



2026:DHC:5036



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

Date of decision: 01st JUNE, 2026

IN THE MATTER OF:

+ **CS(COMM) 474/2019 &I.A. 11701/2020, I.A. 9050/2023, I.A. 15936/2026**

SAINIK INDUSTRIES PVT. LTD.

.....Plaintiff

Through: Ms. Preeti Gupta, Ms. Urvashi Tyagi,
Advs. along with Vikram Singh, AR
of the Plaintiff

versus

INDIAN SUGAR MANUFACTURING COMPANY LIMITED

.....Defendant

Through:

**CORAM:
HON'BLE MR. JUSTICE SUBRAMONIUM PRASAD**

JUDGMENT (ORAL)

I.A. 15936/2026

1. The instant application has been filed on behalf of the Plaintiff for withdrawal of the present Suit and for refund of the court fees.
2. The present Suit has been filed by the Plaintiff for recovery of Rs.19,55,30,723/- along with *pendete lite* and future interest @ 15% per annum.
3. It is the case of the Plaintiff that an Agreement dated 28.07.2016 was entered into between the parties for supply of 5200 MT sugar for a total consideration of Rs.16,71,80,000/- and the Defendant issued a confirmation letter for supply of the same.

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4. It is stated that the Plaintiff made an advance payment of Rs.10,00,000/- to the Defendant. It is stated that the Defendant supplied 1942.9 MT of sugar which was undisputedly priced at Rs.6,24,64,235/-.

5. It is stated that in respect of the balance advance amount of Rs.3,75,35,765/-, which was retained, no sugar was supplied by the Defendant within the stipulated period as agreed upon between the parties.

6. It is stated the since the Defendant failed to comply with the terms and conditions of the agreement despite receipt of substantial advance payments, the Plaintiff has filed the present Suit for recovery of Rs.19,55,30,723/- along with interest.

7. On 18.05.2026, it was stated by the learned Counsel for the Plaintiff that the Plaintiff would like to withdraw the Suit on the ground that the proceedings under the Insolvency & Bankruptcy Code, 2016 (“**IBC**”) have been initiated against the Defendant and that the Plaintiff has submitted their claims before the Insolvency Resolution Professional (IRP). The IRP had placed the Resolution Plan before the NCLT and in the Plan which was submitted, the Plaintiff had accepted the amount that was conferred under the same. The matter was then adjourned to 19.05.2026.

8. On 19.05.2026, this Court wanted to consider the issue as to whether the court fee could be refunded to the Plaintiff or not and reserved orders.

9. At the time of hearing the arguments, learned Counsel for the Plaintiff had placed reliance on Judgment passed by a Coordinate Bench in Proud Securities and Credits Private Limited v. Urrshila Kerkar & Anr., 2023 SSC OnLine Del 2270, which had in turn placed reliance on the Judgment of the Apex Court in High Court of Judicature at Madras through its Registrar General v. M. C. Subramaniam, 2021 (3) SCC 560.

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10. While considering this aspect, this Court found that a formal application for withdrawal of the Suit had not been filed and therefore the case was put for directions today, i.e., 01.06.2026.

11. I.A. 15936/2026 has been filed by the Plaintiff under Order XXIII Rule 1 of the CPC for withdrawal of the Suit and for refund of the court fees. Paragraph 3 of the said application reads as under:-

“3. That the Resolution Professional, appointed for the Defendant, filed an application before the NCLT for seeking approval of the resolution plan of Consortium of M/s Shri Dutt India Private Limited and M/s Shri Dutt Biofuels Private Limited. The said plan was resolution plan was approved by the NCLT vide order dated 06.02.2024. It is further submitted that Plaintiff has been categorized as "Operation Creditor other than workmen and employee" and has filed its claim with the resolution professional and has accepted the amount granted under the said order and has not challenged the same. ”

12. Section 16 of the Court Fee Act permits refund of court fee in case the parties to a Suit settle their disputes. Section 16 of the Court Fees Act reads as under:-

“16. Refund of fee.- Where the Court refers the parties to the suit to anyone of the mode of settlement of dispute referred to in section 89 of the Code of Civil Procedure, 1908 (5 of 1908), the plaintiff shall be entitled to a certificate from the Court authorising him to receive back from the collector, the full amount of paid in respect of such plaint.”

