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LEGAL WORLD

- G.L. Sultania & ANR v. SEBI & Ors [SC]
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- Vivriti Capital Limited v. Gensol Electric Vehicles Private Ltd. [NCLAT]
- Alpha Corp Development Pvt. Ltd. v. Greater Noida Industrial Development Authority & Ors [SC]
- Mohit v. Pernod Ricard India Pvt. Ltd. & Ors [CCI]
- Natural Support Consultancy Services Pvt. Ltd. v. National Bank For Agriculture And Rural Development & Anr [CCI]
- Elecon Engineering Company Ltd. v. Bhartiya Rail Bijlee Company Ltd. & Anr [SC]
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Corporate Laws

Landmark Judgement

LMJ 06:06:2026

G.L. SULTANIA & ANR v. SEBI & ORS [SC]

Appeal (civil) 1672 of 2006 with connected appeals

B.P. Singh & Altamas Kabir, JJ. [Decided on 16/05/2007]

Equivalent citations: AIR 2007 SC 2172; 2007 (5) SCC 133; 2007 (7) SCALE 674; (2007) 137 Comp Cas 658.

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997- valuation of shares of the target company by three valuers- Board accepted the value of one of the valuer- Tribunal concurred- further challenged in appeal- whether the valuation was proper -Held, Yes.

Brief facts:

The grievance of the appellants before the Tribunal was that the Securities and Exchange Board (hereinafter referred to as the 'Board') as well as the Merchant Banker had not properly valued the shares of the target company in accordance with the parameters laid down in Regulation 20(5) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the 'Takeover Code'). Respondent No. 3, who is the real contesting respondent, on the other hand contended before the Appellate Tribunal that the valuation of shares was done having regard to the parameters laid down under Regulation 20(5) of the Takeover Code and the Board had taken all necessary precautions to safeguard the interest of the shareholders so as to ensure payment of best price for the shares to be sold by them. It was further contended that the shares were valued by three reputed firms of valuers and the Board ultimately approved the highest price per share determined by the firm of valuers appointed by the Board namely, M/s. Patni and Company.

Decision: Dismissed.

Reason:

We are of the considered view that the submission urged by the appellants is not tenable. There is nothing in the Regulations which requires the Board to pass a reasoned order for all it does as a regulator. Being a regulator the Board has to take various steps, issue directions from time to time and pass appropriate orders. While considering the offer price to be incorporated in the letter of offer, it must no doubt apply its mind to the offer price proposed to be incorporated in the letter of offer and the basis thereof. If it finds that the offer price is reasonable and the valuation report is satisfactory it may approve the offer price to be incorporated in the letter of offer. The power of the Board under Regulation 44(f) must be understood in the context of the scheme of the Regulations. Any price which it might "determine" under the aforesaid Regulations must also be determined having regard to the factors enumerated in Regulation 20(5). If it finds that the valuer's report takes into consideration all the relevant factors and the offer price has been determined applying the principles applicable to such valuation, it may have no reason to differ. It may not approve the offer document, if it finds the price offered to be low and unreasonable, applying the parameters laid down in Regulation 20(5). It must, therefore, follow that the Board must approve the price offered unless it is shown that the valuation arrived at must be faulted for non-compliance with the Regulations which lay down the norms and parameters which must be observed. It cannot be lost sight of that the scheme of the Regulations is to permit an intending acquirer to make his offer to the shareholders whose shares are sought to be acquired. Despite the regulatory powers of the Board, the offer still remains that of the acquirer and not the Board. The Board has only to be satisfied that the offer made is reasonable and fair and in the interest of the shareholders. In case of doubt it may seek the opinion of another expert valuer which impliedly supports the contention that it is not expected to act as an expert valuer. If there is material on record to show that the Board applied its mind to the offer made and considered it in the light of the relevant provisions of the Regulations and all factors enumerated therein, its decision to approve the offer price to be incorporated in the letter of offer cannot be faulted on the ground that it has not passed a reasoned order. The facts of this case disclose that the Board not only considered the offer document submitted by the acquirers along with the report of the valuer, it took the precaution to seek the opinion of another expert valuer in view of complaints made by some shareholders. The appellants cannot therefore make a grievance that their objections were not given due weight. Thereafter, it also gave an opportunity to the acquirers to get the opinion of another expert valuer. Ultimately the Board reached the conclusion that the share price fixed by the expert valuer appointed by it represented the true and fair value of the shares in question and being the highest was also in the interest of the shareholders. The suggestion of the Board to the acquirers to incorporate in the public offer, the offer price on the basis of the valuation report of M/s. Patni and Company was accepted by the acquirers and the offer price earlier suggested by them was enhanced. We are, therefore, satisfied that the Board acted in a reasonable manner and in consonance with the Regulations. Only after considering all relevant matters it approved the offer price to be incorporated in the public offer document.

