2026:DHC:9403

$~51

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

\# **CNR No. DLHC011049942025**

\+ OMP (ENF.) (COMM.) 293/2025, EX.APPL.(OS) 1889/2025, EX.APPL.(OS) 843/2026, & EX.APPL.(OS) 1318/2026 –Dir.

KIRLOSKAR PNEUMATIC COMPANY LIMITED

.....Decree Holder

Through: Mr. Raj Shekhar Rao, Sr. Adv. with Ms. Pratiksha Sharma, Mr. Ankit Aeharya, Mr. Sameer Mahajan, Mr. Sahil Bijliwala, Ms. Ritu Chaudhary, Mr. Ayush Jain, Mr. Mukesh Kumar and Mr Ajay, Advs.

versus

OIL AND NATURAL GAS CORPORATION LIMITED

.....Judgement Debtor

Through: Mr. Chetan Sharma, ASG with Mr. Abhishek Gupta, Ms. Ikshita Singh, Mr. Amit Gupta, Mr. RV Prabhat, Mr. Shubham Sharma, Mr. Naman, Mr. Abhishek Pachauri and Mr. A S Vamsi Krishna, Advs.

CORAM:
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

JUDGMENT(ORAL)

% 09.10.2026

1. The present petition has been filed under Section 36 of the Arbitration and Conciliation Act, 1996[1] seeking enforcement of the Arbitral Award dated 13.04.2023, read with Correction Order dated 15.04.2023.

2. The record reveals that the arbitral award was rendered and

IBC Laws | www.ibclaw.in

signed at Ahmedabad, Gujarat.

3. Mr. Chetan Sharma, learned ASG appearing on behalf of the Judgment Debtor, has raised a preliminary objection concerning the sufficiency of stamp duty on the arbitral award sought to be enforced.

4. Learned ASG submits that although the chargeable event for the purposes of stamp duty is the execution of the instrument, i.e., the signing of the arbitral award as per Section 2(12) of the Indian Stamp Act of 1899, an independent liability to pay stamp duty arises when enforcement is sought in another State. It is accordingly contended that, since the present enforcement proceedings have been instituted in Delhi, the Decree Holder is liable to pay the differential stamp duty in accordance with the Indian Stamp Act, 1899, as applicable to the NCT of Delhi[2].

5. Learned ASG further contends that the differential stamp duty was deposited beyond the prescribed period of one month and that such belated payment is contrary to the decision of this Court in ***M/s URC Construction (P) Ltd. v. Airports Authority of India***[3]. It is additionally urged that the said decision does not adjudicate upon the question of inter-State chargeability of stamp duty.

6. In this regard, learned ASG places reliance on the decisions of this Court in ***Mohini Electricals Ltd. v. Delhi Jal Board***[4] and ***Gail (India) Ltd. v. A.P. Gas Power Corpn. Ltd.***[5]**,** to contend that the

[1] "ACA" hereinafter
[2] "ISA" hereinafter
[3] **OMP (ENF.) (COMM.) 155/2026; 2026 SCC OnLine Del 6909**
[4] **2021 SCC OnLine Del 3506**
[5] **2024 SCC Online Del 5226**

question of sufficiency of stamp duty assumes relevance at the stage of enforcement of an arbitral award.

7. On the other hand, Mr. Raj Shekhar Rao, learned Senior Counsel appearing on behalf of the Decree Holder, submits that the arbitral award has been duly stamped in accordance with the Gujarat Stamp Act of 1958, being the legislation applicable to the place where the award was executed.

8. Learned Senior Counsel further submits that no additional liability to pay stamp duty arises merely because enforcement is sought in Delhi. It is urged that the ISA, as applicable to NCT of Delhi, contains no provision akin to Section 18 of the Maharashtra Stamp Act, 1958, which specifically mandates stamping of instruments executed outside the State within three months upon their receipt within the State. In the absence of any corresponding statutory provision, the imposition of differential stamp duty is stated to be legally unsustainable.

9. I have heard the learned Counsel for both the parties and carefully considered their rival submissions.

10. At the outset, it is apposite to refer to the decision of this Court in ***Genus Power and Infrastructures Ltd. v. Supreme Advertising Pvt. Ltd.***[6]**,** wherein the observations made in ***GAIL (India) (supra)***, were considered and distinguished, as follows:

> *"1. At this stage, learned Counsel for the Decree Holder sought to place reliance on the decision of a co-ordinate Bench of this Court*

[6] **OMP (ENF.) (COMM.) 83/2024**

in ***GAIL (India) Ltd. v. M/s Andhra Pradesh Gas Power Corp. Ltd.***[7] *and upon* ***M/s SA Builders Ltd. v. Municipal Corporation of Delhi***[8]*, which follows the former decision. The relevant excerpt is reproduced thus:*

