



# Dispute Resolution & ADR

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# Foreign summary judgment fails enforcement test where triable issues remain unexamined

## Griesheim GMBH v Goyal MG Gases Pvt Ltd

Supreme Court of India | 2026 INSC 401

The Supreme Court has reaffirmed that a foreign judgment will be enforceable in India only if it is genuinely rendered on merits and after affording the defendant a fair opportunity to present its case. This decision is significant because it clarifies that the enforceability of a foreign summary judgment depends not on the procedure adopted by the Foreign Court, but on whether genuine triable issues were fairly considered.

The Supreme Court rightly distinguished between cases where summary adjudication is appropriate and those where disputed questions of fact require a full trial. For parties seeking enforcement of foreign judgments in India, this judgment underscores the importance of ensuring that material defences supported by contemporaneous evidence are adequately addressed in the foreign proceedings. The decision also strengthens the safeguards under Section 13 of the Code of Civil Procedure, 1908 (CPC), while preserving India's long-standing commitment to recognising and enforcing foreign judgments that satisfy basic standards of fairness and adjudication.

### SUMMARY OF FACTS

The Appellant guaranteed an External Commercial Borrowing (ECB) obtained by the Respondent from Citibank UK for financing its business, pursuant to approvals granted by the Government of India and the Reserve Bank of India (RBI).

Upon the Respondent's default, Citibank invoked the guarantee and the Appellant discharged the outstanding liability, thereafter claiming reimbursement from the Respondent on the basis of subrogation.

The Respondent disputed the claim, relying on prior understandings between the parties and contemporaneous corporate records reflecting that no amount was payable to the Appellant.

The Appellant obtained a summary judgment from the English Court after the Respondent's application for leave to defend was rejected and thereafter sought enforcement of the judgment in India.

The Division Bench of the Delhi High Court refused enforcement of the foreign judgment, leading to an appeal before the Supreme Court of India.

### DECISION OF THE COURT

The Supreme Court held that the Respondent had raised triable issues supported by contemporaneous documents, including balance sheets, board resolutions, and correspondence, which required a full examination through oral and documentary evidence.

The balance sheets and board records, adopted with the participation of the Appellant's nominee director, recorded that the ECB payment had been adjusted against the Respondent's claims and that no liability was payable to the Appellant. In such circumstances, the English Court ought not to have disposed of the matter through summary judgment after refusing leave to defend, as the disputed questions required a full examination through oral and documentary evidence.

While the Supreme Court expressly acknowledged that a foreign judgment can be enforceable even if rendered through a summary procedure, provided it is genuinely a judgment on merits and the Defendant has been given a fair opportunity to present its case, the summary disposal of the Respondent's claim resulted in premature adjudication of disputed questions of fact and foreclosed the Respondent from fully establishing its defence.

The foreign judgment, therefore, did not satisfy the requirement of a judgment rendered on the merits under Section 13(b) CPC and was consequently unenforceable in India.



## Arbitration rights extended to a non-signatory collaborator integral to contract performance

**Elecon Engineering Co Ltd v. Bhartiya Rail Bijlee Co Ltd**

Supreme Court of India | 2026 SCC OnLine SC 816

The Supreme Court held that a collaborator who is an essential and inextricable part of the contractual arrangement, and whose obligations are embedded in the performance structure of the contract, can invoke the arbitration clause even though it is not a signatory to the principal agreement. This is a practical and commercially sensible decision that aligns the law with the realities of modern infrastructure and EPC projects, where performance often depends on collaborators, associates, and technical partners.

The Court rightly looked beyond formal notions of privity and focused on the parties' conduct, contractual obligations, and the role actually performed by the collaborators throughout the project. Equally important is the Court's recognition that a party cannot rely on a collaborator's joint and several obligations for contract performance while simultaneously denying it access to the agreed dispute resolution mechanism. The judgment provides useful guidance for future disputes involving non-signatories and reinforces that arbitration rights and obligations may extend to entities that are deeply integrated into the contractual framework, even if they have not formally signed the principal contract.

### SUMMARY OF FACTS

Bhartiya Rail Bijlee Co Ltd (**Employer**) awarded a contract for installing a Coal Handling Plant for the Nabinagar Thermal Power Project.