13. A Division Bench of this Court in Nutan Batra v. M/s Buniyaad Associates, **2018 SCC OnLine Del 12916**, was of the opinion that court fee



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can be refunded even if the Plaintiff withdraws the Suit on the ground that the parties have entered into a settlement.

14. It is also pertinent to mention that a Notification has been issued by the GNCTD permitting refund of court fee even in cases wherein the Plaintiff withdraws the Suit on the basis of settlement, a scenario covered under Order XXIII Rule 1(4) of the CPC.

15. The question which arises for consideration before this Court is as to whether the facts of the present case indicate that the parties have settled their *lis* or not. In this case, strictly speaking, there is no settlement arrived at between the parties. However, the proceedings under the IBC were initiated against the Defendant and the Plaintiff submitted its claims before the Resolution Professional and has agreed to the amount that has been decided to be paid under the settlement process in the Resolution Plan to the Plaintiff herein. The net effect is that the Plaintiff has settled for an amount in order to bring a quietus to its claims and since the Plaintiff has agreed to accept the said amount, the ingredients of settlement are attracted to the facts of this case.

16. In the opinion of this Court following observations of the Apex Court in High Court of Judicature at Madra through its Registrar General v. M.C. Subramaniam & Ors., 2021 (3) SCC 560, would apply squarely to the facts of this case. The relevant portion of the said Judgment reads as under:-

“12. Having heard the petitioner and thoroughly considered the arguments advanced, we find ourselves unimpressed by the petitioner's contentions, for reasons outlined below.

13. The provisions of Section 89 CPC must be understood in the backdrop of the longstanding



*proliferation of litigation in the civil courts, which has placed undue burden on the judicial system, forcing speedy justice to become a casualty. As the Law Commission has observed in its 238th Report on Amendment of Section 89 of the Code of Civil Procedure, 1908 and Allied Provisions, Section 89 has now made it incumbent on civil courts to strive towards diverting civil disputes towards alternative dispute resolution processes, and encourage their settlement outside of court (Para 2.3). **These observations make the object and purpose of Section 89 crystal clear — to facilitate private settlements, and enable lightening of the overcrowded docket of the Indian judiciary. This purpose, being sacrosanct and imperative for the effecting of timely justice in Indian courts, also informs Section 69-A of the 1955 Act, which further encourages settlements by providing for refund of court fee. This overarching and beneficent object and purpose of the two provisions must, therefore, inform this Court's interpretation thereof.***

14. Before expounding further on our interpretation of the aforesaid provisions, regard must be had to the following postulation of this Court's interpretive role in Directorate of Enforcement v. Deepak Mahajan [Directorate of Enforcement v. Deepak Mahajan, (1994) 3 SCC 440 : 1994 SCC (Cri) 785] : (SCC pp. 453-54, paras 24-25)

*“24. ... **Though the function of the courts is only to expound the law and not to legislate, nonetheless the legislature cannot be asked to sit to resolve the difficulties in the implementation of its intention and the spirit of the law. In such circumstances, it is the duty of the court to mould or creatively interpret the legislation by liberally interpreting the statute.***

25. In Maxwell on Interpretation of Statutes, Tenth Edn. at p. 229, the following passage is found:



'Where the language of a statute, in its ordinary meaning and grammatical construction, leads to a manifest contradiction of the apparent purpose of the enactment, or to some inconvenience or absurdity, hardship or injustice, presumably not intended, a construction may be put upon it which modifies the meaning of the words, and even the structure of the sentence. ... Where the main object and intention of a statute are clear, it must not be reduced to a nullity by the draftsman's unskilfulness or ignorance of the law, except in a case of necessity, or the absolute intractability of the language used.' ”

15. Therefore, it is well settled that the courts may, in order to avoid any difficulty or injustice resulting from inadvertent ambiguity in the language of a statute, mould the interpretation of the same so as to achieve the true purpose of the enactment. This may include expanding the scope of the relevant provisions to cover situations which are not strictly encapsulated in the language used therein.