We have carefully examined the report submitted by M/s. Patni and Company. It is quite apparent to us that

the report cannot be assailed on the ground that it does not take notice of various factors mentioned in Regulation 20(5)) of the Takeover Code. The valuer has in fact referred to the said Regulations and enumerated the factors to be taken into account. It has thereafter proceeded to make the necessary calculations after giving due weightage to various factors. In doing so the valuer has relied upon the principles approved by this Court in Hindustan Lever Employees Union (supra). Learned counsel for the appellants submitted that the principles approved in Hindustan Lever Employees Union (supra) were not relevant and should not have been applied by the valuer. This was because that was a case of amalgamation of two companies and it was in that context that the valuation of the shares had to be determined. It is true that Hindustan Lever Employees Union (supra) related to a case of amalgamation but for determining the value of the shares of the companies for the purpose of equivalence and to determine the ratio in which the shares were to be allotted, the valuer had to determine the value of the shares of the amalgamating companies applying the same accounting principles of valuation which are usually applied by the valuer in valuation of shares for other purposes as well. We, therefore, find no substance in the submission of learned counsel for the appellants that the valuer had committed a mistake in applying the principles approved by this Court in Hindustan Lever Employees Union (supra).

We are, therefore, satisfied that the Board committed no error in accepting the report of M/s. Patni & Co. The Board has acted in a reasonable manner and made its best efforts to secure a reasonable price for the shares of the shareholders. It has exercised its discretion wisely and we find no reason to interfere. We, therefore, find no merit in these appeals and they are accordingly dismissed but without any order as to costs.

LW 41:06:2026

LYKA LABS LTD. v. MODI LIFECARE INDUSTRIES LTD. [NCLAT]

Company Appeal (AT) (Insolvency) No. 726 of 2024

Ashok Bhushan, Barun Mitra & Arun Baroka. [Decided on 19/05/2026]

Insolvency and Bankruptcy Code, 2016- Section 9- CIRP by operational creditor- royalty payable under technical guidance agreement- demand notice did not enclosed invoice- NCLT rejected the application-whether correct-Held, No.

Brief facts:

A Technical Guidance Agreement (TG Agreement) was executed between the Appellant and the Respondent, as per which the Respondent i.e. Modi Lifecare Industries Ltd. had agreed to pay royalty fees for printing on its labels and cartons that the products were manufactured under the technical guidance of the Appellant i.e. Lyka Labs Ltd. As per Clause 1D of this Agreement, the Respondent would be liable to pay a minimum royalty fees of ₹1 Crore per annum or 5% of its total sales value, whichever was higher for the period ending 2013. The Respondent failed to pay the agreed royalty and the Appellant filed the impugned CIRP application before the NCLT.

The NCLT by the impugned order rejected the Company Petition on the ground that the Appellant had failed to attach invoice for the royalty demand in the demand notice.

Decision: Allowed.

Reason:

We find that Technical Guidance Agreement has been signed between the Lyka Labs Ltd. and Modi Lifecare Industries Ltd. A minimum royalty fees was to be paid for which the records exist. The Respondent has also acknowledged / admitted the liability of about ₹63,00,000/- at page 83 in the APB in the letter dated 31st July 2017, which is a letter from the respondent Modi Lifecare Industries Ltd. to M/s. Lyka Labs, the appellant.

The impugned order has returned a finding that the demand notice under Section 8 issued by the appellant-operational creditor upon the corporate debtor was not a valid demand notice, as the appellant had not supplied the respondent-CD with a copy of the various invoices for the amount claimed in the application. In this case, the terms of the technical guidance agreement dated 14th September 2012, made it clear that invoices would not always be an essential part of the transaction. The respondent was liable to pay a minimum amount towards royalty fees for every period of 12 months or 5% of its total sales value, whichever was higher. We also note that there were no terms under the technical guidance agreement which made it mandatory for the appellant to raise an invoice at the end of every period/block of 12 months, even for the minimum royalty fees payable. We note that the computation of the royalty fee payable by the respondent emanates from the technical guidance agreement itself. Further, the technical guidance agreement did not cast any liability upon the appellant to raise invoices upon the respondent for making it liable to pay the minimum royalty fees to the appellant. We therefore find that the contention that the demand notice was defective because invoices had not been annexed is incorrect, and the finding of the adjudicating authority relating to this issue cannot be sustained.

