



**IN THE HIGH COURT OF KARNATAKA AT DHARWAD**

**DATED THIS THE 3<sup>RD</sup> DAY OF JUNE, 2026**

**BEFORE**

**THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM**

**WRIT PETITION NO. 103987 OF 2026 (GM-CPC)**

**BETWEEN:**

RYATAR SAHAKARI SAKKARE KARKHANE NIYAMIT,  
A CO-OPERATIVE SUGAR FACTORY REGISTERED  
UNDER THE PROVISIONS OF KARNATAKA  
CO-OPERATIVE SOCIETIES ACT, 1959,  
HAVING ITS REGISTERED OFFICE AND FACTORY  
AT: RANNANAGAR, TIMMAPUR, TQ. MUDHOL,  
DIST. BAGALKOT-587 122,  
R/BY ITS MANAGING DIRECTOR.

... PETITIONER

(BY SRI. GIRISH A. YADAWAD, ADVOCATE)

**AND:**

THE PRESIDENT,  
RAITAR SAHAKARI SAKKARE KARKHANE NIYAMIT,  
EMPLOYEES UNION, RANNA NAGAR,  
TIMMAPUR, TQ. MUDHOL, DIST. BAGALKOT-587122,  
R/BY ITS PRESIDENT, IRRAPPAGOUDA  
S/O GIRIYAPPAGOUDA PATIL, AGE: 61 YEARS,  
OCC. LABOUR, R/O. LOKAPUR, TQ. MUDHOL,  
DIST. BAGALKOT-587 122.

... RESPONDENT

(BY SRI. SOURABH HEGDE, ADVOCATE FOR C/R1)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO ISSUE A WRIT OF CERTIORARI TO QUASH THE IMPUGNED ORDER DATED 01.04.2026 PASSED ON IA NO.2 IN EP NO.301/2025 BY THE PRINCIPAL DISTRICT AND SESSIONS JUDGE, BAGALKOT VIDE ANNEXURE-J, IN THE INTEREST OF JUSTICE AND EQUITY AND ETC.,



THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

**ORAL ORDER**

(PER: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM)

1. The captioned writ petition is by the Judgment Debtor assailing the order passed by the Executing Court on I.A. No.2 in E.P. No.301/2025, whereby the Executing Court has directed the lessee, namely M/s. Bilagi Sugars Mill Ltd., Bilagi Taluk, to deposit an amount of ₹3,45,96,884/- out of the total rent amount of ₹8,50,00,000/- for the year 2025-26 receivable by the petitioner/Judgment Debtor.

2. Heard the petitioner's counsel and the counsel appearing for the respondent. Perused the order impugned and the compromise entered into between the petitioner and the respondent.

3. A perusal of the records would indicate that the petitioner-Company, which was engaged in the business of manufacture of sugar, suffered severe financial setbacks. Owing to mounting losses and its inability to continue



commercial operations, the petitioner was constrained to shut down the sugar factory. Consequent upon the closure of the establishment and the disputes relating to the service benefits of its employees, the respondent-Union, representing the workmen of the petitioner-Company, raised an industrial dispute under Section 10(1)(c) of the Industrial Disputes Act, 1947 (for short "the Act"). The said dispute culminated in an award dated 30.01.2022, whereby the claims of the workmen came to be adjudicated.

4. The records further reveal that subsequent to the passing of the award, the parties entered into negotiations and ultimately arrived at an amicable settlement. In terms of the compromise petition filed before the competent forum, which is produced at Annexure-C, the petitioner-Company voluntarily agreed to settle the claims of the workmen by undertaking to pay 50% of the back wages and other consequential monetary benefits. The compromise was accordingly accepted and recorded, thereby acquiring the force of a decree binding on both parties.



5. A careful examination of the compromise decree would disclose that the petitioner/Judgment Debtor had, at the time of settlement, made substantial payments to various entities and stakeholders. The compromise decree specifically records that an aggregate sum of nearly ₹30 crores had already been disbursed to several entities, while the respondent-Union was paid an upfront amount of ₹4 crores. However, notwithstanding the said payment, the respondent-Union was still entitled to receive a further sum of approximately ₹21 crores under the terms of the settlement. The compromise thus clearly envisaged phased payment of the remaining dues payable to the workmen represented by the respondent-Union.