> *"6. In fact,* ***Section 17***[9] ***of the Stamp Act requires all instruments, chargeable to stamp duty, to be stamped before or at the time of execution****. In the case of an arbitral award, Mr. Singh candidly acknowledges that* ***"execution" would refer to actual execution of the award****. That has yet to take place. Even otherwise, even while this execution petition is pending, the deficient stamp duty has been paid by the petitioner.*
>
> *7. In these circumstances, I am of the opinion that these execution proceedings cannot be permitted to be kept on hold awaiting any further proceedings in relation to the stamp duty payable on the award under execution."*
>
> ***(emphasis supplied)***

2. It appears from a perusal of the aforesaid excerpt that the learned co-ordinate Bench of this Court proceeds on the premise that "execution" is synonymous to enforcement of an arbitral award under Section 36 of the Arbitration and Conciliation Act, 1996[10]*.*

3. There is no quarrel with the proposition that "execution" as employed in Section 17 of the Stamp Act refers to execution of an instrument i.e., an arbitral award in the present case.

4. However, the meaning of "execution" is imported from the definition clause under Section 2(12) of the Act, which categorically provides that "executed" and "execution" means "signed" and "signature". It does not, by any stretch of imagination, refer to actual execution or enforcement by the court. As a logical corollary, "execution" under Section 17 does not refer to execution of an arbitral award by a court in terms of Section 36 of the A&C Act.

5. Section 17 explicitly provides that an arbitral award attracts stamp duty before or at the time it is signed and accordingly, has nothing to do with the enforcement of an award (or execution of an award by a court, as understood in the aforementioned judgments).

---

[7] **OMP(ENF)(COMM) 176/2022**
[8] **Ex.P. 99/1998**
[9] 17. Instruments executed in India. – All instruments chargeable with duty and executed by any person in India shall be stamped before or at the time of execution.
[10] "A&C Act" hereinafter

> *6. In the considered view of this Court, the learned co-ordinate Bench did not decide the question as to when an arbitral award would become amenable to stamp duty under the Act, as is apparent from a facial reading of the excerpt, whereby the conclusion of the learned Bench was premised on the candid submission advanced by the learned Counsel appearing in that matter.*
>
> *7. In that view of the matter, according to this Court, the issue having been not raised and/or decided before the learned Bench and the same merely being a stray observation, cannot be binding on this Court. This Court respectfully disagrees with the said observation, since the aforesaid obiter lies in the teeth of the statutory provisions of the Stamp Act."*

11. In the above decision, the Court clarified that the expression "execution", as employed in Section 17 of the ISA, must be understood in the light of Section 2(12) thereof, which defines "executed" and "execution", with reference to instruments, as meaning "signed" and "signature".

12. Further, the Court held that execution of an arbitral award, for the purposes of the ISA, cannot be equated with its enforcement under Section 36 of the Act. It is trite that the former denotes affixing signatures to the instrument, whilst the latter concerns the process whereby the rights crystallised under the arbitral award are given effect through judicial proceedings.

13. Significantly, the Court observed that the decision in ***GAIL (India) (supra)*** did not directly adjudicate upon the point of time at which an arbitral award becomes chargeable to stamp duty. The observations therein, insofar as they appeared to equate execution with enforcement, were therefore held not to constitute a binding

determination of that question.

14. Therefore, the reliance placed by the Judgment Debtor upon ***GAIL (India) (supra)*** does not advance its case, particularly when the said decision is examined in the context of the statutory definition of "execution" and the subsequent clarification rendered in ***Genus Power (supra)***.

15. The decision in ***Mohini Electricals Ltd. (supra)*** was also considered by this Court in ***M/s URC (supra)***, whereby upon examining the statutory scheme governing the stamping of arbitral awards, this Court recognized that the question of adequacy of stamp duty assumes significance when an award is sought to be enforced and held as follows:

> *"87. The Court proceeded to discuss Sections 33, 35 and 38 of the Indian Stamp Act, 1899 to hold that the Court was duty-bound under Section 33 to impound an insufficiently stamped award and cannot exercise any discretion in this regard. It was held that the only way to cure the defect was to impound the instrument and forward it to the concerned Collector, who will then assess the applicable stamp duty and penalty thereof. To buttress, the Court held that the aforesaid proposition was also made applicable at the pre-referral stage by the decision in SMS Tea Estates P. Ltd. v. Chandmari Tea Co. P. Ltd. [(2011) 14 SCC 66 : (2012) 4 SCC (Civ) 777], and was followed in Garware Wall Ropes Ltd. v. Coastal Marine Constructions & Engg. Ltd. [(2019) 9 SCC 209 : (2019) 4 SCC (Civ) 324] .*
>
> *88. Further, in the aforesaid matter, the learned Arbitrator had permitted payment of stamp duty on the award at a belated stage, i.e., well after the 30-day period expired. In this regard, two contentions were raised on behalf of the Decree Holder that since the (i) Arbitration Act does not stipulate a time period within which the award shall be stamped and also (ii) does not impose any duty on the Tribunal to stipulate or ensure such payment, such an act by the Arbitrator was not permissible. The Court in its reasoning placed reliance on Sections 31, 35 and 36 of the Arbitration Act to hold as follows:*

