under protest the demand draft has been deposited on 30th March 2019 and the same would be adjusted against the total outstanding decretal dues without prejudice of the right to proceed with the said execution to recover the balance.



7. Between 22nd April 2019 to 7th August 2019 several correspondence were exchanged by the Judgment Debtors stating that the payment of INR 18,64,351/- itself amounted to satisfaction or
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adjustment of the awards which was refuted by the Decree Holder by its letters dated 22nd April 2019 and 10th June 2019.

8. On 18th November 2019, this Court passed the following order directing the Prothonotary & Senior Master to appoint a Commissioner for taking accounts and preparing a report disclosing the total monies paid by the Judgment Debtors to the Decree holder and the total pending amounts if any.

“1. Let the Prothonotary and Senior Master of this Court take appropriate steps by referring the issue to an appropriate officer/the Commissioner for taking account, by whom the parties would be heard as to what is the total monetary liability of the Respondent under the Arbitral award in question, on both these proceedings and in terms of the order passed by learned Single Judge of this Court (Coram : S.C.Gupte, J.) dated 24 November 2019 in Arbitration Petition No.95 of 2013 and Arbitration Petition No.96 of 2013.

2. Let this exercise be undertaken within a period of three weeks from today. Appropriate report to that effect be placed on record of this Chamber Summons before the adjourned date of hearing.

3. Stand over to 09 December 2019.”

9. On 29th November 2019, the Judgment Debtors preferred Commercial Appeal No.582 of 2019 against the aforesaid order of 18th November 2019.

10. On 8th January 2020 the Commissioner tendered report pursuant to the order dated 18th November 2019. On 28th January 2020 the Commercial Appeal came to be disposed by passing the following order *inter alia* directing that the Executing Court to first decide the Appellants' (Judgment Debtors') claim of having tendered Rs.18,64,351/- under cover of letter dated 11th January 2019 towards satisfaction of the award in execution, in respect whereof the Execution Application was filed by the Respondent (Decree holder).

“1. Counsel as above appears for Respondent.

2. Vide impugned order dated 18th November, 2019, the Prothonotary & Senior Master of this Court was directed to refer the issue to an appropriate officer with the mandate that said officer would take the accounts and submit a report pertaining to an award in favour of the Respondent and against the Appellants (Original Petitioners).

3. The grievance of the Appellants is that notwithstanding on 11th January, 2019 having tendered ₹ 18,64,351/- under cover of a letter of even date indicating therein that the amount tendered was in full and final settlement of the claim, the learned Single Judge has directed rendition of accounts.

4. Concededly the impugned order has been implemented. The officer appointed by the Prothonotary & Senior Master of this Court has submitted a report.

5. Thus, we dispose of the Appeal directing the Executing Court to first decide appellant's claim that having tendered ₹ 18,64,351/- under cover of a letter dated 11th January 2019 there was a complete satisfaction of the award in execution whereof the Execution Application was filed by the Respondent.

6. *Needless to state if the learned Executing Court finds that the tendering of ₹ 18,64,351/- and its acceptance resulted in a satisfaction of the award that would be the end of the matter and the accounts rendered need not be looked into.*
7. *Of course, if the Court holds that there was no satisfaction of the award, the Court would then look into the accounts rendered. Needless to state if the appellants are aggrieved by the decision should it hold that there was no settlement of the award when ₹ 18,64,351/- was tendered, the appellants would be entitled to remedy as per law.*
8. *Interim Application No.1 of 2019 does not survive and is disposed of as infructuous.”*

11. On 29th January 2020, this Court hearing the Chamber Summonses and the Execution Applications clearly recorded that the parties are now required to be heard firstly on the issue as to whether there was complete satisfaction of the award in view of the letter dated 11th January 2019 of the Judgment Debtors, and if not, then the other issues under the execution would be required to be gone into. Compilation of necessary correspondence was directed to be placed on record by the Applicant and also served on the Judgment Debtors. Unfortunately, no such compilation appears to be on record of the file as of now.

12. It would also not be out of place to record that a number of Benches of this Court did grant time to the parties to amicably settle

the matter, however, since no settlement could be arrived at, the matter was heard on 9th December 2025 and arguments were concluded and orders were reserved with liberty to file written submissions. Written submissions on behalf of the Judgment Creditor have been received on 23rd December, 2025 and on behalf of the Judgment Debtors on 6th January 2026.

13. I have heard the learned Senior Counsel at length and considered the rival contentions.

14. Before proceeding further, it would be appropriate to consider the law settled in the context of offers and counteroffers in a settlement under the Indian Contract Act, 1872.