The Adjudicating Authority has relied upon Rule 5 of the IBBI (Application to Adjudicating Authority) Rule 2016 and has concluded that, since invoices were not enclosed, therefore the application is defective. A plain reading of the above rule indicates that it is not necessary that the copies of the invoice have to be attached. A copy of the demand notice which clearly establishes the operational debt or the demand is more than sufficient. In this case, the technical guidance agreement which allowed payment to be made by the operational creditor was more than sufficient, and therefore the argument that invoices were not attached is unsustainable.

Thus, in the facts and circumstances of the present case, we find that in the present Section 9 proceedings, except for accounts reconciliation for which the correspondence

was going on between the two parties, there is no pre-existing dispute between them. The Respondent contends that the royalty fees was to be paid 5% on the actual basis and furthermore the Appellant has not provided any invoices to back up his claim. This has been refuted by the Appellant by saying that the TG Agreement did not provide for any invoices and the original agreement had fixed royalty fees to be paid. We also note that the respondent, in its letter dated 31st July 2017, has conveyed to the appellant that, with reference to the demand of Rs.63 lakhs approximately the CFO or auditor could be in touch with them and therefore, there is an acceptance of the amount of Rs.63 lakhs, approximately.

Thus, we find that debt and default is admitted. And in turn we find that the conditions for initiation of Section 9 i.e. the existence of the debt and default is satisfied. Therefore, we are inclined to allow the Appeal.

LW 42:06:2026

VIVRITI CAPITAL LIMITED v. GENSOL ELECTRIC VEHICLES PRIVATE LTD. [NCLAT]

Comp. App. (AT) (Ins) No. 1460 of 2025

Ashok Bhushan & Barun Mitra. [Decided on 13/05/2026]

Insolvency and Bankruptcy Code, 2016- Section 7- CIRP by financial creditor- cash collateral adjusted against the instalment due- loan was called back – CIRP application filed- NCLT rejected on the ground of adjustment of cash collateral- whether correct- Held, No.

Brief facts:

The Appellant sanctioned a non-revolving rupee term loan of Rs.5,00,00,000/- to the Respondent. The default was committed by the Corporate Debtor in making payment of the instalment due and a Notice was issued by the Appellant to the Corporate Debtor claiming total amount of Rs.18,68,342/-. As the CD failed to pay, the appellant adjusted the same from the cash collateral. Thereafter, the Appellant issued loan recall notice for the outstanding amount of Rs.3,87,87,657/- as on 05.03.2025. After the said loan recall notice, when no repayment was made, Section 7 application was filed by the Appellant. The Adjudicating Authority rejected the application.

Decision: Allowed.

Reason:

We have considered the submission of the Ld. Counsel for the Appellant and perused the record. The notice dated 17.04.2025 was part of Section 7 application which mention that default has been committed of payment of Rs.18,68,342/- which was required to be paid on 05.03.2025. The default being committed notice dated 17.04.2025 was issued but no repayment was made. In pursuance of the notice, hence, the amount was recouped from the cash collateral as per the agreement between the parties. Subsequently, on 02.05.2025, loan recall notice was issued by the Financial Creditor giving details of facility agreement and defaults committed by the Financial Creditor. Total outstanding was mentioned in the loan recall notice including principal and interest accrued. After the loan recall notice when amount was not paid, Section 7 application was filed. In Part-IV of Section 7 application, the Appellant has given brief facts of the case, details of the facility agreement and the details with regard to default committed. The above detailed pleading in Part-IV clearly mentioned the default including the loan recall notice on 02.05.2025. It was mentioned that default was committed on 05.03.2025 which continues.

The Adjudicating Authority has taken note of the recoupment from cash collateral and has come to conclusion that after recoupment from cash collateral default on 05.03.2025 came to an end. Under the facility agreement which was entered between the parties, the event of default has been provided in clause 14 and consequence of the event of the default are given in para-15.