"30. The extracted provisions hereinabove show that the ***sole duty cast on the arbitral tribunal at the time of passing the award is to ensure that a signed copy of the award is delivered to each party, but there is no obligation on the tribunal to ensure that the requisite stamp duty payable thereon stands paid at the time of passing of the award.*** *Section 36 of the Arbitration Act dealing with enforcement of the award also proceeds to clarify that a domestic arbitral award shall be treated as a decree of the Court and, subject to the outcome of any challenge thereupon under Section 34 of the Arbitration Act, it can be simply enforced as a decree of the Court in accordance with the provisions of the Code of Civil Procedure, 1908 without any statutory requirement of making it a Rule of Court, unlike Section 17 of the Indian Arbitration Act, 1940.* ***A combined reading of these provisions shows that let alone the arbitral Tribunal, there is no need even for the parties to file the award in Court and certainly no duty on their part to do so, unless they intend to initiate proceedings under Sections 34 or 36 of the Act***

31. Interestingly, ***I find that the Arbitration Act does not even create a legal obligation on the parties in arbitration to pay stamp duty on an award. It is only when they begin taking steps to enforce the award that the parties are obligated to ensure that the instrument has been duly stamped, at which point the Court shall be guided by the provisions of Sections 33, 35 and 38 of the Indian Stamp Act, 1899.*** *This position was reiterated by the Supreme Court in M. Anusuya Devi v. M. Manik Reddy, 2003 Supp (4) SCR 853 when it held that the question whether an award is stamped or not is only relevant for enforcement proceedings, and not during the Section 34 proceedings because an arbitral award cannot be set aside on the ground of inadequate stamping.* ***Thus, the Arbitration Act envisages that the payment of requisite stamp duty on an award shall only be required when a party is seeking to get the same enforced under Section 36****.*

32. Once the question whether proper stamp duty was paid on the award is precluded from being a valid ground to challenge the same under Section 34, ***it is hard to imagine that the legislature intended to include the power to make substantive directions on the subject fall in the core jurisdiction of an arbitral tribunal.*** *In other*

words, the issue of stamping of the award is not the concern of the arbitral tribunal at all and has to be examined only when a party approaches the Court for enforcement of the award.

33. That being said, it is not necessarily true that every time a party decides to enforce an award, it needs to ensure that the same is duly stamped. For instance, ***a situation may arise in which both parties in arbitration mutually decide to accept the award, thereby dispensing with the formality of instituting an enforcement petition. In such cases, there would be absolutely no occasion for any of the parties to pay the stamp duty.***

34. That being said, when it comes to the question of paying stamp duty on an arbitral award, I am inclined to accept the legal position advanced by Ms. Salwan on behalf of the DH that the learned arbitrator did not have any statutory power to direct that the stamp duty must be paid within a specific period. ***Therefore, the direction of the learned arbitrator granting 30 days' time for payment of stamp duty on the award was a direction issued in excess of its powers under the Act.*** *As a result, a direction like this which was void could neither have created an obligation on the part of the DH nor can be used to call into question an act which was perfectly sustainable in the eyes of law, i.e. payment of the stamp duty in February 2020. Thus, I have no hesitation in rejecting the JD's contention that the payment of stamp duty applicable upon the award, on 07.02.2020 was illegal or improper in any manner."*

(emphasis supplied)

89. Therefore, undoubtedly, the proposition that emerges out from this decision as well is that adequacy of stamp duty is a relevant factor at the stage of enforcement of an arbitral award and that the Arbitration Act does not impose a duty upon the Arbitral Tribunal to ensure payment of stamp duty. It was also held that there is no discretion granted to a Court under Section 33 and that what must be impounded is the original instrument, a copy/xerox thereof cannot be validated by paying deficit duty and penalty."

16. In view of the aforesaid, this Court in ***M/s URC (supra)*** further considered the scope of Sections 33, 35 and 38 of the ISA and the obligation of a court to impound an instrument found to be

insufficiently stamped. It was recognised that the statutory consequences of insufficient stamping must be addressed in accordance with the procedure prescribed under the ISA.

17. Thus, the position emerging from ***M/s URC (supra)***, read with the decisions in ***In Re: Interplay Between Arbitration Agreements under Arbitration and Conciliation Act, 1996 and Stamp Act, 1899***[11] and ***M. Anusuya Devi v. M. Manik Reddy***[12], is that an objection concerning insufficient stamping of an arbitral award falls for consideration at the stage of enforcement. Such an objection is also not a valid objection for setting aside the award under Section 34 of the Act.

18. There can, therefore, be no dispute that a court exercising jurisdiction under Section 36 of the Act is required to examine an objection concerning the sufficiency of stamp duty, and in such endeavour, the statutory requirements of Sections 33, 35 and 38 of the ISA must be complied with wherever applicable.

19. However, what gains significance is that the *stage* where an objection concerning insufficient stamping becomes relevant must not be conflated with the *event* that attracts the chargeability of stamp duty. These are distinct issues governed by different statutory considerations.

