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

Reserved on: 24th September, 2026
Pronounced on: 27th October, 2026
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\# **CNR No. DLHC013257052015**

\+ W.P.(C) 6514/2015, CM APPL. 11863/2015, CM APPL. 2418/2016, CM APPL. 6962/2016, CM APPL. 7427/2016, CM APPL. 35594/2016, CM APPL. 32317/2017 & CM APPL. 42058/2017

THE MANAGING COMMITTEE OF THE PINNACLE SCHOOL .....Petitioner

Through: Mr. Kamal Gupta, Mrs. Tripti Gupta, Mr. Sparsh Aggarwal and Mr. Siddharth Arora, Advocates for School.

versus

THE DIRECTOR OF EDUCATION AND ANR .....Respondents

Through: Ms. Bindu Khanna, Respondent No. 2 in person.

\# **CNR No. DLHC010252462016**

\+ CONT.CAS(C) 78/2016

BINDU KHANNA .....Petitioner

Through: Petitioner-in-person.

versus

GAIL DEMONTE & ORS .....Respondent

Through: Mr. Kamal Gupta, Mrs. Tripti Gupta, Mr. Sparsh Aggarwal and Mr. Siddharth Arora, Advocates for School.

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CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

JUDGMENT

SANJEEV NARULA, J.:

The Controversy

1. This litigation began with a grievance about unpaid salary and allowances, but has come to turn on a more basic question: what post did Ms. Bindu Khanna hold at different stages of her service with The Pinnacle School? She joined the School on 6th January, 1994. According to her, she entered service as a Trained Graduate Teacher ["TGT"] and was promoted as a Post Graduate Teacher ["PGT"] from 1st April, 2006. The School gives a different account. It asserts that she was appointed as an Assistant Teacher, was placed in the TGT grade from April 2003, and was never promoted to PGT. The answer matters because her claim for differential salary under successive Pay Commissions depends upon the posts she held and the pay scales applicable to them.

2. The controversy has arisen from the School's own records which provide differing accounts of her service. Its staff statement for 2001-02 describes Ms. Khanna as a TGT appointed in 1994, while the statement for 2006-07 places her among the PGTs. Other staff statements describe her as an Assistant Teacher, and correspondence issued by the School records her placement in the TGT grade from April 2003. The Director of Education ["DoE"] accepted Ms. Khanna's claim by order dated 5th May, 2015 and directed payment of differential arrears under the Fourth, Fifth and Sixth Pay Commissions. The School challenges that order in W.P.(C) 6514/2015. The connected CONT.CAS(C) 78/2016, filed by Ms. Khanna, concerns the

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alleged failure to comply with an earlier direction of this Court requiring implementation of the DoE's order. The two matters have travelled together, but raise distinct questions: whether the DoE's determination of Ms. Khanna's service status and monetary entitlement can stand, and what consequences follow for the contempt proceedings and the amounts deposited and released under this Court's interim orders.

The origin of the litigation

3. The dispute concerning differential salary came before this Court in W.P.(C) 2742/2011, filed by Ms. Khanna seeking payment of statutory salary and allowances under Section 10(1) of the Delhi School Education Act, 1973 ["the Act"]. On 16th September, 2013, this Court disposed of that petition after recording that Ms. Khanna had confined her relief to monetary benefits under the Fourth, Fifth and Sixth Pay Commission recommendations. The School did not dispute the applicability of those benefits, but maintained that the amounts due had already been paid. Since the necessary calculations and supporting records were not before the Court, the DoE was directed to examine the parties' representations and determine whether any arrears remained payable or, if none were payable, explain how the amounts due had been paid. A reasoned order was accordingly required to be passed.

