

# MONTHLY LITIGATION NEWSLETTER

## JUNE 2025

Dear Readers,

We bring you a concise analysis of important developments, recent publications and judgements and noteworthy regulatory amendments in the corporate and financial sectors on a monthly basis.

Our newsletter will cover updates on latest verdicts from the Supreme Court of India and various High Courts.

Perceiving the significance of these updates and the need to keep track of the same, we have prepared this newsletter providing a concise overview of the various changes brought in by our proactive regulatory authorities and the Courts!

Feedback and suggestions from our readers would be appreciated. Please feel free to write to us at [mail@lexport.in](mailto:mail@lexport.in).

Regards,  
Team Lexport



### ABOUT US

Lexport is a full-service Indian law firm offering Consultation, litigation, and representation services to a range of clients.

The core competencies of our firm's practice *inter alia* are Trade Laws (Customs, GST & Foreign Trade Policy), Corporate and Commercial Laws and Intellectual Property Rights.

The firm also provides Transaction, Regulatory and Compliance Services. Our detailed profile can be seen at our website [www.lexport.in](http://www.lexport.in).

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## INDEX

<b>STANDARD CHARTERED BANK V STATE OF KARNATAKA AND OTHERS, [CRIMINAL APPEAL NO.845/2018]</b>	<b>...2-3</b>
<b>IEEE MUMBAI SECTION WELFARE ASSOCIATION VERSUS GLOBAL IEEE INSTITUTE FOR ENGINEERS (2025 Live Law (SC) 658)</b>	<b>...3</b>
<b>Jammu &amp; Kashmir Economic Reconstruction Agency Vs. M/s Simplex Projects Limited, O.M.P. (COMM) 60/2025, I.A. Nos. 2873-74/2025</b>	<b>...3</b>
<b>MR. SUNIL GUTTE VS. MR. AVIL MENEZES &amp; ORS., COMPANY APPEAL (AT) (INSOLVENCY) NO. 515 OF 2025</b>	<b>...3-4</b>
<b>M/S KLA CONST TECHNOLOGIES PVT LTD VS. M/S GULSHAN HOMZ PRIVATE LIMITED, ARB. P. 90/2025</b>	<b>...4</b>
<b>RAKHI SADHUKHAN VS. RAJA SADHUKHAN [CIVIL APPEAL NO. 10209 OF 2024]</b>	<b>...4-5</b>

## PART A: COURT RULINGS

### **1. STANDARD CHARTERED BANK V STATE OF KARNATAKA AND OTHERS, [CRIMINAL APPEAL NO.845/2018]**

**Issue:** - Whether the criminal proceedings initiated in 2016 by Vector Program Pvt. Ltd. against Standard Chartered Bank and Starship Equity Holding Ltd., arising from a fully concluded escrow transaction in 2007, amounted to an abuse of the legal process and warranted quashing under Section 482 CrPC?

The Supreme Court quashed an FIR against Standard Chartered Bank and Starship Equity Holding Ltd. related to a 2007 Escrow Agreement involving Corsair, Katra, and Vector Program Pvt. Ltd., under which Vector unconditionally transferred shares of Tamil Nadu Mercantile Bank for Rs. 32.53 crores and received full payment. After a substantial rise in share value, Vector unsuccessfully sought to terminate the agreement through a civil suit dismissed by the Bombay High Court. Subsequently, it filed a criminal complaint in 2016, invoking multiple IPC provisions. The Supreme Court held that the FIR lacked evidentiary basis and constituted a gross abuse of legal process, criticizing the Karnataka High Court for not exercising its inherent powers under Section 482 CrPC to quash the proceedings, especially given that the transactions were fully concluded in 2007 and no criminality was evident.

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***Lexport Comments:-** The judgment reaffirms that criminal law cannot be misused to revisit concluded commercial transactions, emphasizing the sanctity of contracts and the integrity of legal processes.*

## **2. IEEE MUMBAI SECTION WELFARE ASSOCIATION VERSUS GLOBAL IEEE INSTITUTE FOR ENGINEERS (2025 Live Law (SC) 658)**

**Issue:** - Whether a temporary injunction can be granted or sustained when the plaint has been rejected under Order VII Rule 11 of the Civil Procedure Code and has not yet been restored?

The Supreme Court held that a temporary injunction cannot subsist in the absence of a valid, subsisting plaint. The bench, comprising Justices B.V. Nagarathna and S.C. Sharma, observed that once a plaint is rejected under Order VII Rule 11 of the Civil Procedure Code, it ceases to exist in the eyes of law, and consequently, no injunctive relief can be granted or sustained unless and until the plaint is duly restored. The Court found that the High Court had erred in granting a temporary injunction while the appeal against the rejection of the plaint was still pending, emphasising that such an appeal does not constitute a continuation of the suit. Accordingly, the Supreme Court allowed the appeal and set aside the impugned injunction order.

***Lexport Comments:-** The Supreme Court decisively clarified that a temporary injunction cannot be maintained in the absence of a valid, subsisting plaint, emphasizing that injunctive relief is contingent upon the existence of a duly constituted suit.*

## **3. Jammu & Kashmir Economic Reconstruction Agency Vs. M/s Simplex Projects Limited, O.M.P. (COMM) 60/2025, I.A. Nos. 2873-74/2025**

**Issue:** - Whether the Petitioner's claim for liquidated damages (LD) could be unilaterally adjusted and recovered without being raised as a counterclaim and without proving actual loss, given that the relevant contractual clause was invalid as a penalty clause under Indian law?