20. Moreover, a conjoint reading of Sections 33, 35 and 38 in light

[11] **(2024) 6 SCC 1**
[12] **2003 Supp (4) SCR 853**

of the overall scheme of the ISA makes it abundantly clear that there exists a mandatory and absolute statutory bar on this Court from acting upon an insufficiently stamped instrument, which must necessarily be dealt with in accordance with the provisions of the ISA.

21. Additionally, these decisions do not, by any stretch of imagination, hold that the chargeability of an instrument to stamp duty arises only at the stage of enforcement. Rather, they merely establish that objections concerning the adequacy of stamp duty cannot be entertained at the stages contemplated under Section 8, 11 and 34 of the Act.

22. Pertinently, Section 17 of the ISA[13] provides that instruments executed in India and chargeable with duty shall be stamped *before* or *at* the time of execution. To reiterate, in view of Section 2(12) of the ISA, the expression "execution" refers to the signing of the instrument. Thus, in the case of an arbitral award, the relevant event is its signing and not the subsequent institution of proceedings for its enforcement.

23. Section 18[14] of the ISA, on the other hand, deals with instruments executed outside India and prescribes the period within which such instruments may be stamped after their first receipt in India.

[13] **17. Instruments executed in India.**—All instruments chargeable with duty and executed by any person in India shall be stamped before or at the time of execution

[14] **18. Instruments other than bills and notes executed out of India.**—
(1) Every instrument chargeable with duty executed only out of India, and not being a bill of exchange or promissory note, may be stamped within three months after it has been first received in India.
(2) Where any such instrument cannot, with reference to the description of stamp prescribed therefore, be duly stamped by a private person, it may be taken within the said period of three months to the Collector, who shall stamp the same, in such manner as the State Government may by rule prescribe, with a stamp of such value as the person so taking such instrument may require and pay for.

24. It follows that although the question of sufficiency of stamp duty may be examined at the stage of enforcement, the institution of enforcement proceedings does not, in itself, constitute a fresh chargeable event. Any additional or differential liability must necessarily be traceable to an express statutory provision.

25. The submission advanced by the learned ASG regarding the issue of inter-State chargeability may now be examined.

26. In this respect, I shall refer to the decision of the Supreme Court in ***New Central Jute Mills Co. Ltd. v. State of W.B.***[15], wherein the Court considered the operation and application of stamp legislation in circumstances involving instruments executed in one State but relating to property situated, or transactions undertaken in another State.

27. The controversy before the Supreme Court arose in the context of a mortgage deed executed in Uttar Pradesh[16] but relating to properties situated in West Bengal[17] followed by subsequent instruments involving substitution of these mortgaged properties. The question revolved around the applicability of the respective State amendments to the ISA and the sufficiency of stamp duty paid upon the instruments.

28. The Supreme Court recognised that the determination of stamp duty liability must be undertaken with reference to the statutory provisions applicable in the concerned State. In particular, the Court

[15] **1963 SCC OnLine SC 201**
[16] "U.P." hereinafter
[17] "W.B." hereinafter

considered the effect of State amendments extending chargeability to instruments executed outside the State but relating to property situated, or matter or things done or to be done within that State.

29. The Supreme Court, thus, acknowledged that since the instrument had been executed in U.P., it was liable to stamp duty in that State. The Court further observed that there could be no doubt that a public officer of a State was required to determine the sufficiency of stamp duty in accordance with the amendment to the ISA applicable in that State. In this regard, the Court made reference to Section 3 of the ISA, as amended in U.P. at the relevant time, read with Rule 3 of the rules framed under the Stamp Act. The relevant excerpt is as follows:

> *"9. There cannot be any doubt that when it becomes necessary for any public officer of a State - using that word to mean an officer in charge of a public office to decide whether an instrument is or is not "duly stamped the law he has to apply is the Indian Stamp Act in the light of the appropriate modifications made by the State Legislature. So, when the Uttar Pradesh public officers had to decide in the present case whether the original mortgage deed was or was not "duly stamped" they had to examine for the purpose the Indian Stamp Act as it stood after its amendment by the Uttar Pradesh Legislature. Section 3 of the Stamps Act creates a liability for stamp duty. Section 3 after its amendment by the U.P. legislature stands thus:*
>
> > *"3. Subject to the provisions of this Act and the exemptions contained in Schedule I, the following instruments shall be chargeable with duty of the amount indicated in that Schedule as the proper duty therefor, respectively, that is to say:-*
> > *(a) every instrument mentioned in that schedule which, not having been previously executed by any person, is executed in the States on or after the first day of July, 1899;*
> > *(b) every bill of exchange (payable otherwise then on demand) or promissory note drawn or made of the States on or after that day and accepted or paid, or presented for acceptance or payment, or endorsed, transferred or otherwise negotiated, in the States; and*
> > *(c) every instrument (other than a bill of exchange, or promissory note) mentioned in that Schedule which, not*

having been previously executed by any person, is executed out of the States on or after that day, relates to any property situate, or to any matter or thing done or to be done, in the States and is received in the States:-