4. Pursuant to these directions, the Additional Director of Education passed an order dated 25th April, 2014, determining differential arrears of INR 16,72,262 on the basis of a comparison with the salary of a similarly placed TGT. The School challenged that order in W.P.(C) 4059/2014. On 18th February, 2015, this Court, with the consent of the parties, remitted the matter to the DoE for fresh consideration. Having examined the original departmental file, the Court noticed that the School had produced documents

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indicating that Ms. Khanna was appointed as an Assistant Teacher, contrary to her claim of appointment as TGT. Without expressing any opinion on the merits, the Court directed the DoE to examine all relevant documents on its record, including the staff statements submitted by the School, and pass a fresh speaking order dealing with the competing contentions.

5. Following hearings on 24th March and 10th April, 2015, the DoE passed the impugned order dated 5th May, 2015. Relying principally upon the School's staff statements for 2001-02 and 2006-07 and the appointment letter dated 7th February, 2006, the DoE concluded that Ms. Khanna had been appointed as TGT from 6th January, 1994 and promoted as PGT from 1st April, 2006. It rejected the School's explanation that the entries in the staff statements were erroneous and directed payment of differential arrears under the Fourth, Fifth and Sixth Pay Commissions within two weeks.

Submissions of the parties

6. Mr. Kamal Gupta, appearing for the Petitioner-School, submits that the DoE has relied selectively upon the staff statements for 2001-02 and 2006-07, while overlooking material documents pointing to a different service position. He particularly questions the interpretation of the appointment letter dated 7th February, 2006, bearing No. 753, which the DoE treated as proof of Ms. Khanna's appointment as TGT in January 1994. According to him, another letter issued on the same date, bearing No. 812, expressly records her placement in the TGT grade from April 2003. He also refers to the intervening staff statements, salary records, correspondence and photographs reflecting the classes taught by Ms. Khanna. Particular emphasis is placed upon her annual appraisal reports for 2007-08, 2008-09 and 2009-10, completed in her own handwriting, in which she described herself as TGT. These documents,

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though placed before the DoE, received no meaningful consideration. Mr. Gupta further relies upon an earlier inquiry report of the Directorate, which, according to the School, records that Ms. Khanna had been paid in the TGT grade with effect from 1st April, 2003.

7. Turning to the claimed promotion to PGT, Mr. Gupta submits that there is no promotion order, recommendation of a Selection Committee or evidence of compliance with Rule 96 of the Delhi School Education Rules, 1973. Completion of twelve years of service, or eligibility for financial upgradation under the Assured Career Progression ["ACP"] Scheme, could not by itself confer a substantive promotion. He also points out that in W.P.(C) 2742/2011, Ms. Khanna sought arrears in the TGT grade without claiming that she had been promoted to PGT in April 2006, although she states that the relevant staff statement had been obtained under the Right to Information Act in May 2010. He disputes her claim that she was unaware of her promotion, submitting that her teaching assignments and the duties she performed would have made the change in her position apparent. Reliance is placed upon ***Geeta Khanna v. Manager, Arvind Gupta DAV Centenary School***[1] to submit that an entry in a staff statement cannot, without a valid appointment, confer entitlement to the higher post.

8. Mr. Gupta further submits that the claim for arrears extending back to 1994 is seriously affected by delay and laches. The School had paid Ms. Khanna in accordance with the applicable Pay Commission recommendations and the grades held by her, and no further amount remained payable. He relies upon ***Rushibhai Jagdishchandra Pathak v. Bhavnagar Municipal***

[1] 2013:DHC:1131-DB.

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Corporation[2] and ***State of Uttaranchal v. Shiv Charan Singh Bhandari***[3] concerning stale service claims. He also disputes the DoE's finding that the School secured upgradation to the senior-secondary level by representing Ms. Khanna as PGT, pointing out that the upgradation preceded the disputed staff statement for 2006-07. According to him, the DoE's conclusions rest upon a misreading of documents and cannot be sustained by disregarding the statutory requirements governing appointment and promotion.