The cash collateral which was part of security could have very well be adjusted by the Financial Creditor towards the payment of any outstanding dues but recoupment from cash collateral cannot lead to conclusion that no default was committed on the relevant date.

The observation of the Adjudicating Authority that Section 7 application is defective and incomplete cannot be sustained. All relevant pleadings were contained in Part-IV and default was clearly made out. In the facts of the present case, we are of the view that order impugned cannot be sustained. The impugned order rejecting Section 7 application is set aside. The Section 7 application is revived before the Adjudicating Authority for passing a fresh order in accordance with law at an early date. The Adjudicating Authority is directed to pass an appropriate order expeditiously preferably within six months from the date this order is produced.

LW 43:06:2026

ALPHA CORP DEVELOPMENT PVT. LTD. v. GREATER NOIDA INDUSTRIAL DEVELOPMENT AUTHORITY & ORS [SC]

Civil Appeal No. 1526 of 2023 with connected appeals

Sanjay Kumar & Alok Aradhe, JJ. [Decided on 05/05/2026]

Insolvency and Bankruptcy Code, 2016- infrastructure project- CIRP by home buyers- holding company CD developed the plots- subsidiary companies held the land- resolution plan included the assets of the landowning subsidiaries of the CD- NCLT approved the resolution plan- NCLAT reversed the plan by refusing to pierce the corporate veil- whether correct-Held, No.

Brief facts:

In this case the Supreme Court has lifted the corporate veil of the corporate debtor, who was having development rights by including the assets of the subsidiaries having ownership title over the underlying lands also in order to allow the resolution plan presented by the successful applicant, appellant herein, to complete the infra housing project. The corporate veil was pierced by applying the concept of one economic entity to the entire group.

Respondent GNIDA leased out 3 plots to Earth Towne Infrastructures Pvt. Ltd. (ETPIL), Neo Multimedia Ltd.

(NML) and Nishita Software Pvt. Ltd. (NSPL). All these land holding companies are subsidiaries of Earth Infrastructures Ltd. (EIL), which had development agreement with these subsidiaries to develop the plots. A financial creditor had initiated CIRP against EIL. In this proceedings the appellants i.e. Successful Resolution Applicants submitted resolution plan including the lands belonging to the subsidiaries and proposal to complete the housing projects therein.

NCLT approved the resolution plan and on appeal by GNIDA, NCLAT reversed the order on the ground that the land parcels of the subsidiaries of the CD cannot be included in the resolution plan. Aggrieved by the order the successful resolution applicants appealed to the Supreme Court.

Decision: Allowed.

Reason:

The NCLAT noted that, in terms of the 'Explanation' to Section 18, the assets of a subsidiary of the corporate debtor could not be included within the term 'assets'. This observation was made in the context of the leasehold rights having been conferred by GNIDA, not upon EIL, the CD, but upon ETI, which was practically its subsidiary. The same logic was applied to the leasehold rights held by the other subsidiary companies of EIL, viz., Neo Multimedia Limited and Nishtha Software Private Limited.

The sheet anchor of GNIDA's case is that the assets of subsidiary companies cannot be made part of the assets of the holding company that was subjected to CIRP proceedings. Section 2(87) of the Companies Act, 2013, defines a subsidiary company or subsidiary to mean a separate legal entity. No doubt, the concept of holding companies and subsidiary companies is firmly entrenched in our corporate scenario and once it is established that the holding and subsidiary companies are independent legal entities in their own right, the sanctity of such legal status has to be maintained unless circumstances exist that require lifting/piercing of the corporate veil. The question that arises is whether this was a fit case to lift the corporate veil. Though the NCLAT was averse to doing so, we are inclined to hold otherwise.

As is clear from the aforestated observations when, in reality, associated or group companies are inextricably connected so as to form part of one concern, the corporate veil should be lifted. Applying this principle in *ArcelorMittal India Private Limited vs. Satish Kumar Gupta*, this Court affirmed that where protection of public interest is of paramount importance or where a company has been formed to evade obligations enforced by law and by the Courts, the Court would disregard the corporate veil. It was further observed that this principle would be applied even to group companies so that one is able to look at the economic entity of the group as a whole.

