

***THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA
AND
*THE HON'BLE JUSTICE GADI PRAVEEN KUMAR**

+ COMMERCIAL COURT APPEAL No.7 OF 2026

% 10-04-2026

Union of India, through
Ministry of Railways

.....Appellant

AND

vs.

\$ Krishnapatnam Railway Company
Limited and Another

... Respondents

!Counsel for the Appellant: Mr.Sanjeev Kumar, Counsel, representing
Mr. P.Enosh Nithin Joy

^Counsel for Respondents: Mr.Avinash Desai, learned Senior Counsel
representing Ms.Kopal Sharraf

<Gist :

>Head Note :

? Cases referred

1. 2007 (2) ILR 654
2. (1976) 3 SCC 607
3. (2022) 14 SCC 417
4. 2001 6 SCC 534
5. 1969 39 Comp Cas 595
6. (1976) 3 SCC 607

**IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD**

**THE HON'BLE JUSTICE MOUSHUMI BHATTACHARYA
AND
THE HON'BLE JUSTICE GADI PRAVEEN KUMAR**

COMMERCIAL COURT APPEAL No.7 OF 2026

10th April, 2026

Between:

Union of India, through Ministry of Railways,

.....Appellant

AND

Krishnapatnam Railway Company Limited and Another

.....Respondents

Mr. Sanjeev Kumar, learned counsel representing Mr. P. Enosh Nithin Joy, learned counsel appearing for the appellant (Online).

Mr. Avinash Desai, learned Senior Counsel representing Ms. Kopal Sharraf, learned counsel appearing for the respondent No.1.

JUDGMENT: (Per Hon'ble Justice Moushumi Bhattacharya)

1. The Commercial Court Appeal assails an order dated 31.12.2025 passed by the learned Commercial Court at Hyderabad ('Commercial Court') dismissing the application (C.E.A. No.92 of 2025) filed by the appellant/Judgment-Debtor in an Execution Petition (CEP.No.14 of 2025) filed by the respondent No.1/Decree Holder. The application filed by the appellant was for setting aside the order dated 03.03.2025 passed in CEP.No.14 of 2025 whereby the Commercial Court directed the State Bank of India/Garnishee to withhold the sums lying in the SCR Treasury

Account and for releasing the SCR Treasury Account from any attachment or prohibitory order.

2. The Commercial Court dismissed the appellant's application and confirmed its earlier order dated 03.03.2025 passed in C.E.P.No.14 of 2025 for attachment of the appellant's Bank Account bearing No.62337131167 being maintained with the respondent No.2/ Garnishee (State Bank of India, Himmat Nagar Branch). The Commercial Court held that the objections raised by the appellant challenging the order dated 03.03.2025 were not tenable and hence the said order was not liable to be set aside.

3. The appellant/Judgment-Debtor is the Ministry of Railways. The respondent No.2/State Bank of India is the Garnishee. Krishnapatnam Railway Company Limited is the respondent No.1/Decree Holder.

4. Learned counsel appearing for the appellant/Judgment-Debtor submits that the procedure prescribed under Order XXI Rule 46 and 46A of The Code of Civil Procedure, 1908 ('CPC') must be complied with before the Court can issue directions on the respondent No.2/Garnishee (State Bank of India) to withhold sums lying in the Treasury Account of the Judgment-Debtor. Counsel also submits that certain amounts lying in the Treasury Account of the Judgment-Debtor which are statutorily exempted from attachment under proviso to section 60(1) of The Code of

Civil Procedure, 1908 ('CPC') and section 3 of The Provident Funds Act, 1925 ('the 1925 Act') as well as The Public Provident Fund Act, 1968 ('the 1968 Act').

5. With regard to the first objection, counsel submits that by order dated 03.03.2025, the Commercial Court attached the amount lying in the SCR Treasury Account and only thereafter issued notice to the Garnishee under Order XXI Rule 46A of the CPC inviting objections. According to counsel, first a mandatory notice has to be issued to the Garnishee under Order XXI Rule 46A which the Commercial Court failed to comply with. The second objection taken by counsel on behalf of the appellant is that the Commercial Court directed attachment of the appellant's account maintained with the Garnishee despite the immunity available in clauses under the proviso to section 60(1) of the CPC and section 3 of the 1925 Act.