Provided that except as otherwise expressly provided in this Act, and notwithstanding anything contained in clauses (a), (b) and (c) of this section or in Schedule I or I-A the following instruments shall subject to the exemptions contained in Schedule I-A or I-B be chargeable with duty of the amount indicated in Schedule I-A or I-B as the proper duty therefor respectively, that is to say-

(aa) every instrument mentioned in Schedule I-A or 1-B which not having been previously executed by any person was executed in Uttar Pradesh-

(i) in the case of instruments mentioned in Schedule -A on or after the date on which the U.P. Stamp (Amendment) Act, 1948, came into force, and

(ii) in the case of instruments mentioned in Schedule 1-B on or after the date on which the U.P. Stamp (Amendment) Act, 1952, comes into force.

(bb) every instrument mentioned in Schedule I-A or I-B which not having been previously executed by any person, was executed out of Uttar Pradesh-

(i) in the case of instruments mentioned in Schedule -A, on or after the date on which the U.P. Stamp (Amendment) Act, 1948, came into force and

(ii) in the case of instruments mentioned in Schedule I-B on or after the date the U.P. Stamp (Amendment) Act, 1952 comes into force, and relates to any property situated, or to any matter or thing done or to be done in Uttar Pradesh and is received in Uttar Pradesh:

Provided also that no duty shall be chargeable in respect of

(1) any instrument executed by, or on behalf of, or in favour of, the Government in cases where, but for this exemption, the Government would be liable to pay the duty chargeable in respect of such instrument;

(2) any instrument for the sale, transfer or other disposition, either absolutely or by way of mortgage or otherwise, of any ship or vessel, or any part, interest share or property of or in any ship or vessel registered under the Merchant Shipping Act, 1894, or under Article 19 of 1838, or, the Indian Registration of Ships Act, 1841, (10 of 1841), as amended by subsequent Acts."

10. Another important change in the legal position was effected by framing rules under the Act. While Section 74 empowers the State Government to make rules relating to the sale of stamps, Section 75 empowers the Government generally to make rules "to carry out generally the purposes of the Act". Section 76 provides that all rules made under the Act shall be published in the Official

Gazette and on such publication shall have effect as if enacted by the Act. Of the rules framed by the Uttar Pradesh Government it is necessary to consider in the present case Rule 3 which is in these words:

> *"3. Except as otherwise provided by the Stamp Act or by these rules-*
> *(i) all duties with which an instrument is chargeable shall be paid, and such payment shall be indicated on such instrument, by means of stamp issued by the Government for the purposes of the Act, and*
> *(ii) a stamp which by any word or words on the face of it is appropriated to any particular kind of instrument shall not be used for an instrument of any other kind.*
> *(2) There shall be two kinds of stamps for indicating the payment of duty with which instruments are chargeable namely,*
> *(a) impressed stamps overprinted with the words "Uttar Pradesh" or the letters "U.P.", and*
> *(b) adhesive stamps overprinted with the letters "U.P.";*

Provided that the payment of stamp duty on instruments, executed in any part of British India other than Uttar Pradesh and governed by Section 19-A of the said Act, as amended in its appli-cation to the Uttar Pradesh, may be indicated by such stamps as may be prescribed for use in that part to the extent of the duty payable there, the additional duty, if any chargeable in the Uttar Pradesh being paid by means of stamps prescribed in this rule. Sub-rule (2) of this rule shall take effect from 1st April, 1942:

Provided further that all impressed and adhesive stamps for indicating the payment of duty with which instruments are chargeable and which are not overprinted with the words "Uttar Pradesh" or "U.P." respectively, shall be consumed or exchanged at the treasuries in Uttar Pradesh, provided that they are undamaged and unspoiled, with overprinted stamps of the name and denomination and description before 1st April, 1942, after which date the use or exchange of impressed and adhesive stamps not so overprinted, shall not be permissible, except to the extent indicated in the first proviso."

The effect of Section 76 already mentioned above is that this rule operates as a part of the Stamp Act. In deciding whether the instrument had been duly stamped or not the public officer had to con-sider not only the provisions of the Act but also the provisions of the rules. The position that confronted the officers may be summarised thus: The document had been executed in Uttar Pradesh. So, it became liable to pay duty under Section 3(aa) of the Act as amended in Uttar Pradesh. Rule 3 required that the liability had to be discharged by using stamps overprinted with the words "Uttar Pradesh" or "U.P." The instrument did in fact bear stamps overprinted with the words "West Bengal" and not with the

words "Uttar Pradesh" or "U.P." The public officer was therefore bound to hold that it had not been stamped in accordance with the law in force in Uttar Pradesh."

30. Thus, the Court observed that, by way of the State amendments to the ISA, the State Legislatures sought to substitute the term "India" with the respective State.