Neo Multimedia Limited and Nishtha Software Private Limited were both wholly-owned subsidiaries of EIL, the CD. They had leases over the lands in which EIL was to develop the projects, viz., Earth TechOne and Earth Sapphire Court. ETIPL was incorporated only to enable GNIDA's leasing of land for development of Earth Towne and was controlled by EIL, with a 98% shareholding. ETIPL, therefore, stands on a different footing from the other two companies, insofar as GNIDA is concerned. In any event, we may note that all three companies either share common directors with EIL and/or have their relations as directors. The only assets of the three companies were the lands leased out to them by GNIDA for these projects. The companies' shareholdings indicate that EIL was the dominant and majority shareholder.

In effect, GNIDA cannot claim ignorance of the constructions by EIL in relation to all three projects. Each case that comes before a Court, in the context of lifting of the corporate veil, would have to turn upon its own individual facts. Given the facts obtaining presently, we are of the firm view that this was an eminently fit case for lifting the corporate veil, as EIL was the main driving force in the development of the projects and in payment of GNIDA's dues. The subsidiary companies were only a front.

Alpha's resolution plan, which was approved by the CoC on 11.11.2019 and by the NCLT on 08.06.2021, provided under Clause 4 thereof, that it would seek a waiver from GNIDA of its dues but added that if such waiver was not granted, the dues would be proportionately distributed amongst all the allottees. Clause 12.1 of the resolution plan contemplated issuance of a 'No Dues Certificate' by GNIDA prior to conveyances in relation to Earth Sapphire Court as well as Earth TechOne. Alpha, however, stated before this Court that it was willing to pay GNIDA its dues without penal interest/ penal charges, given sufficient amount of time, without burdening the homebuyers.

Though, the aforestated policy/package would have application only to Earth Towne, being a residential project, and may not apply stricto sensu to the other two projects, which are commercial in nature, we may note the higher objective underlying this policy, i.e., to secure completion of stalled development projects. As that was the very aim of the CIRP proceedings initiated against EIL, the CD, we are of the opinion that by adopting the policy to some extent to suit the present situation, the successful resolution applicants, Alpha and Roma, can be permitted to proceed with their resolution plans to complete the projects, viz., Earth Towne, Earth Sapphire Court and Earth TechOne, while protecting the interests of GNIDA also.

We would expect Alpha and Roma, the successful resolution applicants, to stand by their commitment that such dues would not be burdened upon the home/office space buyers who have already suffered sufficiently by the delay in the execution of the projects. The said dues shall be cleared by Alpha and Roma on their own. The payments in that regard, in equated monthly instalments, shall be made over twenty four months. The first such payment shall be made on or before the 7th day of July, 2026. Registration of the homes/ office spaces in favour of the allottees shall be undertaken only after payment of the dues of GNIDA in totality and with its active participation, so as to confer the status of sub-lessees upon the buyers.

The resolution plans of Alpha and Roma shall stand restored. The successful resolution applicants shall endeavour to complete the projects within the time frames indicated by them in their resolution plans.

Competition Laws

LW 44:06:2026

MOHIT v. PERNOD RICARD INDIA PVT. LTD. & ORS [CCI]

Case No. 09 of 2024

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 04/05/2026]

Competition Act, 2002- Sections 3&4- alcoholic beverages- licensing- allegation of bid rigging and cartelisation- investigation ordered.

Brief facts:

The Informant has raised allegations of bid rigging in tenders invited by the Department of Excise, Entertainment and Luxury Tax ('Excise Department') for the grant of licence for wholesale supply of country liquor in the National Capital Territory ('NCT') of Delhi for the year 2022-23. There were two set of allegations raised in the Information, i.e., (a) the manufacturers of country liquor/IMFL entered into bid rigging in the tenders invited by the Excise Department; and (b) cartel formation amongst liquor manufacturers, wholesalers and retailers in Delhi in the context of the Excise Policy, 2021-22.

Decision: Investigation ordered.

Reason:

The Commission now proceeds to analyse the conduct of Pernod Ricard under Section 3(4) of the Act. The Commission is of the view that the alleged conduct of Pernod Ricard, i.e., indulging in concerted behaviour with some retailers/ wholesalers, thereby inducing them to push its brands, purportedly, to achieve higher market share, concomitantly with offering corporate guarantees, is a conduct falling within the realm of exclusive dealing agreement as defined in Section 3(4)(b) of the Act. The term 'exclusive dealing agreement' includes "any agreement restricting in any manner the purchaser or the seller, as the case may be, in the course of his trade from acquiring or selling or otherwise dealing in any goods or services other than those of the seller or the purchaser or any other person, as the case may be."