9. In the connected contempt proceedings, Mr. Gupta submits that the entire principal amount of INR 16,72,262 was deposited with the Registry pursuant to subsequent judicial directions. The School cannot, therefore, be required to make a second payment of the same amount directly to Ms. Khanna. He disputes any continuing wilful disobedience and seeks dismissal of the contempt petition. Consequent upon setting aside the DoE's order, he also seeks refund of the amount retained by the Registry and restitution of the amount released to Ms. Khanna against an indemnity bond.

10. Ms. Khanna, who argues her case in person, places considerable reliance on the School's own records. In the staff statement for 2001-02, the School described her as a TGT, recorded her recruitment through selection, and gave 6th January, 1994 and 6th January, 1995 as the dates of her joining and confirmation. Its statement for 2006-07 places her among the PGTs, with details of the classes and subjects she taught and a basic salary of INR 6,725. Both statements were submitted to the Directorate well before the present proceedings began. She questions how the School can now disown these entries, which support her claim to the TGT and PGT pay scales.

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[2] (2022) 18 SCC 144.
[3] (2013) 12 SCC 179.

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11. Ms. Khanna also relies upon the appointment letter dated 7th February, 2006, issued under the covering letter dated 8th February, 2006, which states that the new appointment letter would replace the earlier one. According to her, the reference to her appointment from January 1994, read with the TGT pay scale of INR 5,500-9,000, establishes her original appointment in that grade. She disputes the authenticity and effect of the undated appointment letter relied upon by the School and the subsequent rectification correspondence. She points to inconsistencies in the dates, designations and pay particulars appearing in the School's records, and alleges that certain entries had been filled in after her signatures were obtained. She also questioned the School's explanation concerning missing records and the absence of any traceable contemporaneous request for correction of the 2001-02 staff statement.

12. Addressing the disputed PGT promotion, Ms. Khanna submits that, upon completing twelve years of service in 2006, she became eligible for benefits under the ACP Scheme and was promoted to PGT. She maintains that the School never informed her of the promotion and that she learnt of it only upon obtaining documents under the Right to Information Act in 2010. She points to the continued description of her as TGT in correspondence and appraisal records as consistent with her claim that no promotion had been communicated to her. She also relies upon the teaching assignments recorded in the 2006-07 staff statement and contends that the School benefited from its representations concerning the qualifications and designations of its teaching staff while seeking upgradation to the senior-secondary level.

13. On her monetary claims, Ms. Khanna submits that the School failed to fix and revise her salary correctly under the Fourth, Fifth and Sixth Pay

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Commissions. She relies upon salary registers, discrepancies in her service book, delayed payment of bonus, unpaid allowances and departmental correspondence concerning the School's compliance with Section 10(1) of the Act. She also disputes the inspection reports, contending that certain enquiries were conducted behind her back and failed to adequately address her grievances. She attributes the delay in pursuing her claims to repeated attempts to obtain those records, including through proceedings under the Right to Information Act. She relies upon the departmental calculations of arrears and seeks payment of her outstanding dues with interest.

14. Ms. Khanna also questions the maintainability and *bona fides* of the School's challenge. She alleges suppression of material facts and relies upon observations of the Division Bench in earlier proceedings, invoking the principles of estoppel and *res judicata*. She further questions the constitution and functioning of the School's Managing Committee, refers to the previous association of its counsel with that Committee, and relies upon correspondence concerning intervention in the departmental proceedings. She also refers to reports concerning the School's management and alleges financial irregularities in its functioning. She maintains that the School cannot disown its own statutory declarations or seek discretionary relief while disregarding earlier judicial directions.

Analysis

15. Section 10(1) of the Act requires recognised private schools to provide their employees with pay, allowances and other prescribed benefits no less than those available to employees of corresponding status in schools run by the appropriate authority. The School does not dispute this obligation. The disagreement concerns the status by reference to which Ms. Khanna's pay was

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to be fixed, and whether any amount remains unpaid.