16. This principle of statutory interpretation has been affirmed more recently in the decision in Shailesh Dhairyawan v. Mohan Balkrishna Lulla [Shailesh Dhairyawan v. Mohan Balkrishna Lulla, (2016) 3 SCC 619 : (2016) 2 SCC (Civ) 426] : (SCC p. 642, para 33)

“33. ... Though the literal rule of interpretation, till some time ago, was treated as the “golden rule”, it is now the doctrine of purposive interpretation which is predominant, particularly in those cases where literal interpretation may not serve the purpose or may lead to absurdity. If it brings about an end which is at variance with the purpose of statute, that cannot be countenanced.”

(emphasis supplied)

This was followed in the subsequent decision of this



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Court in Anurag Mittal v. Shaily Mishra Mittal [Anurag Mittal v. Shaily Mishra Mittal, (2018) 9 SCC 691 : (2018) 4 SCC (Civ) 550] .

*17. In light of these established principles of statutory interpretation, we shall now proceed to advert to the specific provisions that are the subject of the present controversy. **The narrow interpretation of Section 89 CPC and Section 69-A of the 1955 Act sought to be imposed by the petitioner would lead to an outcome wherein the parties who are referred to a mediation centre or other centres by the Court will be entitled to a full refund of their court fee; whilst the parties who similarly save the Court's time and resources by privately settling their dispute themselves will be deprived of the same benefit, simply because they did not require the Court's interference to seek a settlement. Such an interpretation, in our opinion, clearly leads to an absurd and unjust outcome, where two classes of parties who are equally facilitating the object and purpose of the aforesaid provisions are treated differentially, with one class being deprived of the benefit of Section 69-A of the 1955 Act. A literal or technical interpretation, in this background, would only lead to injustice and render the purpose of the provisions nugatory — and thus, needs to be departed from, in favour of a purposive interpretation of the provisions.***

18. It is pertinent to note that the view taken by the High Court in the impugned judgment [M.C. Subramaniam v. Sakthi Finance Ltd. Civil Misc. Petition No. 26742 of 2019, decided on 8-1-2020 (Mad)] has been affirmed by the High Courts in other States as well. Reference may be had to the decision of the Karnataka High Court in Kamalamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd. [Kamalamma v. Honnali Taluk Agricultural

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Produce Coop. Mktg. Society Ltd., 2009 SCC OnLine Kar 744 : (2010) 1 AIR Kant R 279] , wherein it was held as follows : (SCC OnLine Kar para 6)

“6. Whether the parties to a suit or appeal or any other proceeding get their dispute settled amicably through arbitration, or meditation or conciliation in the Lok Adalat, by invoking provisions of Section 89 CPC or they get the same settled between themselves without the intervention of any Arbitrator/Mediator/Conciliators in Lok Adalat, etc., and without invoking the provision of Section 89 CPC, the fact remains that they get their dispute settled without the intervention of the Court. If they get their dispute settled by invoking Section 89 CPC, in that event the State may have to incur some expenditure but, if they get their dispute settled between themselves without the intervention of the Court or anyone else, such as arbitrator/mediator, etc., the State would not be incurring any expenditure. This being so, I am of the considered opinion that whether the parties to a litigation get their dispute settled by invoking Section 89 CPC or they get the same settled between themselves without invoking Section 89 CPC, the party paying court fees in respect thereof should be entitled to the refund of full court fees as provided under Section 16 of the Court Fees Act, 1870.”

19. Section 16 of the Court Fees Act, 1870 is in pari materia with Section 69-A of the 1955 Act, and hence the abovestated principles are equally applicable to the present case.