The Commission is of the view that consistent highest market shares enjoyed by Pernod Ricard over a span of five years prima facie indicate a position of strength to cause AAEC in terms of Section 3(4) of the Act. Accordingly, the Commission is of the prima facie view that purported arrangement entered into between Pernod Ricard and few retailers may result in distortion of supply which can eventually translate into distortion of demand, with end consumers switching preference to the product available in supply.

In this regard, the Commission is of the view that such conduct is likely to have AAEC in as much as the non-dealing in the product of the competitors through vertical arrangements between Pernod Ricard and retailers is likely to result in distortion of demand by way of moving retail demand away from the competing brands to Pernod Ricard, artificially, thereby leading to a situation of driving existing competitors out of the market. Further, where the retail demand is distorted through an arrangement between Pernod Ricard and retailers to augment the business of Pernod Ricard, such an action is likely to result in restriction of choice to end consumers rather than benefit them in any manner.

In view of the foregoing, the Commission is of the prima facie view that the restrictive conduct by Pernod Ricard with its retailers/wholesalers, purportedly, to induce brand pushing and achieve higher market share in IMFL market in Delhi, falls within the purview of 'exclusive dealing agreement' as defined in Section 3(4)(b) of the Act read with Section 3(1) of the Act and therefore be investigated for plausible contravention under the provisions of the Act.

Based on the foregoing analysis, the Commission is of the view that a prima facie case of contravention under Section 3(4)(b) read with Section 3(1) of the Act is made out against the OPs identified in paragraph 46. Accordingly, the Commission directs the Director General ('DG') to cause an investigation into the matter in relation to the alleged conduct under the provisions of Section 26(1) of the Act. The Commission also directs the DG to complete the investigation and submit an investigation report within a period of 90 days from the date of receipt of the order.

LW 45:06:2026

NATURAL SUPPORT CONSULTANCY SERVICES PVT. LTD. v. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT & ANR [CCI]

Case No. 26 of 2025

Ravneet Kaur, Anil Agrawal, Sweta Kakkad & Deepak Anurag.

[Decided on 20/04/2026]

Competition Act, 2002- Sections 3 & 4- concerted practice and abuse of dominance – tender for providing software programme Finacle- whether tenable-Held, No.

Brief facts:

The Informant's primary grievance is that OP-1 issued the 2023 RFP restricting participation to SIs who are authorised partners of Infosys for the Finacle CBS platform, thereby allegedly excluding other service providers. The Informant further contended that repeated extensions of the earlier tender with Infosys and Wipro constituted a concerted practice, in violation of Section 3(4) of the Act. The Informant has alleged that the conduct on the part of NABARD is in violation of Section 4(2)(a)(i), 4(2)(b)(i), 4(2)(b)(ii), 4(2)(c) and 4(2)(e) of the Act. The conduct of NABARD and Infosys is alleged to be in violation of Section 3(4)(b) and 3(4)(b) of the Act.

Decision: **Dismissed.**

Reason:

Now, the Commission proceeds to analyse the issue of abuse of dominance by NABARD in violation of Section 4 of the Act. The Commission notes that Finacle software is a banking software developed by Infosys. Having perused the response filed by NABARD, the Commission notes that the 2023 RFP, was limited to authorized partners/SIs of Finacle OEM i.e. Infosys because the cooperative banks were already operating on the Finacle CBS platform. This condition is not restrictive because upgradation to a new version i.e. from Finacle 7.x to Finacle 10.2.25 required compatibility, data security, and software integrity. Only authorized partners have access to proprietary tools and support from Infosys and engagement of unauthorized vendors could risk data corruption, system failure, security breaches, financial burden etc. Therefore, the Commission is of the opinion that the restriction to authorized partners/SIs of Finacle OEM is not unfair and discriminatory or excluding other service providers and the same does not amount to abuse of dominance, in contravention of the provisions of Section 4 of the Act.

With regard to violation of Section 3 of the Act, the Commission notes that the Informant has alleged that arrangement/agreement between NABARD and Infosys constitute vertical anti-competitive agreement which is in violation of Section 3(4)(b) and Section 3(4)(d) of the Act.