31. The Supreme Court further held that the officer concerned in U.P. was entitled to hold that the instrument had not been duly stamped in accordance with the law applicable in U.P. at the relevant time. It was observed that akin to U.P., W.B. had also introduced its respective amendments to the ISA.

32. Keeping these respective State amendments in mind, the Supreme Court recognised that similar issues could arise in other States as well. Accordingly, it held as follows:

"13. The problem is therefore reduced to this: Where an officer in Uttar Pradesh finds that an instrument has not been stamped in accordance with the law in force in Uttar Pradesh, how is he to proceed? It is easy to see that similar problems may arise before public officers of other States. Thus, an officer in Bihar who has to decide whether a particular instrument has been duly stamped, may find that it has been stamped in accordance with the law in force in Madras but not in accordance with the law in force in Bihar. Should he hold that the

14. Primarily, the liability of an instrument to stamp duty arises on execution. Execution in India itself made the instrument liable to stamp duty under Section 3(a) as it stood before the amendment. Under Section 3(c) execution out of India, where the instrument relates to property situated or any matter or thing done or to be done in India together with the further fact that the instrument is received in India, made the instrument chargeable with duty. In amending the Stamp Act what the State legislatures substantially did was to treat the particular State as equivalent to India. Thus, after the amendment by the U.P. legislature the position in law is that execution of an instrument in Uttar Pradesh is made the

primary dutiable event and liability to stamp duty arises on such execution. Apart from that, liability also arises where the instrument though executed out of Uttar Pradesh relates to property situated or any matter or thing done or to be done in Uttar Pradesh and is received in Uttar Pradesh. It may be mentioned that the changes in the law made by the other State legislatures are exactly similar.

15. It is clear that in many cases the only one liability viz. the liability on execution of the document will arise. After the amendment of the Act the liability can no longer be said to arise generally in India but must be held to arise in the particular State where the instrument is executed. It stands to reason that liability having arisen in a particular State it cannot be held to be I discharged in accordance with the law in force in India unless it is discharged in accordance with the law of the State where it arises. In other words, where the only liability of an instrument to stamp duty is the execution in Uttar Pradesh it must bear stamps of the amount and of the description as required by the law of Uttar Pradesh. If the liability of the instrument is on execution in Bihar it must bear stamps of the amount and description required by the law in Bihar; and so in the case of every other State which has amended the Stamp law in the same manner as in Uttar Pradesh. In all these cases the instrument can be said to be duly stamped only if it bears stamps of the amount and description in accordance with the law of the State concerned the law including not only the Act but also the rules framed under the Act.

16. Some complications arise in the cases where both the liabilities arise - i.e. where the instrument is executed in one State but is related to property situated in or to things done or to be done in another State and is received in the second State. In these cases the liability to stamp duty arises first under the stamp law of the first State on account of the execution in the State; a second liability arises under the law of the second State when the instrument is received in that second State."

33. Therefore, acknowledging parallel legislations in the States, the Supreme Court sought to strike a balance between the competing considerations in the following manner:

"17. How is the liability to be discharged? Has it to be discharged in accordance with the law in force in the State where execution takes place or in accordance with the law in force in the State where the second dutiable event viz. the receipt in the second State occurred? Obviously, an officer, of the first State may reasonably think that it is the law of his State which must prevail and so even if

the document has been stamped in accordance with the law of the other State he may ignore that stamping as not done in accordance with the law in India and proceed to demand that it must bear stamps in accordance with the law of his State. It was to avoid the hardships that may conceivably result from such a situation that the legislatures of different States enacted Section 19-A of the Stamp Act. This section of the Uttar Pradesh Act runs thus:

> *"19. A 'Where any instrument has become chargeable in any part of the States other than the Uttar Pradesh with duty under this Act or under any other law for the time being in force in any part of the States and thereafter becomes, chargeable with a higher rate of duty in the Uttar Pradesh under clause (bb) of the first proviso to Section 3, then,*
>
> *(i) notwithstanding anything contained in the first proviso to Section 3 the amount of duty chargeable on such instrument shall be the amount chargeable on it under Schedule 1-A, or Schedule 1-B, less the amount of duty, if any, already paid on it in the States; and*
>
> *(ii) in addition to the stamps, if any, already affixed thereto, such instrument shall be stamped with the stamps necessary for the payment of the amount of duty chargeable on it under (1) in the same manner and at the same time and by the same persons as though such instrument were an instrument received in the States for the first time at the time when it be-comes chargeable with the higher duty."*

18. Therefore, where the rate of duty in Uttar Pradesh for an instrument which becomes chargeable for stamp duty as mentioned above, (i.e., an instrument executed out of Uttar Pradesh and relating to property situated or to any matter or thing done or to be done in Uttar Pradesh) with a higher rate of duty in Uttar Pradesh than in West Bengal, only the excess has to be paid in Uttar Pradesh and it is only this excess which requires to be paid in Uttar Pradesh stamps. (Vide Rule 3 of the Uttar Pradesh Rules).