6. The materials placed before the Court further indicate that, at the intervention of the State Government and with a view to revive the industrial establishment and generate revenue, the petitioner/Judgment Debtor entered into a lease arrangement with M/s Bilagi Sugars Mill Ltd. Under the terms and conditions of the lease agreement, the



lessee was obligated to pay annual lease rent of ₹8,50,00,000/- to the petitioner. Thus, after the execution of the lease agreement, the petitioner acquired a regular source of income by way of annual lease rentals.

7. It is in the aforesaid factual backdrop that the respondent-Union approached the Executing Court by filing an application seeking appropriate directions against the lessee, namely M/s. Bilagi Sugars Mill Ltd., for deposit of a sum of ₹3,45,96,884/-. The said application was stoutly opposed by the petitioner/Judgment Debtor. The principal contention urged by the petitioner was that, pursuant to a subsequent Government Order governing the affairs of the Company, there existed several other creditors whose claims were also required to be satisfied. It was therefore contended that the amount sought to be earmarked in favour of the respondent-Union could not be released exclusively towards the workmen's dues and that the interests of other creditors would be seriously prejudiced if such a course were adopted.



8. The Executing Court, upon consideration of the rival contentions and after examining the Government Order relied upon by the petitioner, found no merit in the objections raised by the Judgment Debtor. The Executing Court noticed that the Government Order merely referred to outstanding loan liabilities and certain administrative expenses and did not in any manner dilute or override the obligations undertaken by the petitioner under the compromise decree dated 25.01.2023. The Executing Court further recorded a categorical finding that, despite the lapse of considerable time from the date of compromise, no substantial payment had been made towards discharge of the liabilities owed to the respondent-Union. Taking note of these undisputed facts, the Executing Court concluded that appropriate directions were required to be issued for deposit of ₹3,45,96,884/- into the escrow account jointly maintained in the names of the Deputy Commissioner and the concerned Managing Director, the said amount



representing the second instalment payable under the lease arrangement.

9. On a deeper scrutiny of the records and the reasoning assigned by the Executing Court, this Court finds no justification to accept the contention urged by the petitioner that the existence of other creditors constitutes a valid ground to deny payment to the respondent-Union. The compromise settlement between the parties was recorded on 25.01.2023. More than three years have elapsed thereafter. Except for the initial payment of ₹4 crores made at the time of settlement, the petitioner has failed to demonstrate that any further amount has been paid towards satisfaction of the dues payable to the respondent-Union. The respondent-Union, in turn, represents a large body of workmen who have been awaiting disbursement of their lawful dues. The prolonged non-compliance with the terms of the compromise cannot therefore be countenanced by this Court.



10. It is also not in dispute that the sugar factory has now been leased in favour of M/s Bilagi Sugars Mill Ltd. and that the petitioner is entitled to receive annual lease rentals amounting to ₹8,50,00,000/-. Viewed in that context, the decision of the Executing Court to earmark and carve out a sum of ₹3,45,96,884/- from the lease rentals cannot be said to be either arbitrary or excessive. On the contrary, the amount directed to be deposited constitutes only a portion of the revenue receivable by the petitioner and has been earmarked solely for the purpose of securing compliance with the compromise decree. The direction issued by the Executing Court is therefore fully justified and proportionate to the obligation undertaken by the petitioner under the settlement.

11. This Court is therefore of the considered view that the impugned order does not suffer from any arbitrariness, perversity or legal infirmity warranting interference under Article 227 of the Constitution of India. The direction to set apart the aforesaid amount is intended



to ensure that the respondent-Union is in a position to distribute the lawful dues among its members, who are none other than the former employees of the petitioner's sugar factory. The Executing Court has merely enforced the terms of the settlement voluntarily entered into by the petitioner and has not travelled beyond the scope of the compromise decree. While the petitioner continues to receive substantial lease rentals running into several crores of rupees annually, it is always open to the petitioner to regulate its finances and satisfy the claims of other creditors whose names admittedly do not find place in the compromise settlement. The existence of such claims cannot be permitted to defeat or postpone the rights accrued to the respondent-Union under a binding compromise decree.

12. For the reasons stated above, this Court finds no merit in the writ petition. The impugned order passed by the Executing Court is just, proper and in consonance with the terms of the compromise decree. No grounds are made



out for interference in exercise of supervisory jurisdiction.  
Accordingly, the writ petition stands ***dismissed***.

**Sd/-  
(SACHIN SHANKAR MAGADUM)  
JUDGE**

VNP / CT: BCK  
LIST NO.: 1 SL NO.: 35