In this regard, the Commission notes that the procuring authority has a discretion to set eligibility, technical, and financial conditions. The continuation of agreement between the OPs of Finacle software and the 2023 RFP restricting bidders to authorized partners/SIs of OEM i.e. Infosys, are not restrictive conditions. The extensions and renewals were done to maintain continuity of essential banking operations. NABARD exercised its statutory mandate transparently and reasonably. The RFP was open, objective, and non-discriminatory, grounded in technical and rural banking realities. Thus, the Commission is of the view that there was no evidence of bias toward Infosys and of any exclusive dealing agreement or refusal to deal. Hence, there is no violation of Section 3(4)(b) and Section 3(4)(d) of the Act.

In light of the above, the Commission is of the view that no prima facie case of contravention of Sections 3 and 4 of the Act is made out in the present matter. The Commission directs that the matter be closed forthwith under Section 26(2) of the Act.

General Laws

LW 46:06:2026

ELECON ENGINEERING COMPANY LTD. v. BHARTIYA RAIL BIJLEE COMPANY LTD. & ANR [SC]

Civil Appeal No.....of 2026 [@ SLP(C) No.33128 of 2025]

Sanjay Kumar & K. Vinod Chandran, J. [Decided on 07/ 05 / 2026]

Arbitration and Conciliation Act, 1996- Section11- Contractor collaborating with appellant for then execution of the project for the employer- interconnected agreements- disputes arose- collaborator approached the court for the appointment of arbitrator - non-signatory party contractor objected to the arbitration- whether correct- Held, No.

Brief facts:

A Collaborator's request for arbitration, which collaboration was essential to technically qualify the Contractor to proffer a bid was declined on the ground of there being no privity of contract. The High Court considering a petition under Section 11(6) of the Arbitration and Conciliation Act, 1996 (Act of 1996) rejected the same against which the present appeal is filed. We refer to the parties as the Employer; the 1st respondent herein, the Contractor; the 2nd respondent and the Collaborator; the appellant.

The High Court noticed the trite principle that even non-signatories to an agreement with an arbitration clause would be entitled to invoke it, if such non-signatory is a veritable party to the arbitration agreement. However, finding that there was nothing in the notice under Section 21 of the Act of 1996 to find such inextricable connection; the notice also having specifically sought for a consent to initiate an arbitration, declined the prayer.

Decision: **Allowed.**

Reason:

The contract awarded was for installing a Coal Handling Plant Package for Nabinagar Thermal Power Project of the respondent, the Employer. The successful bidder/Contractor, the 2nd respondent collaborated with the appellant for its design capabilities and supply of certain equipment/ materials based on the latter's experience in a project of the required strength and its successful operation for one year. The bid form also contains various DJUs to be executed by 'a Collaborator/Associate' along with the Contractor for the Coal Handling Plant for Nabinagar Thermal Power Project. The DJU was executed by the Collaborator with the Contractor, in favour of the Employer which clearly indicates that the Collaborator was an inseparable part of the contract and its execution.

In response to the notice under Section 21, the Employer specifically referred to the DJU and the 'joint and several' responsibilities of the Contractor and the Collaborator to complete the project. The tripartite agreement was also referred to along with various letters issued by the Employer to the Collaborator for effective completion of the project. Despite the Employer having called upon the Collaborator to fulfil its obligations as per the DJU, due to the disability of the Contractor, the Employer asserted absence of privity of contract and refused consent for adjudication of the dispute between themselves in its letter dated 29.07.2022.

We are of the opinion that the contract by itself necessitated the execution of joint undertaking by the Contractor and the Collaborator who had the 'joint and several' liability for the due completion of the contract. The arbitration clause applied

both to the Collaborator and the Contractor insofar as the disputes with the Employer and between themselves the agreement of collaboration provided a like clause for dispute resolution. On the Contractor defaulting in the completion of the project, the Employer had also called upon the collaborator to fulfil the obligations as per the DJU specifically raising the issue of joint and several responsibilities. The meetings convened between the Employer, the Contractor and the Collaborator, after delay in execution of the contract, the tripartite agreement entered into between them and the further communications addressed to the collaborator to take up his responsibility as per the DJU makes the Collaborator a veritable party to the contract who is also entitled to invoke the arbitration clause as available in the contract between the Contractor and the Employer in which the DJU executed by the Collaborator and the Contractor, in favour of the Employer is an inextricable part.