6. Learned Senior Counsel appearing for the respondent No.1 submits that the Commercial Court rightly dismissed the appellant's application since the appellant had failed to provide any particulars as to how its account would fall within the exemptions under proviso to section 60(1) of the CPC. Senior Counsel submits that the appellant was failed to furnish the required proof/details in order to claim the benefit of exemptions delineated under the proviso to section 60(1) of the CPC. It

is submitted that the application filed by the appellant is not maintainable under section 47 of the CPC since the questions arising between the parties to the suit must relate to the execution, discharge or satisfaction of the decree and shall be determined by the Court executing the decree and not by way of a separate suit. Senior Counsel submits that the appellant suffered an Arbitral Award to the extent of Rs.584,21,50,244/- along with further interest @ 12% per annum from the date of the Award till the date of realization.

7. The events which led to filing of the present Appeal are briefly stated below:

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| 16.07.2024 | The Arbitral Tribunal awarded the respondent No.1 Rs.337,56,64,643/- towards the claim for Terminal Costs and Rs.246,64,85,601/- as 12% interest per annum, cumulatively amounting to Rs.584.21 crores along with further interest @ 12% from the date of Award till the date of realization. |
| 24.09.2024 | The respondent No.1 filed an application under section 9 of The Arbitration and Conciliation Act, 1996 ('1996 Act') seeking certain reliefs including furnishing security and disclosure of assets. |
| 14.10.2024 | The appellant filed an application under section 34 of the 1996 Act for setting aside the Award to the extent of the Arbitral Tribunal partly allowing the |

respondent No.1's claim and rejecting the appellant's counter-claim. The appellant also filed an application (I.A.No.1004 of 2024) for stay of the Award.

- 09.01.2025 The Commercial Court directed the appellant to file an Affidavit in Form 16-A along with Annexure-E of the CPC for disclosing its assets including its bank account details for the purpose of satisfying the Award dated 16.07.2024.
The appellant thereafter filed its "Affidavit of Assets of Award Debtor" including the bank account held with the State Bank of India, Himmathnagar, Secunderabad Branch.
- 20.02.2025 The respondent No.1 filed Execution Petition (CEP.No.14 of 2025) seeking attachment of the scheduled property under section 36 of the 1996 Act read with Order XXI Rule 46 and 46A of the CPC i.e., for attaching the SBI Bank Account as furnished by the appellant in its disclosure.
- 03.03.2025 The Commercial Court directed the Garnishee Bank, the State Bank of India to withhold the CEP amount of Rs.605 crores inclusive of interest as on the date of filing of CEP.
- 17.03.2025 The appellant filed an application (CEA No.59 of 2025) for setting aside the order dated 03.03.2025 and also for permission for the appellant to come on record and to contest the CEP.

19.03.2025 The appellant chose not to press its stay application and submitted that it will advance arguments in the main Petition i.e., COP No.134 of 2024 for setting aside of the Award.

The respondent No.1 filed CEA No.60 of 2025 seeking deposit of the monies which had been attached by the Commercial Court under Order 21 Rule 46A of the CPC.

The Commercial Court passed an order in CEA No.59 of 2025 permitting the appellant to contest CEP. Thereafter, the appellant filed its counter in CEA No.60 of 2025

04.04.2025 The Garnishee bank/SBI filed a Memo stating that it had withheld and stopped transactions pertaining to the appellant's accounts in compliance with the order dated 03.03.2025.

The appellant filed CEA No.92 of 2025 for setting aside the order of the Commercial Court dated 03.03.2025 directing the Garnishee Bank to withhold the Bank Account of the appellant.