16. Rules 96 and 98 of the Delhi School Education Rules, 1973 ["the Rules"] are relevant in this regard. Rule 96 provides for recruitment through the prescribed Selection Committee, while Rule 98 identifies the Managing Committee as the appointing authority. A substantive appointment or promotion must have a foundation in the applicable recruitment process. Similarly, financial upgradation, where admissible, does not by itself amount to appointment to a higher post. In *Geeta Khanna* the Division Bench held that an erroneous designation appearing in a staff statement could not, in the absence of appointment to the post concerned, confer a right to regularisation in that post.

17. The School's staff statements give conflicting accounts of Ms. Khanna's designation. The statement for 2001-02 records her as a TGT, recruited on 6th January, 1994 and confirmed on 6th January, 1995. By contrast, the statements for 2002-03 to 2005-06 describe her as an Assistant Teacher. The position changes again in the 2006-07 statement, which records her as PGT (English), teaching Classes VII to XI in English and Geography, at a basic pay of INR 6,725. As returns furnished by the School to the Directorate, these statements constitute relevant contemporaneous evidence and cannot be dismissed merely on the assertion that their entries were erroneous. They do not, however, conclusively establish that she was appointed or promoted to the posts recorded, or the dates of such appointment or promotion. Their evidentiary weight must be assessed alongside the appointment, service and salary records, and the School's explanation for the conflicting entries.

18. The Director relied principally on the 2001-02 statement. He noted that

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Ms. Khanna was listed alongside other TGTs and observed that there was "not a single mistake in filling the particulars" and rejected the School's explanation that her designation had been entered incorrectly. This reasoning did not account for the contrary entries in the subsequent returns. The School's case that Ms. Khanna was placed in the TGT pay scale only from April 2003 was also not examined. These records therefore had to be reconciled before it could be concluded that Ms. Khanna had been appointed as a TGT in January 1994.

19. The correspondence of February 2006 relating to appointment merits closer scrutiny. Letter No. 753 dated 7th February, 2006 has subject/heading "Appointment Letter for the post of Teacher w.e.f. 06-01-1994". It refers to Ms. Khanna's application dated 6th January, 1994 and the interview that followed, and offers her "the post of a Teacher" at a basic salary of "Rs. 6550/- (Present Basic)" in the pay scale of INR 5,500-175-9,000. The covering letter dated 8th February, 2006 records that the Director had required the School to issue appointment letters in conformity with the Act and the Rules. It further states: "This appointment letter will replace with previous appointment letter issued to you by the school authorities." The Director therefore treated the earlier undated appointment letter as having been superseded and, relying on the TGT pay scale mentioned in Letter No. 753, concluded that Ms. Khanna had been appointed as a TGT from 6th January, 1994. That conclusion does not follow from the letter. It describes the post only as "Teacher", and expressly identifies INR 6,550 as her "Present Basic". The pay scale specified in a letter issued in 2006 cannot, without more, establish the post to which she was originally appointed in 1994.

20. The significance of this distinction becomes clearer from another letter

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issued by the School on 7th February, 2006, bearing No. 812, which states:

"*You were appointed as Assistant Teacher in the pay scale of 4500-125-7000 w.e.f. 1st April, 1997. Your basic salary on 01-04-2002 was Rs. 5125/-."*

It continues:

"*In April 2003, you were placed as TGT in the pay scale of Rs. 5500-175-9000 at a Basic Salary of Rs. 6000/-. Your basic salary w.e.f. 1st April, 2005 is Rs. 6550/-*."

This letter distinguishes Ms. Khanna's initial appointment as Assistant Teacher from her subsequent placement in the TGT scale and accounts for the basic salary of INR 6,550 recorded in Letter No. 753. However, its reference to an appointment commencing in April 1997 is inconsistent with her admitted date of joining in January 1994. Further, the School's staff statements for 2003-04 to 2005-06 continued to describe her as Assistant Teacher, notwithstanding the stated placement in the TGT scale from April 2003. These inconsistencies required examination. The Director, however, did not reconcile the two letters or assess them against the contemporaneous service and salary records before concluding that Ms. Khanna had been appointed as a TGT in January 1994.