The Hon'ble Delhi High Court upheld the Arbitral Tribunal's decision rejecting the Petitioner's liquidated damages (LD) claim, holding that it should have been raised as a counterclaim and required adjudication, not unilateral adjustment. Citing *Kailash Nath Associates v. DDA*, *Fateh Chand v. Balkishan Dass*, and *Maula Bux v. Union of India*, it emphasized that LD cannot be recovered automatically without proof of actual loss. The Arbitral Tribunal found Clause 8.7 of the GCC invalid as an LD clause, being a standard-form provision lacking negotiation or genuine pre-estimate of damages. It rightly held that Indian law prohibits penalty-based damages and mandates actual loss or genuine pre-estimate. The Tribunal's view that LD covers all delay-related claims, including loss of parking revenue, was held reasonable and not patently illegal. Consequently, the petition was dismissed.

***Lexport Comments:-** The Delhi High Court correctly affirmed the Arbitral Tribunal's decision to reject the liquidated damages claim, underscoring the requirement of demonstrating actual loss and reaffirming the prohibition of penalty clauses under Indian law.*

## **4. MR. SUNIL GUTTE VS. MR. AVIL MENEZES & ORS., COMPANY APPEAL (AT) (INSOLVENCY) NO. 515 OF 2025**

**Issue:** - Whether payments made by the Appellant after the commencement of the moratorium under Section 14 of the IBC, including encashment of pre-dated cheques, violate the moratorium and warrant reversal?

The Hon'ble NCLAT examined whether payments made by the Appellant after the commencement of CIRP violated the moratorium under Section 14 of the IBC and upheld the direction for reversal of such transactions. It held that once a CIRP is admitted under Sections 7, 9, or 10, a moratorium is enforced from the date of the order, prohibiting any recovery or fund deployment by creditors or suspended management without IRP's approval. Since nine out of twelve payments were made after the moratorium (effective from 10.09.2018), and the remaining three cheques, though dated earlier, were encashed post-moratorium, all payments were found impermissible. The Tribunal emphasized that such payments violated Section 14(1)(b) irrespective of the intent or motive. It also noted that unauthorized transactions through an HDFC Bank account, instead of the CoC-approved UCO Bank account, further supported the breach. Referring to SREI Equipment Finance Ltd. v. Amit Gupta, the Tribunal reiterated that even pre-dated cheques cannot be encashed after the moratorium begins and accordingly dismissed the Appeal.

***Lexport Comments:-** The NCLAT appropriately affirmed the moratorium's strict prohibition on payments following the commencement of CIRP, emphasizing adherence to the Interim Resolution Professional's authority and ensuring the integrity of the insolvency resolution process.*

#### **5. M/S KLA CONST TECHNOLOGIES PVT LTD VS. M/S GULSHAN HOMZ PRIVATE LIMITED, ARB. P. 90/2025**

**Issue:** - Whether, in the presence of multiple and potentially conflicting jurisdiction clauses, the designation of New Delhi as the seat of arbitration confers exclusive jurisdiction on the courts at New Delhi, requiring harmonization of Clauses 37(a), 37(b), and 91.2 to ascertain the parties' true intent?

The Hon'ble Delhi High Court held that contractual interpretation must follow the golden rule, as reaffirmed in Ramkishorelal, requiring the document to be read as a whole to ascertain true intent, harmonizing conflicting clauses where possible. Referring to Devyani International Ltd. v. Siddhivinayak Builders, it emphasized that the designation of a seat of arbitration (New Delhi) overrides conflicting jurisdiction clauses. Similarly, in Inder Mohan and Vedanta Limited, courts held that the arbitration clause specifying the seat determines jurisdiction, even in the presence of multiple or conflicting jurisdiction clauses. Interpreting Clauses 37(a) and 37(b), the Court found them reconcilable, arbitration disputes are to be seated in Noida/Delhi, with New Delhi courts having exclusive jurisdiction per Clause 91.2. Clause 37(b) was held subordinate to 37(a) to maintain contractual coherence. Thus, the petition was allowed.

***Lexport Comments:-** The Court appropriately affirmed that the designated seat of arbitration confers exclusive jurisdiction, prevailing over conflicting clauses to uphold the parties' true intent.*

#### **6. RAKHI SADHUKHAN VS. RAJA SADHUKHAN [CIVIL APPEAL NO. 10209 OF 2024]**

**Issue:** - Whether the permanent alimony of ₹20,000 per month previously awarded to the wife was adequate, considering her continued financial dependence, the standard of living maintained during the marriage, and the respondent-husband's financial capacity?

The Supreme Court enhanced the permanent alimony awarded to the wife from ₹20,000 to ₹50,000 per month, with a 5% increment every two years, emphasizing the necessity of ensuring a standard of living

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commensurate with that enjoyed during the marriage and securing her financial future. The Court observed that the appellant-wife, who has remained unmarried and financially dependent, is entitled to a level of maintenance reflective of her marital lifestyle. Noting the respondent-husband's net monthly income of ₹1.64 lakh and overall financial capacity, the Court found the previous award inadequate, notwithstanding his obligations toward his second wife, dependent family members, and aged parents. The bench further clarified that no maintenance was payable for the couple's adult son, now financially independent, though his inheritance rights under applicable law remain unaffected.

***Lexport Comments:-** The Supreme Court reaffirmed that permanent alimony must ensure the dependent spouse's dignity and financial security, aligned with the marital standard of living and the other party's financial capacity.*

**END OF THE NEWSLETTER**

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