19. Section 19-A in terms applies only to an instrument which afters becoming chargeable in any State outside Uttar Pradesh becomes chargeable in Uttar Pradesh with a higher rate of duty. It seems to us, however, that where the rate of duty in Uttar Pradesh is the same or even lower, no further duty is payable on such an instrument. For, it would be anomalous and unreasonable to hold that the legislature intended that though where a higher rate is payable in Uttar Pradesh the excess need only be paid, the Uttar Pradesh rate should be paid in full where what has al-ready been paid is the same or higher."

34. The Supreme Court held that where the applicable State amendments provide for the levy of stamp duty on an instrument

executed outside the State but relating to property situated, or a matter of thing to be done within that State, in such case, only the differential stamp duty, if any, would be payable where the rate prescribed by that State exceeds the rate at which the instrument has already been stamped. That is to say, since the instrument was stamped in W.B. but pertained to assets situated in Varanasi, only the excess stamp duty, if any, payable under the rates applicable in U.P. would be required to be paid. Conversely, it was also clarified that if the applicable rate of stamp duty in U.P. was equal to or lower than that in W.B., no additional stamp duty would be payable.

35. Therefore, the Supreme Court recognised the possibility of there being distinct points in time giving rise to the liability to pay stamp duty in the following manner:

> *"20. The result of this will be that if an instrument after becoming liable to duty in one State on execution there becomes liable to duty also in another State on receipt there, it must first be stamped in accordance with the law of the first State and it will not require to be further stamped in accordance with the law of the second State when the rate of that second State is the same or lower; and where the rate of the second State is higher, it will require to be stamped only with the excess amount and that in accordance with the law and the rules in force in the second State."*

36. Accordingly, the aforesaid decision necessarily rests on the existence of a similar provision giving rise to the liability to pay stamp duty upon receipt of the instrument in the subsequent State for a thing to be done in that State.

37. In this regard, this Court is cognizant of the amendments to the

ISA by various States and Union Territories, including but not limited to the following:

MAHARASHTRA STAMP ACT, 1958

> *"3. Instruments chargeable with duty. Subject to the provisions of this Act and the exemptions contained in Schedule I, the following instruments shall be chargeable with duty of the amount indicated in Schedule I as the proper duty therefor respectively, that is to say-*
>
> *(a) every instrument mentioned in Schedule I, which, not having been previously executed by any person, is executed in the State on or after the date of commencement of this Act;*
>
> *(b) every instrument mentioned in Schedule I, which, not having been previously executed by any person, is executed out of the State on or after the said date, relates to any property situate, or to any matter or thing done or to be done in this State and is received in this State"*

KARNATAKA STAMP ACT, 1957

> *"3. Instruments chargeable with duty. Subject to the provisions of this Act and the exemptions contained in the Schedule, the following instruments shall be chargeable with duty of the amount indicated in that Schedule as the proper duty therefor, respectively, that is to say,-*
>
> *(a) every instrument mentioned in that Schedule which, not having been previously executed by any person, is executed in the territories of the [State of Karnataka] on or after the commencement of this Act; and*
>
> *(b) every instrument mentioned in that Schedule which, not having been previously executed by any person, is executed out of the [State of Karnataka] on or after that day, relates to any property situate, or to any matter or thing done or to be done, in the territories of the [State of Karnataka] and is received in the territories of the [State of Karnataka]"*

GUJARAT STAMP ACT, 1958

I

> *"3. Instruments chargeable with duty. Subject to the provisions of this Act and the exemptions contained in Schedule 1, the following instruments shall be chargeable with duty of the amount indicated*

in Schedule I as the proper duty therefor respectively, that is to say,-

(a) every instrument mentioned in Schedule 1, which, not having been previously executed by any person, is executed in the State on or after the date of commencement of this Act;

22[(aa) every instrument mentioned in Schedule I, which not having been previously executed by or on behalf of or in favour of, the Government or any local authority, is executed by or on behalf of or in favour of, the Government or any local authority,]

(b) every instrument mentioned in Schedule I, which, not having been previously executed by any person is executed out of the State on or after the said date, relates to any property situate, or to any matter or thing done or to be done in this State and is received in this State"

THE INDIAN STAMP (GOA, DAMAN AND DIU AMENDMENT) ACT, 1968

"3. Amendment of section 3.- In section 3 of the principal Act, for the proviso, the following provisos shall be substituted, namely:-

"Provided that, except as otherwise expressly provided in this Act, and notwithstanding anything contained in clause (a) or clause (c) or in Schedule I, the amount indicated in Schedule I-A shall, subject to the exemptions contained in that Schedule, be the duty chargeable on the following instruments, namely:-

(1) every instrument mentioned in Schedule I-A as chargeable with duty under that Schedule which, not having been previously executed by any person, is executed in the Union territo-ry on or after the date of commencement of the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968;

(2) every instrument mentioned in Schedule I-A as chargeable with duty under that Schedule, which, not having been previously executed by any person, is executed out of the Union territory on or after the date of commencement of the Indian Stamp (Goa, Daman and Diu Amendment) Act, 1968, and relates to any property situated, or to any matter or thing done or to be done in the Union territory and is received in the said Union territory"

38. Indeed, the legislative framework governing stamp duty is not uniform across all States. The Supreme Court has acknowledged that

different States may prescribe different rates of stamp duty and that the relevant statutory provisions must be construed in a manner that gives effect to the legislative scheme governing instruments having connections with more than one State. As can be seen from above, several States, including but not limited to Maharashtra, Karnataka and Gujarat, have enacted provisions addressing the chargeability or stamping of instruments executed outside their territorial limits but subsequently received within the State in circumstances specified by their respective enactments.