31.12.2025 The Commercial Court dismissed CEA No.92 of 2025 filed by the appellant. The order dated 31.12.2025 forms the subject matter of the present Commercial Court Appeal.

8. The two objections raised by the appellant/Judgment Debtor No.1 before the Commercial Court to attachment of its account with the Garnishee Bank were as follows:

Objection I

9. The first objection is that the Treasury Account in which the amounts have been withheld is the South Central Railway (SCR) Treasury Account, contains employees' Provident Fund Deposits and is used for the payment of Life Insurance premiums. Hence, the Treasury Account cannot be attached as the said Account falls within the exemptions delineated in the proviso to section 60(1) of the CPC. This objection finds place in the affidavit filed in support of C.E.A.No.92 of 2025 filed by the appellant/Judgment Debtor No.1.

10. Section 60 falls under Part II (Execution) of the C.P.C. and deals with 'Property liable to Attachment and Sale in execution of Decree'. The appellant claims exemptions under clauses (k), (ka), (kb) and (l) of proviso to section 60(1) of the C.P.C. which, *inter alia*, relate to compulsory deposits, sums derived from Provident Funds and Public Provident Funds, Life Insurance Policies and the emoluments of any servant of the Government or a Railway Company. However, the appellant has failed to provide specific particulars demonstrating how

these exemptions apply to the property apply to the property which is sought to be attached in the present case i.e., the appellant's Treasury Account.

11. The appellant contends that the Treasury Account pertains to its employees and is utilized for payments towards Life Insurance Policies thereby rendering it exempt under proviso to section 60(1) of the C.P.C. The appellant has however failed to provide particulars or cogent evidence regarding the nature of the property or its eligibility for exemptions under the proviso to section 60(1). The burden of proof lies squarely on the party, who seeks to avail the benefit of such exemptions (in this case, the appellant/Judgment Debtor No.1), to establish that the property is not liable for attachment or sale under section 60(1) of the C.P.C; *Govindan A Vs. Govindarajan KK*¹.

12. The appellant has specifically pleaded that '*some of the amounts within this account are designated for specific non-discretionary purposes*' and that '*part of the funds held in the SCR Treasury Account falls clearly within the excepted categories*'. However, no details have been furnished by the appellant either in relation to the individual categories of exemptions under the proviso to section 60(1) of the C.P.C. or with regard to any other particulars, including the quantum thereof or the

¹ 2007 (2) ILR 654

proportion of such contributions in relation to the total balance of the Treasury Account.

13. It is also pertinent to note that the proviso to section 60(1) of the CPC carve-out exceptions from attachment in respect of '*the following particulars*' which indicates that only certain specified amounts are immune from attachment, as opposed to the entire account itself. The appellant, however, seeks to take advantage of the proviso to section 60(1) of the C.P.C. in respect of the entirety of the Treasury Account.

14. This Court, in fact, took a view in a C.R.P.No.92 of 2026 filed by the respondent No.1/Krishnapatnam Railway Company Limited that the appellant/Judgment Debtor's contention that the amounts cannot be remitted since they consist of Provident Fund and Life Insurance monies is unsubstantiated. This Court further observed that the appellant failed to provide clarity as to the specific nature of the attached funds. Moreover, the appellant's reliance on *Union of India Vs. Jyoti Chit Fund and Finance*² is misplaced since the said decision specifically dealt with the issue of *locus standi* of the Union of India to challenge the attachment of specific retirement and pensionary benefits.

15. In the present case, the Commercial Court has considered the merits of the appellant's objection with regard to the exemptions and

²(1976) 3 SCC 607

dismissed the same on the ground that the appellant failed to furnish any particulars regarding the alleged exemptions. The Commercial Court, in fact, noted that the appellant did not produce any material either in its affidavit of assets or in its application (CEA.No.14 of 2025), to clarify the specific amounts in the Treasury Account are immune from attachment under the proviso to section 60(1) of the C.P.C. The Commercial Court further observed that it was incumbent upon the appellant to disclose specific particulars to substantiate its claim for exemption from attachment.