On the above reasoning, we find the High Court to have wrongly declined the prayer for arbitration. We set aside the judgment impugned and allow the petition.

LW 47:06:2026

MD. MASUDUL HAQUE ANSARI v. STATE OF JHARKHAND & ORS [JHK]

Acquittal Appeal No. 10 of 2012

Rajesh Kumar, J. [Decided on 07/05/2026]

Negotiable Instruments Act, 1881- Sections 138 & 141- friendly loan-cheque dishonour- Trial court acquitted the drawer- whether tenable- Held, Yes.

Brief facts:

The complainant gave a total loan of rupees two lakhs in cash to the accused against which in security the accused gave two postdated cheques. Upon presentation both the cheques were dishonoured due to insufficient funds. The complainant issued demand notice to the accused but the accused failed to pay. In that circumstances the complainant filed this case. Accordingly the complainant filed complaint before the learned CJM. The Trial court acquitted the accused on the ground that the loan was not a commercial transaction but a friendly transaction which cannot be enforceable as such. Being aggrieved by the said judgment of acquittal, the appellant-complainant has preferred the present appeal.

Decision: Dismissed.

Reason:

Thus, the presumption lies in favour of the holder of cheque in due course that the cheque has been issued for discharge of legally enforceable dues and the onus lies upon the other side to discharge this presumption, but if the material is available on record, suggesting that it is not for the legally enforceable dues, rather it was a friendly transaction between the parties which does not form any contract or does not give any right to impose the same as legally enforceable debt, then that presumption goes and the court has to decide the matter, as per the material available on record.

The Hon'ble Apex Court has settled the law in the judgment, passed in the case of *Rajesh Jain Vs. Ajay Singh, reported in (2023) 10 Supreme Court Cases 148*. In the Indian Contract Act, 1872 to form a legally enforceable contract, there has to be an agreement between the parties and the consideration is the more basic ingredients. The consideration has to be commercial. The friendship cannot be a consideration to form a contract. Thus, if no contract has been formed, then the transaction cannot be legally enforced and it does not come under the definition of legally enforceable debt and the jurisdiction of Section 138 of N.I Act is not applicable.

Thus, this Court finds that the material available on record, does not require any interference in the judgment of acquittal. In the result, the acquittal appeal stands dismissed.

LW 48:06:2026

MADHU SINGH v. STATE OF U.P. & ORS [ALL]

Application u/s 482 No. - 19215 of 2007

Sandeep Jain, J. [Decided on 06/05/ 2026]

Negotiable Instruments Act, 1881- Sections 138 & 141- cheque dishonour- issued from joint account-signed by one joint holder- summons issued to the other joint holder who had not signed the cheques-whether tenable-Held, No.

Brief facts:

The complainant/respondent no. 2, advanced loan to co-accused Rahul Thind who had a joint account with the Appellant. In discharge of the loan Rahul Thind issued cheques from the joint account. Upon presentation the cheques were bounced and the complainant filed a cheque dishonour case before the Magistrate who took cognizance and issued summons to Rahul Thind and the Appellant. The cheques were signed by Rahul Thind only. The said summoning order has been challenged only by the accused/ applicant Madhu Singh by filing the present application under Section 482 Cr.P.C.

Decision: Allowed.

Reason:

As rightly pointed out by the learned Senior Counsel for the appellant, the interpretation sought to be advanced by the respondents would add words to Section 141 and extend the principle of vicarious liability to persons who are not named in it.

In the present case, it is not disputed that the cheques in question were issued from a joint bank account maintained by Rahul Thind and Madhu Singh. However, it is equally undisputed that the cheques were signed solely by Rahul Thind. Therefore, in light of the settled legal position, the applicant Madhu Singh, not being a signatory to the cheques, cannot be held liable for the offence under Section 138 of the N.I. Act. Moreover, a perusal of the complaint reveals that the allegations are primarily directed against Rahul Thind, and no specific role has been attributed to the applicant Madhu Singh, except that she is jointly and severally liable to repay the loan. Even on this ground, no prima facie case is made out against her.

In view of the aforesaid facts and legal position, this Court is of the considered opinion that the trial court erred in summoning the applicant Madhu Singh to face trial under Section 138 of the N.I. Act. The summoning order, to that extent, is unsustainable in law and is liable to be quashed. Accordingly, the application is allowed.