21. Ms. Khanna's claim to promotion as PGT with effect from 1st April, 2006 rests primarily on the School's staff statement for 2006-07. Her name appears at serial No. 5, with three other PGTs and immediately before the TGT entries. The statement also records that she taught English and Geography to Classes VII to XI. The Director regarded these particulars as too specific to have been entered by mistake. He also took note of the warning issued by the Education Officer to the School on 3rd December, 2010 for furnishing inconsistent information. However, subsequently on inspection,

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the School's explanation that the designation had been entered through "human error" was accepted.

22. The salary particulars also point in a different direction. The basic pay of INR 6,725 shown in the staff statement for 2006-07 represents an increase of INR 175 over the earlier basic pay of INR 6,550, and is consistent with the TGT scale of INR 5,500-175-9,000. The prescribed PGT scale of INR 6,500-200-10,500 carried an increment of INR 200. Nor does the fact that Ms. Khanna taught up to Class XI establish that she was appointed as PGT. There is no promotion order, decision of the Managing Committee, or record of her selection against a PGT vacancy. Completion of twelve years of service may, subject to the applicable conditions, entitle an employee to financial upgradation under the ACP Scheme; it does not amount to substantive promotion to the post of PGT.

23. Ms. Khanna's contemporaneous service records are equally telling. In her request dated 8th May, 2006 for an experience certificate, she described herself as "presently class teacher of 7th Std. and a permanent T.G.T.". Her annual appraisal report for 2007-08 records the following under the heading Designation:

"*w.e.f. April 2003 – T.G.T. – vide your letter Ref. No. TPS/Adm/2006/812 dated 7th Feb., 06*"

The report separately records 6th January, 1994 as her date of initial appointment and identifies the TGT pay scale as applicable from April 2003. It bears a signature in her name and records personal submission in April 2008. The appraisal reports for 2008-09 and 2009-10 also record her designation as TGT and bear her signatures, the latter dated 7th April, 2010. These records were prepared during her employment and consistently

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distinguish her original appointment from her subsequent placement in the TGT grade.

24. Ms. Khanna maintains that she was unaware of any PGT promotion until she obtained the staff statement under the Right to Information Act in 2010. Even accepting that explanation, it does not establish that she had been promoted. The impugned order neither reconciles the contemporaneous service nor identifies any promotion order for the post of PGT.

25. The decision in ***Manjeet Singh v. State of NCT of Delhi & Ors***.,[4] relied in the impugned order, does not advance Ms. Khanna's case. There, the employee had been expressly appointed as a Physical Education Teacher, and the management subsequently sought to restrict the appointment to the primary section, although the appointment letter contained no such limitation. Here, the dispute concerns Ms. Khanna's original designation and an alleged subsequent promotion, neither of which can be determined from the nomenclature of Letter No. 753 alone. Her reliance upon the School's upgradation to the senior-secondary level is also insufficient. No material establishes that the approval was obtained upon a representation that she had been appointed as PGT, or that such an appointment was made through the prescribed process.

26. To conclude, although the School's records contain discrepancies, the evidence, considered as a whole, does not sustain the Director's findings that Ms. Khanna was appointed as a TGT on 6th January, 1994 and promoted as a PGT on 1st April, 2006. The appointment correspondence, salary progression and contemporaneous service records instead support the School's account of

[4] 2006:DHC:7730.

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her initial service in the Assistant Teacher category and placement in the TGT grade from April 2003. The Director's findings to the contrary are unsustainable and liable to be set aside.