Objection II

16. The second objection related to the appellant's contention that the Commercial Court failed to comply with the procedure prescribed under Order XXI Rule 46 of the CPC since the Commercial Court issued the notice to the garnishee (SBI) prior to passing the order of attachment dated 03.03.2025.

17. The appellant/Judgment Debtor submits that the Commercial Court failed to follow the procedure laid down under Order XXI Rule 46/46A of the CPC with regard to attachment of debt, share and other property not in possession of judgment-debtor and notice to garnishee. According to counsel, the Commercial Court attached the amount lying

in the South Central Railways Treasury Account on 03.03.2025 and issued the notice to the Garnishee under Order XXI Rule 46A of the CPC inviting objections.

18. According to counsel, notice to the Garnishee/SBI under Order XXI Rule 46A could only have been issued after 19.03.2025 in the application filed by the Decree Holder/respondent No.1 for deposit of the money attached by the Commercial Court (CEA.No.60 of 2025) .

19. In this context, the procedure under Order XXI Rule 46 of the CPC is required to be set out in stages. The stages with regard to Order XXI Rule 46 are set out in sequence.

- (i) Order XXI Rule 46 of the CPC empowers the executing Court to attach a debt, share or other property which is not in possession of the Judgment Debtor, except the property deposited in, or in the custody of the Court: Order XXI Rule 46(1)(c).
- (ii) The Court shall attach the property by way of a written order prohibiting the person in possession of the movable property from giving it over to the judgment-debtor: Order XXI Rule 46(1)(c)(iii).

- (iii) A copy of the order of attachment shall be affixed on some conspicuous part of the Court-house; another copy of the order shall be sent (in the case of movable property) to the person in possession of the same: Order XXI Rule 46(2).

20. The present case deals with movable property (money) not in the possession of the Judgment Debtor (the appellant). The person in possession of the movable property is the Garnishee/SBI.

21. Order XXI Rule 46A of the CPC, this provision is distinct and different from Order XXI Rule 46 where the debt/ share/ other movable property has been attached by the Court. The sequence under Order XXI Rule 46A is set out hereunder.

- (i) Order XXI Rule 46A gives the option to the Court in a case where the debt has already been attached under Rule 46 of Order XXI to issue notice to the Garnishee who is liable to pay the said debt and calling upon the Garnishee either to pay the debt to the Court or a part thereof which would satisfy the decree and costs of execution or to appear and show cause as to why the Garnishee should not pay the debt or a part thereof. The

Court's notice to the Garnishee is subject to an application made by the attaching creditor to the Court³.

- (ii) Order XXI Rule 46A makes it clear that the stage of 'Notice to Garnishee' comes after the stage of attachment of debt/ share/ property under Order XXI Rule 46. This would be clear from the language of Order XXI Rule 46A which clarifies that the Court may issue notice to the Garnishee in relation to a debt '...which has been attached under rule 46...' (underlined for emphasis). Moreover, the issuance of notice to the Garnishee is also not mandatory which would be evident from the words '*The Court may in the case of a debt...*'.
- (iii) Order XXI Rule 46B follows Rule 46A where the Garnishee does not forthwith pay the amount due to him to the judgment-debtor into the Court or the amount thereof which would be sufficient to the decree of the Court and the costs of execution.
- (iv) Order XXI Rule 46 would also apply, in conjunction, where the Garnishee does not appear and show cause in answer to the notice sent under Order XXI Rule 46A. In

³ Bhagyoday Coop. Bank Ltd. Vs. Ravindra Balkrishna Patel; (2022) 14 SCC 417

the aforesaid circumstances, the Court may order the Garnishee to comply with the terms of the notice sent under Rule 46A.

- (v) Order XXI Rule 46C is the next stage where the Court may order any issue of question necessary for determination of liability of Garnishee to be tried as if it were an issue in a Suit where the Garnishee disputes liability. The Court may pass orders after determination of the issue as it deems fit.
- (vi) Order XXI Rule 46F provides for valid discharge in the event the Garnishee makes the payment on the notice under Rule 46A or under any similar orders which shall then amount to a valid discharge to a Garnishee as against judgment-debtor.