15. In the case of *Bhagwati Prasad Pawan Kumar vs. Union of India*¹, the Hon'ble Supreme Court has observed that the protest and non-acceptance must be conveyed before the cheques are encashed. If the cheques are encashed without protest then it must be held that the offer stood unequivocally accepted. An offeree cannot be permitted to change his mind after the unequivocal acceptance of the offer. That, it

1 (2006) 5 Supreme Court Cases 311

is for the offeree to plead and prove that it had not accepted the offer and had called upon the offerer to pay the balance amount. This, the Hon'ble Supreme Court has emphasised, must have been done before encashing the cheques. If the appellant encashed the cheques and then wrote letters of protest, it cannot be held that it had not accepted the offer by conduct.

16. Following *Bhagwati Prasad Pawan Kumar vs. Union of India* (*supra*), in the case of *Small Industries Development Bank of India vs. Sibco Investment Private Limited*², where the Plaintiff accepted the payment under the bonds including interest without any protest in February 2005 and thereafter, as Hon'ble Supreme Court records, slept over this issue for almost 8 months and for the first time claimed interest for the delayed payment in October 2005, it was observed by the Hon'ble Supreme Court that *Bhagwati Prasad Pawan Kumar vs. Union of India* (*supra*) would apply since there was acceptance by conduct.

17. In the case of *The Union of India vs. M/s.Rameshwarlal Bhagchand*³, where the facts are more or less similar to the facts of this

² (2022) 3 Supreme Court Cases 56

³ AIR 1973 Gau 111

case, where the General Manager sent a cheque of Rs.1173.19 on 5th May 1964 to the Plaintiffs subject to the condition that it was in full and final settlement of the claim and that he did after receipt of letter from the Plaintiffs demanding a total compensation of Rs.2368.25, the Gauhati High Court observed that if the Plaintiffs believed that the amount of the cheque fell short of the sum legally due to them, the obvious course for them to adopt was to write immediately to the General Manager, while retaining the cheque with them, that they would not accept the amount of the cheque as fully settling their claim and that if the General Manager would not agree with them, they would send back the cheque to him or cash it in partial satisfaction of their claim. The Plaintiffs, the Gauhati High Court observed, should have proceeded to deal with the cheque after getting a reply from the General Manager to such a communication. However, without taking any such step the Plaintiffs cashed the cheque and about eleven weeks thereafter wrote to the General Manager that the cheque did not satisfy their claim which they fixed at Rs.2368.25. Citing Section 6 of the Indian Contract Act, 1872, the Gauhati High Court emphasised that the said Section provides for revocation of proposals made. If the Plaintiffs had written to the General Manager before encashing the cheque, the General Manager might have withdrawn the proposal made by him on

5th May 1964. By getting the amount of the cheque first and then writing a letter to the General Manager that its amount did not satisfy their claim fully, the Plaintiffs placed the General Manager in a stage where he could not be restored to his former position. Also citing Pollock and Mulla, the commentary on the Indian Contract Act, 1872, the Gauhati High Court has noted that Pollock and Mulla have expressed the opinion at page 65 of their treatise that it is generally sound principle that what is offered on condition must be taken as it is offered, and found that the Plaintiffs having encashed the cheque without first communicating to the General Manager that they did not agree to the proposal made by him, they must be assumed in terms of section 8 to have accepted his proposal by mere acceptance of the consideration of Rs.1173.19 and the fact that the Plaintiffs wrote a letter on 29th July 1964 which was after the cheque had been encashed, denying that the amount had fully settled their claim, would not alter the position in any manner to the detriment of the Defendants. If the Plaintiffs were not out to agree to the proposal made by the General Manager in his communication dated 5th May 1964 they should in fairness, have withheld sending the cheque to the bankers and communicated their intention to the General Manager. That, therefore, it may be legitimately assumed that the cheque was encashed on the

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terms offered by the General Manager and that the Plaintiffs changed their mind after they had realised the money of the cheque. The observation of the Allahabad High Court in the case of ***Amrit Banspati Co. Ltd. vs. Union of India***⁴ that the Plaintiffs cannot be permitted to take the attitude “I shall accept the benefit but reject the condition” clearly brings out the significance and true meaning of Section 8.

18. It is not in dispute that substantial amounts with respect to both the awards in question have already been received by the Applicants and all that this Court as Executing Court has to decide, as very succinctly put by the Appeal Court, is whether the Respondents’ claim that having tendered Rs.18,64,351/- under cover of the letter dated 11th January 2019 there was complete satisfaction of the awards in execution. By letter dated 11th January 2019 the Advocate for the Respondents after recording that the total principal amount due and payable by his clients in Arbitration Petition No. 95 of 2013 was Rs.3,98,269/- and in Arbitration Petition No. 96 of 2013 was Rs.10,53,284/- and the further interest accrued on the said balance principal amounts being Rs.1,12,844/- and Rs.2,98,456/- respectively, and hence an aggregate sum of Rs.18,62,853/- being due and payable

