



***Pendente Lite* Transfers and the Limits of Third-Party Objections in Execution Proceedings: Analysis of R. Savithri Naidu v. M/s Cotton Corporation of India Limited bearing Civil Appeal No.1602 of 2026 (Arising out of SLP (C) No.19779 of 2024) decided on 12.02.2026**

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Introduction

Execution proceedings have constituted the weakest stage of civil litigation in India. While adjudication determines rights, enforcement determines whether those rights carry practical meaning. A recurring strategy adopted by judgment-debtors is the transfer of property to relatives or third parties after an award or decree but before execution, thereby rendering the decree ineffective. The Supreme Court's decision in *R. Savithri Naidu v. M/s Cotton Corporation of India Ltd.*¹ marks a significant doctrinal consolidation in this area by strengthening the doctrine of *lis pendens* and extending its rigorous application to arbitral awards and money decrees.

The Court rejected the resistance of a third-party purchaser and emphasised that the legal system must not merely produce decrees but ensure their realisation. The ruling, therefore contributes meaningfully to arbitration enforcement jurisprudence and execution law under the Code of Civil Procedure, 1908 (CPC).

Factual Background

The Cotton Corporation of India (hereinafter referred as '**CCI**') supplied cotton bales to a textile company. A dispute arose regarding non-payment. Pursuant to the dispute, the arbitration proceedings were initiated in 1999. In 2001, an arbitral award was passed directing payment of the outstanding amount with interest. The award challenge filed under Section 34 of the Arbitration and Conciliation Act, 1996 was dismissed in 2013.

Meanwhile, the company defaulted on loans obtained from a bank, resulting in proceedings under the SARFAESI Act. During settlement with the bank, the company transferred certain immovable property in 2015 to the mother of its Managing Director. The transferee claimed to be a *bonafide* purchaser for value without notice.

In 2019, CCI initiated execution proceedings seeking attachment of the same property to satisfy the arbitral award. The transferee filed objections under Order XXI Rule 58 CPC claiming independent ownership. The executing court rejected the objection, the Hon'ble High Court affirmed the decision and the matter reached the Supreme Court.

Issues Before the Court

The Hon'ble Supreme Court examined the following legal questions:

1. Whether a purchaser after an arbitral award can resist execution proceedings as a third party.
2. Whether the doctrine of *lis pendens* applies to money decrees and arbitral awards.
3. Whether absence of pending litigation at the time of purchase protects the transferee.

¹ 2026 INSC 1434



4. Scope and application of Order XXI Rule 102 CPC in execution proceedings.

Contentions of the Parties

The Appellant claimed absolute ownership through a registered sale deed executed in 2015 and argued that no proceedings were pending at the time of purchase because the Section 34 challenge had already been dismissed. The Appellant while relying upon Danesh Singh and others v. Har Pyari (Dead) Through LRs.² contended that the arbitral dispute concerned recovery of money, not rights in immovable property, hence, *lis pendens* should not apply.

- The Respondent argued that the transfer occurred after institution of arbitral proceedings and after the award therefore, it was *pendente lite*. The Respondent further contended that the Appellant, being closely related to company management, had constructive notice of the liability and permitting such transfers would permanently defeat execution of decrees and arbitral awards.

Judgment and Reasoning

i. Arbitral Award Equivalent to a Decree

The Hon'ble Court reaffirmed that under Section 36 of the Arbitration and Conciliation Act, an arbitral award is enforceable in the same manner as a decree of a civil court. Consequently, execution principles under Order XXI CPC apply equally to arbitral awards.

ii. Determination of *Pendente Lite* Transfer

The Hon'ble Court clarified that pendency begins from the institution of proceedings, not from the date of execution filing or appeal. Since arbitration commenced in 1999 and the award was passed in 2001, the transfer in 2015 occurred after adjudication and therefore qualified as a post-award *pendente lite* transfer.

iii. Application of Order XXI Rule 102 CPC

Order XXI Rule 102 denies protection to transferees *pendente lite* from resisting execution. The Court emphasised that the rule is rooted in justice and public policy and without such protection, judgment-debtors could repeatedly defeat decrees through successive transfers. The transferee is presumed aware of pending claims and cannot obstruct execution proceedings.

iv. *Lis Pendens* Applies to Money Decrees

Rejecting the argument that *lis pendens* is confined to property disputes, the Court held that Section 52 of the Transfer of Property Act applies equally to money decrees where execution may involve property attachment. Otherwise, judgment-debtors could freely alienate property and render decrees meaningless.

v. Constructive Notice and Commercial Reality

Although the Court refrained from explicitly declaring fraud, it found that the transferee failed to prove absence of notice. The close relationship with company management and non-production of relevant settlement documents justified an inference of awareness of existing liability.

² Civil Appeal No. 14761 of 2025 (Arising out of SLP (C) No. 14461 of 2019), Decided On: 15.12.2025; 2025 INSC 1434.



vi. Execution as the True Test of Justice

The Court strongly emphasised that litigation must culminate in real relief. Allowing post-award purchasers to resist execution would trap proceedings in endless cycles and convert decrees into symbolic victories rather than enforceable rights.

Ratio Decidendi

A transferee who purchases property after the institution of arbitral proceedings or after the passing of an arbitral award is a transferee *pendente lite* and cannot resist execution under Order XXI Rule 102 CPC, even where the decree or award is for recovery of money.

Legal Principles Established

1. Arbitral awards are fully subject to execution rules governing civil decrees.
2. Pendency commences from initiation of adjudicatory proceedings, not from execution or appeal stages.
3. *Lis pendens* applies to money decrees and arbitral awards.
4. Post-award transferees cannot claim protection as *bona fide* purchasers against decree-holders.
5. SARFAESI settlements do not extinguish independent creditor claims.
6. Execution jurisprudence must prioritise realisation of relief over formal ownership claims.

Significance of the Judgment

The decision substantially strengthens India's enforcement regime in multiple ways.

First, it enhances arbitration credibility by ensuring awards cannot be defeated through strategic asset transfers. This aligns Indian law with pro-enforcement international arbitration standards.

Second, the ruling strengthens execution proceedings by discouraging dilatory tactics. By interpreting Rule 102 strictly, the Court prevents judgment-debtors from creating surrogate objectors to delay recovery.

Third, the judgment expands the doctrine of *lis pendens* beyond traditional property disputes and integrates it into enforcement law, thereby harmonising the Transfer of Property Act with the CPC.

Fourth, it sends a broader institutional message that adjudication without enforcement undermines the rule of law. The Court shifts focus from disposal-centric justice to relief-centric justice.

Conclusion

The ruling represents a pragmatic approach to civil procedure by recognising ground realities of enforcement litigation. The Courts have treated third-party objections with procedural neutrality, often prolonging execution indefinitely. The present decision prioritises effectiveness and economic efficiency in dispute resolution.

However, the strict approach may raise concerns for genuinely innocent purchasers in commercial markets thereby affecting transactional certainty.



The Supreme Court's decision marks an important evolution in Indian execution jurisprudence. By harmonising the Arbitration Act, CPC, and Transfer of Property Act, the Hon'ble Court ensured that legal remedies translate into actual enforcement. The judgment transforms execution from a procedural afterthought into the central objective of adjudication.

Ultimately, the ruling affirms a foundational principle of civil justice that a decree is meaningful only when the successful litigant can enjoy its fruits.