As the successful bidder (**Contractor**) independently lacked the experience in handling plants of 1,000 MT/hour capacity, as required by the bid conditions, it collaborated with Elecon Engineering Co Ltd (**Collaborator**) vide a Deed of Joint Undertaking (**DJU**), which created joint and several obligations on the Contractor and the Collaborator in favour of the Employer.

Delays in project execution prompted the Employer to convene tripartite meetings, leading to an agreement for direct payment to the Collaborator (**Tripartite Agreement**).

Subsequently, while the Contractor went into liquidation, the Employer continued to call upon the Collaborator to fulfil its DJU obligations.

Ultimately, the Employer encashed the Collaborator's bank guarantee, constraining it to invoke the arbitration clause contained in the principal contract between the Employer and the Contractor.

### DECISION OF THE COURT

The Court held that the Collaborator was entitled to invoke the arbitration clause because it was a veritable party to the contract, notwithstanding that it was not a signatory to the principal agreement.

The Contractor could satisfy the eligibility requirements only through the Collaborator's technical qualifications and experience, and the contract itself required execution of the DJU by the Contractor and the Collaborator for successful performance of the project. The Collaborator was thus an inseparable part of the contract and its execution.

The DJU imposed joint and several liability on the Contractor and the Collaborator, and the Employer's repeated reliance on the DJU, the Tripartite Agreement, and subsequent communications demonstrated that the Collaborator was an essential and inextricable part of the contract and, therefore, entitled to invoke the arbitration clause.

The Tripartite Agreement did not wipe out the earlier contract; it merely ensured direct payments to the Collaborator and asserted its responsibility to fulfil the contract given the Contractor's inability to do so.

# Contractual property-financing disputes falls outside the scope of CIRP

## Dhanalaxmi Bank Ltd v. Mohammed Javed Sultan

Supreme Court of India | 2026 INSC 460

The Supreme Court held that where a lending arrangement is inextricably linked with property rights, developer obligations, security interests, and repayment mechanisms involving multiple parties, the dispute may be predominantly contractual in nature and may not justify initiation of the Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code).

This decision reinforces the principle that the Code is not a substitute for ordinary recovery proceedings. The Court rightly looked beyond the mere existence of an unpaid debt and examined the substance of the underlying transaction. Where the rights and obligations of the parties arise from a broader commercial arrangement and are already the subject of recovery proceedings, insolvency may not be the appropriate remedy.

The judgment is likely to discourage attempts to use CIRP as a pressure tactic in complex contractual disputes and provides useful guidance on the limits of Section 7 in cases involving interconnected commercial and property-related transactions.

### SUMMARY OF FACTS

Emeral Mineral Exim Pvt Ltd (EMEPL) entered into an agreement with Bengal Shrachi Housing Development Ltd (BSHDL) for the purchase of a unit in a real estate project in Kolkata.

To finance the purchase, EMEPL obtained a loan of INR 1.5 crore from Dhanalaxmi Bank (Bank) under a facility agreement, pursuant to which approximately INR 1.34 crore was disbursed directly by the Bank to BSHDL.

EMEPL subsequently transferred its rights in the property to Jupiter Pharmaceuticals Ltd through a nomination agreement and related conveyance documents. An acknowledgement of liability was also executed in favour of the Bank.

EMEPL's loan account was classified as an NPA in 2014, and its proposal for a one-time settlement failed. In 2016, the Bank initiated recovery proceedings before the DRT against EMEPL, BSHDL and the guarantors. The DRT held that the Bank's charge over the property continued notwithstanding its transfer and directed BSHDL to deposit INR 1.5 crore as security.

Thereafter, the Bank initiated insolvency proceedings against EMEPL under Section 7 of the Insolvency and Bankruptcy Code. The NCLT admitted the petition and commenced CIRP, but the NCLAT set aside the admission order, holding that the Bank was not a financial creditor as it had not directly disbursed the amount to EMEPL.

### DECISION OF THE COURT

The Supreme Court noted that Section 7 of the Code requires the existence of a financial debt and a default in its repayment. On examining the quadripartite agreement, it found that the Bank's disbursement was made directly to BSHDL and was secured through a combination of refund obligations, lien rights over the property, restrictions on transfer, and entitlement to sale proceeds, thereby closely linking the lending arrangement with the underlying property transaction.

The Court held that the Bank's disbursement was intrinsically linked to the performance of BSHDL's obligations under the transaction. In these circumstances, the arrangement could not be viewed in isolation as a simple financial lending transaction between the Bank and EMEPL. Rather, it involved an interconnected set of contractual rights and obligations relating to the financing, transfer, and ownership of the property.