Monetary entitlement and consequential relief

27. In its order dated 25th April, 2014, the Additional Director of Education accepted the Deputy Controller of Accounts' calculation based on the salary of a "similarly placed TGT teacher appointed in a government school". The amount payable was worked out at INR 47,60,187, against INR 30,87,925 shown as paid, resulting in arrears of INR 16,72,262. Ms. Khanna, however, had claimed INR 17,40,532 in her representation. Her due-and-drawn statements assumed TGT pay from January 1994 to March 2006 and PGT pay thereafter. Although the order dated 5th May, 2015 accepted those designations, it neither recalculated the arrears on that basis nor explained the difference between the two figures.

28. The computation of arrears founded upon the Director's findings concerning Ms. Khanna's appointment as TGT in January 1994 and promotion as PGT in April 2006 cannot stand in light of findings recorded above. That does not, however, resolve whether the School paid her the salary and allowances due under Section 10(1) of the Act. The rejection of those claims does not establish that her pay was correctly fixed or revised under the successive Pay Commissions. Any outstanding entitlement must therefore be determined on the basis of her service particulars as found above, including placement in the TGT grade from April 2003, the applicable pay revisions and the amounts actually paid.

29. The supplementary inspection report records that Ms. Khanna was paid in the TGT scale from 1st April, 2003 and that eligible teachers received the

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benefits of the Sixth Pay Commission. Ms. Khanna disputes the adequacy of the inspection and the reliability of the School's records. The report is relevant, but cannot substitute for verification of the amounts actually due and paid to her.

30. That exercise shall cover the applicable pay revisions, allowances and bonus, wherever payable, and any outstanding salary for the relevant periods. Payments or deductions arising from suspension and other service proceedings must be reconciled with the judicial orders governing those periods, without reopening matters already decided or allowing duplication. Any arrears must be determined from the applicable entitlements and verified payment records, rather than inferred merely from discrepancies in the School's documents.

31. The School's objection concerning delay does not, by itself, foreclose this limited exercise. In ***Union of India v. Tarsem Singh***,[5] the Supreme Court recognised that incorrect pay fixation gives rise to a recurring cause of action, although recovery of past arrears may be restricted on account of delay, ordinarily to three years preceding the writ petition.

32. Nor do the earlier judicial orders preclude the findings reached here. In LPA 276/2016, the Division Bench, on 29th November, 2016, upheld the direction for implementation of the DoE's order in contempt proceedings, expressly observing that the underlying dispute had not been adjudicated on merits. Its narration of Ms. Khanna's appointment and promotion was not an independent determination of those questions. Similarly, the order dated 26th September, 2017 in LPA 281/2017 concerned interim deposits and

[5] (2008) 8 SCC 648.

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compliance, while preserving the parties' contentions, including interest. These orders remain relevant to the accounting of deposits and payments made pursuant to them, but do not foreclose examination of the impugned order on its merits.

33. Ms. Khanna has also questioned the School's management, the maintenance of its records and the conduct of the departmental proceedings. These objections have been considered, but they do not alter the Court's findings concerning her appointment and service status. Any independent allegations of regulatory irregularities must be addressed, where warranted, under the applicable statutory framework.

34. The matter must, therefore, be remitted to the DoE for the limited purpose of determining Ms. Khanna's outstanding monetary entitlements, if any. The scope of this exercise shall be confined to the matters identified above, without reopening the findings concerning her appointment and promotion.

35. Accordingly, W.P.(C) 6514/2015 is allowed, and the DoE's order dated 5th May, 2015 is set aside. The School shall furnish an itemised due-and-drawn statement, with supporting records, to the DoE within six weeks, computed on the basis of Ms. Khanna's service as an Assistant Teacher from January 1994 and placement in the TGT grade from April 2003. Ms. Khanna shall be afforded four weeks thereafter to identify any discrepancies, to which the School may respond within two weeks. After affording both parties an opportunity of hearing, the DoE shall examine the records and pass a reasoned order within twelve weeks of receiving the School's response or expiry of the period prescribed for the same, determining any legally recoverable shortfall in salary and allowances in accordance with law and the earlier judicial orders,

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after giving credit for payments already made towards the same dues. The findings concerning her claimed appointment as TGT in 1994 and promotion as PGT in 2006 shall not be reopened.