22. The above sequence makes it clear that the scope and purpose of Rule 46 and Rule 46A of Order XXI of the CPC.

23. Order XXI Rule 46 of the CPC empowers the Court to attach a property which is not in possession of the judgment-debtor by way of a written order. The order of attachment, is directed against the person who is in possession of property and prohibiting that person from

handing over the property to the judgment debtor. The underlying object of Order XXI Rule 46(1) would be clear from the procedure envisaged in Order XXI Rule 46(2) which stipulates that the second copy of the notice of the order must be sent to the person in possession of the movable property which is in possession of that person but not in possession of judgment debtor.

24. On the other hand, Order XXI Rule 46A of the CPC is for the purpose of giving certain directions to the Garnishee in respect of the debt or part thereof to satisfy the decree and costs of execution to the Court. The primary principle is for Garnishee to appear in person and show cause and give Garnishee an opportunity to contest the notice under Order XXI Rule 46A where the Garnishee refuses to comply with the contents of the notice. Order XXI Rule 46A is premised upon an application filed by the attaching creditor to the Court for issue of notice and direction to the Garnishee as aforesaid.

25. The facts of the present case indicate that the order of attachment was made by the Court under Order XXI Rule 46 of the CPC on 03.03.2025 wherein the Court directed the Garnishee Bank/respondent No.2 to withhold CEP amount of Rs.605,07,94,064/- inclusive of interest in the appellant's SBI Bank account.

25.1. The appellant was set *ex parte* by the Commercial Court on 03.03.2025. On 17.03.2026, the appellant/Judgment-Debtor filed an application (CEA.No.59 of 2025) for setting aside the order dated 03.03.2025 and seeking permission for coming on record to contest the CEP.

25.2. On 19.03.2025, the appellant made a specific submission that it was not pressing its stay application and will only advance arguments in the main application for setting aside the Award under section 34 of The Arbitration and Conciliation Act, 1996 (COP.No.134 of 2024).

25.3. On 19.03.2025, the Court allowed the appellant's application (CEA.No.59 of 2025) to the extent of giving the appellant an opportunity to contest the execution proceedings. The attachment order dated 03.03.2025 was however not set aside.

26. On 04.04.2025, the Garnishee Bank filed a Memo stating that it had complied with the order dated 03.03.2025 with regard to the direction on it to withhold the execution petition amount of Rs.605,07,94,064/- lying in the Judgment Debtor's Bank Account bearing No.62337131167, Government Ministry of Railways, South Central Railways/FA & CAO/Sec-Bad, SBI, Himmatnagar, Secunderabad. On the same day i.e., on 04.04.2025, the appellant filed

CEA.No.92 of 2025 for setting aside of the directions on the Garnishee Bank and for release of SCR Treasury Account from attachment or prohibitory orders. The appellant/Judgment Debtor's application, was dismissed by the Commercial Court by the impugned order dated 31.12.2025.

27. The narration of events eliminates the basis of the appellant/Judgment-Debtor's argument that the Commercial Court failed to comply with the procedure under Order XXI Rule 46A of the CPC.

28. The very fact of the Garnishee Bank filing a Memo stating that it had complied with the order of attachment dated 03.03.2025 and had withheld/stopped transactions pertaining to the said account from 19.03.2025 would render the proceedings under Order XXI Rule 46A unnecessary and irrelevant. As stated above, Order XXI Rule 46A is only for the purpose of giving an opportunity to the Garnishee to show cause or challenge the notice issued by the Court to the Garnishee on an application made by attaching creditor. Therefore, Order XXI Rule 46A ceases to have any application once the Garnishee has reported compliance of order of attachment made under the preceding provision, i.e., Order XXI Rule 46 of the CPC. The admitted fact in the present case

is that the Garnishee does not dispute liability and confirmed its compliance with the attachment order passed by the Commercial Court.