The Court concluded that the matter did not present a straightforward case of financial debt and default warranting the initiation of CIRP. The dispute was found to be predominantly contractual in nature, for which proceedings before the DRT constituted the appropriate remedy. Permitting CIRP in such circumstances would effectively convert insolvency proceedings into a coercive mechanism for debt recovery.

# Blacklisting requires independent notice and cannot follow termination automatically

## AKG Construction and Developers Pvt Ltd v State of Jharkhand

Supreme Court of India | 2026 INSC 312



The Supreme Court has clarified that termination and blacklisting are distinct actions and that blacklisting cannot be treated as an automatic consequence of termination. Even where there is sufficient material to justify termination, a contractor must be given a specific opportunity to show cause against the proposed blacklisting.

This is a significant ruling for public procurement as it reinforces procedural fairness in government contracting. The judgment serves as a reminder that departments must independently apply their mind before imposing blacklisting and must clearly communicate the proposed action and its basis. Going forward, authorities should ensure that there is a separate consideration of blacklisting to avoid their decisions being vulnerable to challenge on grounds of natural

### SUMMARY OF FACTS

AKG Construction and Developers Pvt Ltd (AKG) was awarded a contract for construction of an Elevated Service Reservoir (ESR) in Jharkhand.

The top dome of the under-construction ESR collapsed, and AKG attributed it to a natural disaster/cyclonic storm and expressed its willingness to reconstruct the ESR at its own expense.

The Water & Sanitation Department of State of Jharkhand (Department) issued a show-cause notice alleging negligence and failure to maintain quality in construction and calling upon AKG to explain why action should not be taken against it as per the rules.

A 3-member enquiry committee, the Superintending Engineer, and other technical bodies examined the incident and reported that the work had not been executed as per the approved design and drawing, quality had not been taken care of, and negligence on the part of AKG had led to the collapse of the ESR.

Consequently, the Department terminated its contracts with AKG, blacklisted it for 5 years, and cancelled its registration.

Aggrieved, AKG approached the High Court and ultimately, the Supreme Court of India.

### DECISION OF THE COURT

The Supreme Court upheld the order of termination, holding that there was unimpeachable material regarding AKG's negligence leading to the collapse of the ESR dome.

However, it was held that the contractual conditions governing termination and those governing blacklisting are distinct and operate independently – a decision of blacklisting is neither automatic nor a logical consequence of a decision of termination.

Since blacklisting has serious consequences, affecting not only existing contracts but also future business transactions, the Department was required to demonstrate application of mind and issue a specific show-cause notice calling upon the contractor to explain why an order of blacklisting should not be passed. As the show-cause notice issued did not purport to be one for blacklisting (it did not indicate a proposed decision to blacklist), it fell short of the requirements of the principles of natural justice and reasonableness.

As such, the blacklisting order was held to be illegal, arbitrary, and unreasonable and was set aside, while the order of termination was upheld.

# Prolonged non-utilisation of industrial land justifies lease cancellation

## Piaggio Vehicles v. State of Uttar Pradesh

Supreme Court of India | 2026 INSC 321

The Supreme Court has reaffirmed that failure to utilise industrial land in accordance with the terms of allotment can justify cancellation of the lease, particularly where the allottee fails to demonstrate *bona fide* efforts towards project implementation.

The judgment highlights that industrial plots allotted at concessional rates are intended to promote industrialisation and economic development, and therefore carry corresponding obligations. The Court's refusal to interfere was driven not merely by delay, but by the Appellant's prolonged non-compliance with the lease conditions and the requirements for extension. The decision serves as a reminder that allottees must adhere to implementation timelines and extension conditions, failing which they may lose the benefit of the allotment and be denied discretionary relief by the courts.

### SUMMARY OF FACTS

The dispute concerned the validity of cancellation of an industrial lease granted by UPSIDA on account of failure to comply with construction and utilisation obligations, and the Appellant's entitlement to restoration of the lease.

A plot in the Surajpur Industrial Area, originally allotted by UPSIDA in 1985, was transferred to Piaggio India vide an agreement (2002 Agreement). Subsequently, Piaggio India merged with the Appellant.