Contempt proceedings

36. The connected contempt petition arises from the order dated 27th May, 2015 in CONT.CAS(C) 13/2015, directing the School to comply with the DoE's order dated 5th May, 2015 within six weeks, failing which costs of INR 50,000 would become payable to Ms. Khanna. The Division Bench declined to interfere with that direction in LPA 276/2016. The order was binding upon the School while it remained operative, notwithstanding its challenge to the underlying departmental determination.

37. During the pendency of the writ petition, however, this Court made further orders requiring the disputed amount to be deposited with the Registry. The order dated 26th September, 2017 in LPA 281/2017 also referred to deposit of the entire arrears with interest at 5% per annum, while leaving the parties' contentions concerning interest open. The School subsequently deposited the principal amount of INR 16,72,262. On 29th November, 2017, this Court permitted release of half that amount to Ms. Khanna as an interim measure, subject to an indemnity bond. The Registrar General accepted her bond and directed release of INR 8,36,131 on 11th December, 2017.

38. Ms. Khanna contends that deposit of the amount with the Registry did not constitute compliance with the direction dated 27th May, 2015, which required payment to her. She also disputes the School's assertion in its affidavit dated 13th January, 2023 that no further direct payment was required following the deposit. However, subsequent orders directed that the disputed amount be deposited with the Registry and regulated its disbursement. The

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School's conduct must therefore be considered in light of those orders, without overlooking the delay in complying with the original direction.

39. A judicial order must be complied with so long as it remains operative, and its subsequent vacation does not justify disobedience during the period it was in force. This principle was reiterated by the Supreme Court in ***Prithawi Nath Ram v. State of Jharkhand***.[6] In the present case, the contempt Court, by order dated 18th December, 2018, expressly found that the School had deposited the amount after expiry of the six-week period and directed payment of INR 50,000 as costs to Ms. Khanna within one week. That direction has not been set aside. The present judgment does not extinguish the liability arising from it.

40. Nonetheless, the Court must now decide whether the contempt proceedings serve any further purpose. The principal amount was eventually deposited pursuant to judicial directions, its disbursement became subject to subsequent orders of this Court, and the departmental determination underlying the original direction has now been set aside. The delay in compliance has already resulted in a specific costs direction, which remains enforceable. While these circumstances do not absolve the School of its earlier delay, the Court does not consider any further action in contempt warranted. The contempt petition is accordingly disposed of.

Interim payments and final directions

41. The setting aside of the DoE's order leaves the Court to determine what should happen to the amount deposited with the Registry and the INR 8,36,131 directed to be released to Ms. Khanna. The latter payment was

[6] (2004) 7 SCC 261.

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expressly provisional. Under her indemnity bond dated 8th December, 2017, Ms. Khanna undertook to refund the amount if this Court directed her to do so.

42. The ordinary principle is that a party who has received a benefit under an interim order may be required to restore it when the final decision does not support that benefit. In ***South Eastern Coalfields Ltd. v. State of M.P.***,[7] the Supreme Court considered a dispute concerning enhanced royalty on coal, where consumers had withheld payment pursuant to interim judicial orders, although their challenge ultimately failed. In that context, the Court held that a party benefiting from an interim order may be required to restore the advantage gained or compensate the other party for the resulting loss. It nevertheless recognised that restitution may be declined where, in the circumstances of the case, it would defeat rather than serve the ends of justice. Considering this principle, the question is therefore not answered merely by the School's success in the writ petition.