29. Therefore, the second objection with regard to the alleged non-compliance of the provisions under Order XXI Rule 46A of the CPC in terms of issuance of notice to the Garnishee or that the said notice could not have been issued on 19.03.2025 is without any factual or statutory basis.

Section 47 of The Code of Civil Procedure, 1908

30. Section 47 of the CPC deals with the questions to be determined by the Court executing the decree. Section 47(1) stipulates that all questions arising between the parties to the suit in which the decree was passed and relating to the execution, discharge or satisfaction of the decree, shall be determined by the Court executing decree and not by a separate suit.

31. The provision makes it clear that the objections raised by the appellant/Judgment Debtor do not fall within the scope of section 47 as the executing Court cannot examine the validity of a subsequent order, which in the present case, is the order dated 03.03.2025. The Arbitral Award dated 16.07.2024 which awarded the respondent No.1

Rs.337,56,64,643/- and Rs.246,64,85,601/- as 12% interest per annum – cumulatively amounting to Rs.584.21 crores along with future interest @ 12% per annum till the date of realization amounts to a decree. Hence, the objections raised by the appellant do not relate to the validity of the decree, even assuming that the Arbitral Award can be the subject matter of objections under section 47 of the CPC.

32. The executing Court's powers under section 47 of the CPC is microscopic and lies in a very narrow inspection hole: *Dhurandar Prasad Singh v. Jai Prakash University*⁴, where the Supreme Court held that the executing Court can allow objection under section 47 to the executability of the decree if it is found that the decree is *void ab inito* and a nullity and decree is not capable of execution in law.

33. Thus, the objections raised by the appellant in its application (CEA.No.92 of 2025) in respect of the order dated 03.03.2025 is *de hors* a statutory basis and the application was not maintainable under section 47 of the CPC.

34. Last and most important, the Arbitral Award dated 16.07.2024 directed the appellant to pay a sum of Rs.584,21,50,244/- along with interest @ 12% per annum from the date of the Award till the date of realization. The appellant has chosen not to press its application for stay

⁴ 2001 6 SCC 534

of the Award till date. This is specifically recorded in the order of the Commercial Court dated 19.03.2025. Hence, the Award remains enforceable as of date. Despite the same, the appellant continues to raise objections solely to resist and frustrate the execution of the Award. As already held, the appellant's objections lack any statutory basis and are clearly intended to delay the execution of the Award, thereby reducing the Award to a mere 'paper decree'.

35. The cases cited by the appellant/Judgment Debtor do not come to its assistance. *Grey Steel Castings & Finishing Co. P. Ltd. v. Adverts (Private) Ltd.*⁵ is on a case-situation warranting the application of Order XXI Rule 46A of the CPC. A Single Bench of the Bombay High Court held that that there must be an application made by the judgment creditor for the said provision to commence. This is in line with the sequence under Order XXI Rules 46 and 46A of the CPC as stated above. *Union of India v. Jyoti Chit Funds*⁶ dealt with the issue of *locus standi* of the Union of India to challenge the attachment of the specific provident funds and pensionary benefits; this issue is not relevant in the present factual conspectus.

⁵ 1969 39 Comp Cas 595

⁶ (1976) 3 SCC 607

Conclusion

36. We do not find any ground to interfere with the impugned order dated 31.12.2025 dismissing the appellant's application (C.E.A. No 92 of 2025 in C.E.P. No 14 of 2025). The Commercial Court correctly confirmed the order dated 03.03.2025 in CEP No.14 of 2025 filed by the respondent No.1 for attachment of the account furnished by the appellant/Judgment Debtor as valid and rejected the objections raised by the appellant as untenable. We, hence, find the Appeal to be devoid of merit.

37. COMCA No.7 of 2026, along with all connected applications, is accordingly dismissed. There shall be no order as to costs.

MOUSHUMI BHATTACHARYA, J

GADI PRAVEEN KUMAR, J

DATE: 10.04.2026
TJMR/BMS/VA