20. The holding in Kamalamma [Kamalamma v. Honnali Taluk Agricultural Produce Coop. Mktg. Society Ltd., 2009 SCC OnLine Kar 744 : (2010) 1 AIR Kant R 279] has

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been followed by the Punjab and Haryana High Court in Pradeep Sonawat v. Satish Prakash [Pradeep Sonawat v. Satish Prakash, 2015 SCC OnLine P&H 2235] and Pritam Singh v. Ashok Kumar [Pritam Singh v. Ashok Kumar, (2019) 1 Law Herald 721 (P&H)] , which in turn were further affirmed in Raj Kumar v. Gainda Devi [Raj Kumar v. Gainda Devi, 2019 SCC OnLine P&H 658] .

21. The Delhi High Court has also taken a similar view in J.K. Forgings v. Essar Construction (India) Ltd. [J.K. Forgings v. Essar Construction (India) Ltd., 2009 SCC OnLine Del 3134 : (2009) 113 DRJ 612] : (SCC OnLine Del paras 11-12, 14 & 17-19)

“11. The laudable object sought to be achieved by inserting and amending these sections seems to be speedy disposal. The policy behind the statute is to reduce the number of cases by settlement. Section 89 CPC and Section 16 of the Court Fees Act are welcome step in that direction, as the number of cases has increased, it is the duty of court to encourage settlement. In present scenario of huge pendency of cases in the courts a purposive and progressive interpretation is the requirement of present hour. The intention of the Legislature is primarily to be gathered from the object and the words used in the material provisions. The statute must be interpreted in their plain grammatical meaning.

12. It is very clear that the legislative intent of Section 16 of the Court Fees Act was made broad enough to take cognizance of all situations in which parties arrive at a settlement irrespective of the stage of the proceedings. It is also obvious that the purpose of making this provision was in order to provide some sort of incentive to the party who has approached the court to resolve the dispute amicably and obtain a full refund of the court fees.

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Having regard to this position, the present application will have to be allowed.

14. This is not a case where parties to the suit after long drawn trial have come to the court for settlement. Had it been the case of long drawn trial non-refund of court fees could have been justified but in such like cases courts' endeavour should be to encourage the parties and court fees attached with the plaint should be refunded as an incentive to them.

17. Settlement of dispute only through any of the mode prescribed under Section 89 CPC is not sine qua non of Section 89 CPC rather it prescribes few methods through which settlement can be reached, sine qua non for applicability of Section 89 is settlement between the parties outside the court without the intervention of the courts.

18. It is also not the requirement of the section that court must always refer the parties to Dispute Resolution Forum. If parties have arrived at out-of-court settlement it should be welcomed subject to principles of equity.

19. The Court Fees Act is a taxing statute and has to be construed strictly and benefit of any ambiguity if any has to go in favour of the party and not to the State.”

(emphasis supplied)

17. The Apex Court is of the opinion that any kind of settlement by which the Plaintiff agrees to bring quietus to the dispute comes within the four corners of Section 16 of the Court Fees Act and that one cannot distinguish cases on the mode of settlement.

18. In view of the aforesaid judgment, this Court is therefore inclined to

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accede to the request made by the Plaintiff in I.A. 15936/2026 for withdrawal of the present Suit and for refund of court fees.

19. The Authorized Representative of the Plaintiff is present in Court today. He states that the Plaintiff has accepted the amount under the CIRP process towards full and final settlement of claims under the Suit and that the Plaintiff would not initiate any other proceedings on the basis of the cause of action on which the present Suit is premised. The statement is accepted and taken on record.

20. Resultantly, the Suit is disposed of as withdrawn under Order XXIII Rule 1(4) of the CPC along with pending application(s), if any.

21. Let the entire court fee be refunded to the Plaintiff in terms of Section 16 of the Court Fees Act.

SUBRAMONIUM PRASAD, J

JUNE 01, 2026

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