43. There are reasons for leaving the amount already released to Ms. Khanna undisturbed. Her claim was founded substantially upon staff statements and appointment correspondence issued by the School itself, which contained material inconsistencies concerning her service status. Although these documents do not establish her claimed appointment and promotion, the dispute cannot be attributed to any misrepresentation or misconduct on her part. The amount of INR 8,36,131 was released pursuant to an order of this Court, upon furnishing an indemnity bond, and has remained with her for nearly nine years. The School's own delay in complying

[7] (2003) 8 SCC 648.

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with the earlier judicial directions has also been the subject of a separate costs order. Importantly, the setting aside of the DoE's determination does not establish that no statutory arrears were payable to Ms. Khanna; that question remains subject to the limited verification directed above. Having regard to these circumstances, the Court considers it inequitable to require repayment of the amount already released, even if the subsequent verification discloses a lesser monetary entitlement. Accordingly, no direction for restitution under the indemnity bond is warranted. This conclusion is confined to the peculiar circumstances of the case and does not amount to recognition of the higher service status claimed by Ms. Khanna.

44. The amount of INR 8,36,131 already released to Ms. Khanna shall be adjusted against any arrears found payable pursuant to the verification directed in paragraph 35. Only the balance, if any, shall remain payable to her. However, if the amount already released exceeds her verified entitlement, no recovery of the excess shall be directed.

45. The amount still held by the Registry should remain available until the limited verification is completed. An immediate refund to the School would be premature when the question of any unpaid statutory salary has yet to be reconciled. Equally, the deposit cannot be treated as establishing Ms. Khanna's entitlement to the amount originally assessed by the DoE. It remains security for such monetary liability, if any, as may be established on the basis now determined.

46. Accordingly, the following directions are issued:

(i) The Registry shall, within two weeks, furnish the parties and the DoE with a statement of the amounts deposited, disbursed and held in W.P.(C) 6514/2015, including interest deposited and accrued on investments. The

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balance shall remain invested pending the verification directed in paragraph 35.

(ii) Any legally recoverable arrears established upon verification shall carry simple interest at 6% per annum from the respective dates on which they became payable until payment. Credit shall be given for amounts already received by Ms. Khanna, including the sum disbursed pursuant to the orders dated 29th November and 11th December, 2017, from the dates of actual payment. The earlier direction concerning interest at 5% was interlocutory and shall not govern this calculation. No recovery shall be made from Ms. Khanna, even if the amount already released exceeds her verified entitlement.

(iii) The DoE shall communicate its determination, together with the computation of the net amount payable, to the parties and the Registry. Upon expiry of four weeks from such communication, and unless the determination has been stayed by a competent Court, the Registry shall release to Ms. Khanna the amount found payable, including interest, from the funds available with it. Any balance remaining thereafter, together with the proportionate accrued investment interest, shall be refunded to the School. If no further amount is found payable, the entire amount remaining with the Registry, together with accrued investment interest, shall be refunded to the School, subject to any subsisting judicial order. Interest earned on the deposits shall be accounted for in determining the amounts to be disbursed and shall not constitute an additional entitlement over the interest awarded under direction (ii). If the funds available with the Registry are insufficient to satisfy the amount determined, the School shall pay the shortfall within four weeks of the DoE's determination, subject to any subsisting stay.

(iv) The costs of INR 50,000 directed by order dated 18th December, 2018

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shall remain payable to Ms. Khanna unless already satisfied. The School shall furnish proof of any earlier payment within two weeks and, if unpaid, discharge the liability within four weeks from the date of this judgment.

47. W.P.(C) 6514/2015 and CONT.CAS(C) 78/2016 stand disposed of in these terms. The conclusions reached in the writ petition concern the service status and monetary claim examined in these proceedings and do not reopen or affect independent orders passed in matters relating to Ms. Khanna's suspension, termination, reinstatement or back wages. The pending applications also stand disposed of. Apart from the costs direction expressly preserved above, there shall be no further order as to costs.

SANJEEV NARULA, J

OCTOBER 27, 2026