In September 2007, UPSIDA issued a notice alleging breach of the lease conditions, particularly the failure to commence and complete construction and to utilise the land for the allotted purpose.

The Appellant sought an extension of time, and UPSIDA agreed to consider a 1-year extension subject to payment of extension charges and submission of an affidavit undertaking to commence construction within 3 months and production within 9 months. Although several affidavits were filed, the prescribed affidavit was never submitted.

Thereafter, UPSIDA passed an order cancelling the lease, forfeiting the premium and proposing re-entry upon the plot. The Appellant's challenge before the Allahabad High Court failed, leading to the appeal before the Supreme Court.

### DECISION OF THE COURT

The Supreme Court held that industrial plots are allotted at subsidised rates to promote industrialisation and economic development, and allottees are therefore required to strictly comply with the terms and conditions of allotment, including time-bound implementation obligations.

The 2002 Agreement governed the parties' relationship and required the Appellant to utilise the land for the allotted industrial purpose.

The Appellant failed to demonstrate any *bona fide* effort to establish an industrial unit and had not undertaken any meaningful industrial activity on the plot for several years.

The Appellant also failed to comply with the conditions for grant of the 1-year extension, including submission of the prescribed affidavit undertaking adherence to the construction and production timelines, and had not even obtained sanction of the site plan.

Holding that the Appellant's conduct was wholly lackadaisical, the Court found it undeserving of any discretionary relief, upheld the cancellation of the lease, and dismissed the appeal.



# GST proceedings against a non-existent amalgamated entity are void

## IDFC First Bank Ltd v. State of Maharashtra

Bombay High Court | Writ Petition No. 3390 of 2024

The Bombay High Court has reaffirmed that proceedings initiated against an entity that has ceased to exist pursuant to a valid amalgamation are void *ab initio* and without jurisdiction, even where the tax authorities were aware of the amalgamation and sought to rely on Section 87 of the Central Goods and Services Tax Act, 2017 (**CGST Act**), which treats amalgamating companies as distinct entities for certain GST purposes up to the date of the amalgamation order.

This ruling reinforces the principle that the legal consequences of an amalgamation cannot be ignored by tax authorities and that proceedings must be initiated only against the surviving entity. The decision is particularly significant because it affirms that procedural defects relating to the identity of the assessee are not mere technical irregularities but go to the root of jurisdiction. From a practical perspective, companies involved in mergers and amalgamations should ensure that all regulatory authorities are promptly notified and that records reflect the corporate

### SUMMARY OF FACTS

Following the amalgamation of Capital First Ltd (**CFL**), Capital First Home Finance Ltd, and Capital First Securities Ltd with IDFC First Bank Ltd (**IDFC**), an order for the cancellation of CFL's registration was passed in 2019.

Between 2022 and 2023, several notices were issued to CFL under the GST Act, 2017, alleging discrepancies in CFL's returns, despite repeated correspondence from IDFC stating that CFL had ceased to exist and the proceedings were void in law.

This was followed by a show-cause notice and hearings, wherein IDFC contended that the proceedings were void as CFL had ceased to exist. However, the tax authorities passed an order raising demands for payment of GST against CFL, along with interest and penalty.

Aggrieved, IDFC approached the Bombay High Court.

### DECISION OF THE COURT

The Court held that the entire proceedings were fundamentally defective because they were initiated and continued against CFL, which had ceased to exist upon approval of the amalgamation by the National Company Law Tribunal, a position further confirmed by the cancellation of its registration.

The Court found that the tax authorities were fully aware of the amalgamation, as the Petitioner had repeatedly informed them throughout the proceedings, yet they continued to issue notices and pass orders in the name of the non-existent entity.

Applying the principles laid down in *Maruti Suzuki*<sup>1</sup> and followed in *Vodafone Idea*,<sup>2</sup> the Court held that proceedings initiated against an amalgamated company that has ceased to exist are void *ab initio* and without jurisdiction.

The Court rejected the taxation department's reliance on Section 87 of the CGST Act, holding that it only addresses tax consequences during the transitional amalgamation period and does not authorise proceedings against a non-existent entity; therefore, no proceedings could legally be maintained against CFL.

<sup>1</sup> Principal Commissioner of Income Tax, New Delhi v. Maruti Suzuki India Ltd, (2019) 416 ITR 613 (SC)

<sup>2</sup> Vodafone Idea Ltd v. Union of India, 2026 (5) TMI 162

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