39. These provisions show that the Legislature expressly provides for an additional incidence of stamp duty where an instrument bears the requisite territorial or transactional nexus with a State distinct from the one where the instrument was executed/signed. Equally, the existence of such provisions in certain State enactments underscores the necessity of identifying a corresponding statutory basis before imposing an analogous liability elsewhere.

40. In that context, the Court recognised that where the applicable State legislation specifically contemplates liability upon receipt of an instrument executed outside the State, and the duty chargeable in the receiving State exceeds the duty already paid, the differential amount may become payable in accordance with the governing statutory provisions.

41. The material consideration, therefore, is the existence of a statutory provision attracting such additional liability. The mere fact that an instrument executed and stamped in one State is subsequently brought into another State does not, without more, establish an

obligation to pay differential stamp duty.

42. Insofar as the ISA, as applicable to the NCT of Delhi, is concerned, no analogous provision creating a fresh liability to pay differential stamp duty merely upon receipt or enforcement of an instrument executed in another State has been brought to the attention of this Court.

43. In the absence of such a provision, this Court cannot, by undertaking an interpretative exercise, create an additional chargeable event or impose a fiscal liability that the Legislature has not prescribed. It is a settled principle that a taxing statute must be construed strictly and in accordance with its express terms, and a liability to pay tax or duty cannot be founded upon implication or consideration of perceived legislative intent.

44. Thus, a liability unknown to the statute cannot be brought to life under the guise of judicial interpretation. This Court cannot transgress the confines of the statute or invent what the legislature did not envisage.

45. The contention of the Judgment Debtor, if accepted, would effectively render the institution of enforcement in Delhi as an independent distinct event attracting stamp duty, notwithstanding that the arbitral award had already been executed and stamped in Gujarat. Such a construction would impermissibly conflate the enforceability of an instrument with its chargeability under the applicable stamp legislation.

46. Accordingly, in the considered opinion of this Court, the arbitral award having been executed at Gujarat, is governed, for the purposes of the present controversy, by the stamp legislation as applicable in Gujarat. The mere fact that enforcement of an award is sought before this Court does not create an additional liability to pay differential stamp duty under the ISA as applicable to NCT of Delhi.

47. It is also pertinent to note that the Decree Holder has, in fact, deposited the differential amount calculated with reference to the stamp duty rates applicable in NCT of Delhi, although no such additional payment was legally required in the facts and circumstances of the present case.

48. Accordingly, this Court holds that the arbitral award is sufficiently stamped in accordance with Article 13 of the Schedule-I to the Gujarat Stamp Act, 1958. The objection raised by the Judgment Debtor concerning the insufficiency of stamp duty, is therefore, rejected.

49. Adverting now to the question of disbursement, it is noted that, on 14.08.2026, Mr. Chetan Sharma, learned ASG submitted before this Court that the entire amount payable under the award had already been deposited.

50. The record further reveals that upon adjudication of the petition under Section 34 of the Act, the learned Commercial Court at Ankleshwar, Gujarat, set aside the interest component of the arbitral award. Consequently, an amount of Rs. 3,78,22,968/- remains payable to the Decree Holder.

51. It is, however, brought to the attention of this Court that an appeal under Section 37 of the Act is pending adjudication. In regard to the pendency of the said appeal, the Decree Holder shall furnish an undertaking in terms of Paragraph 9 of the order 29.05.2026 passed by this Court, together with an indemnity bond.

52. Accordingly, the present enforcement petition is disposed of with liberty to the Decree Holder to withdraw the amount of Rs.3,78,22,968/-, subject to furnishing the aforesaid undertaking and indemnity bond to the satisfaction of the Registrar General of this Court.

53. It is clarified that the parties shall be at liberty to seek revival of the present proceedings, should any cause of action survive after adjudication of the pending appeal under Section 37 of the Act.

EX.APPL.(OS) 969/2026 (Seeking refund of Excess amount)

54. The present application has been filed on behalf of the Judgment Debtor seeking refund of the excess amount deposited with the Registry of this Court.

55. For the reasons stated in the application and there being no objection to the relief sought, the application is allowed.

56. The Registry is directed to refund the excess amount deposited by the Judgment Debtor, in accordance with the applicable rules and procedure.

57. The application stands disposed of accordingly.

OM PRAKASH SHUKLA, J

OCTOBER 9, 2026/*gunn*