4 AIR 1966 All 104

by his clients to the Applicant attached a demand draft for a sum of Rs.18,64,351/- towards full and final settlement in the matter. That, although there is no counter signature of the Applicant in the place provided in the said communication, however, firstly by letter dated 30th January 2019 the Advocate for the Applicant issued NOC to the Respondents with respect to the car loan in respect whereof earlier a stand had been taken by the Applicant that since the car loan was linked to the Rs.15,60,000/- loan, the NOC would be given only after termination of both the loan accounts, and secondly and more importantly, more than 2½ months after the offer on behalf of the Respondents full and final settlement along with a demand draft of Rs.18,64,351/- on 30th March 2019 the Applicant addressed a communication submitting that the demand draft of Rs.18,64,351/- towards full and final settlement was on the basis of incorrect calculations, and therefore, without admitting what had been stated in the said letter dated 11th January 2019, the Applicant had initiated execution proceedings for recovery of the decretal dues, and that, therefore, under protest the demand draft had been deposited on 30th March 2019 and the same would be adjusted against the total outstanding decretal dues without prejudice to the right to proceed with the said execution proceeding to recover the balance dues.

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19. Thereafter, although between 22nd April 2019 to 7th August 2019 correspondence had been exchanged by the Respondents stating that the payment of Rs.18,64,351/- itself amounted to satisfaction of adjustment of the awards and although the same were refuted by the Applicant, what this court is concerned with is whether the communication dated 30th March 2019 by the Applicant can be said to be a revocation of the proposal for full and final settlement made by the Respondents by communication dated 11th January 2019 or is to be treated as an acceptance of the said proposal. Admittedly, the Applicant had deposited the demand draft of Rs.18,64,351/- which was offered in full and final settlement by the Respondents and then the communication seeking to raise an issue of incorrect calculations, and that execution proceedings had been initiated for recovery stating that therefore, under protest, the demand draft has been deposited and the same would be adjusted against the total outstanding decretal dues, cannot be said to be a valid revocation as what is offered on condition must be taken as it is offered and the Applicant having encashed the demand draft without first communicating to the Respondents that they do not agree the proposal made by the Respondents, the Applicant must be assumed in terms of Section 8 of the Indian Contract Act, 1872 to have accepted the proposal of the Respondents by having accepted

the consideration of Rs.18,64,351/- and the communication dated 30th March 2019 raising issues of incorrect calculations or that the demand draft was deposited under protest or denying that the said demand draft was in full and final settlement would not alter the position in any manner to the detriment of the Respondents. If the Applicant had written to the Respondents before depositing or encashing the demand draft, the Respondents might have withdrawn the proposal made by them on 11th January 2019. By getting the amount of the demand draft first and then writing the letter dated 30th March 2019 that the amount was not in full and final settlement of the claim, the Applicant has placed the Respondents in a stage where the Respondents could not be restored to their former position. The Applicant having encashed/deposited the demand draft must be assumed in terms of Section 8 of the Indian Contract Act, 1872 to have accepted the Respondents' proposal by mere acceptance of Rs.18,64,351/- and the fact that the Applicant wrote the letter dated 30th March 2019 which was after the demand draft had been encashed would not alter the position in any manner to the detriment of the Respondents. If the Applicant were not to agree to the proposal made by the Respondents in the communication dated 11th January 2019, the Applicant ought to have, in all fairness, withheld the deposit and encashing of the demand

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draft and communicated its intention to the Respondents, as observed by the Hon'ble Gauhati High Court in the case of *The Union of India vs. M/s.Rameshwarlal Bhagchand (supra)*. That, therefore, it may be legitimately assumed that the demand draft was encashed on the terms offered by the Respondents and that the Applicant changed its mind after it had realised the money under the demand draft. As observed in the case of *Amrit Banspati Co. Ltd. vs. Union of India (supra)* the Applicant cannot be permitted to take the attitude "I shall accept the benefit but reject the condition". Apropos the above discussion, I am of the view that having tendered Rs.18,64,351/- under cover of letter dated 11th January 2019, there was complete satisfaction of the awards in execution as the said payment was made in full and final settlement.

20. Ergo, the Chamber Summonses merit a rejection.

21. As regards the decision of the Hon'ble Supreme Court in the case of *Padma Ben Banushali and Another vs. Yogendra Rathore and Others*⁵ cited on behalf of the Applicant, I am afraid that the said decision assists the case of the Respondents and not the Applicant as once the Chamber Summonses are dismissed this court would seek to mark the awards as satisfied.

5 (2006) 12 Supreme Court Cases 138

22. In view of the above discussion, the following order is passed :

ORDER

- (i) Both the Chamber Summonses viz. Chamber Summons No.550 of 2019 and Chamber Summons No.552 of 2019 accordingly stand dismissed.
- (ii) The awards dated 22nd October 2012 as modified by orders dated 24th November 2018 passed by this Court to be marked as satisfied.
- (iii) The Chamber Summonses and the Execution Applications to accordingly stand disposed.

(ABHAY AHUJA, J.)