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### DISPUTES NEWSLETTER JANUARY, 2026

**AUTHORS:**

**SIMRAN KASAT, SENIOR ASSOCIATE**

**ANAND BHOMA, ASSOCIATE**

# DISPUTES

## 1. AGREEMENT TO LEASE CREATING NO PRESENT DEMISE IS A MERE LICENCE AND NOT CHARGEABLE AS LEASE FOR STAMP DUTY PURPOSES: BOMBAY HIGH COURT [DECEMBER 18, 2025] <sup>1</sup>

### Introduction

In the case of Deepak Fertilizers and Petrochemicals Corporation Limited v. The Chief Controlling Revenue Authority & Ors., the Bombay High Court examined whether an “Agreement to Lease” executed between a corporate entity and CIDCO created a present demise in immovable property so as to attract ad valorem stamp duty under the Maharashtra Stamp Act, 1958. The Court considered the doctrinal distinction between a lease and a license, the legal effect of executory agreements, and the continued relevance of judicial precedents despite statutory amendments. It held that where an agreement merely grants a temporary license to enter and develop land and expressly postpones the creation of leasehold rights, it does not constitute a lease and is not chargeable to stamp duty as such.

### Facts

CIDCO introduced a scheme for allotment of residential plots in Navi Mumbai for construction of staff housing by corporate entities. Pursuant to this scheme, the petitioner, Deepak Fertilizers and Petrochemicals Corporation Limited, successfully bid for a plot at Kalamboli and paid a premium of approximately ₹3.73 crores in 1992. On 13 October 1995, CIDCO executed an instrument titled “Agreement to Lease” in favor of the petitioner on a stamp paper of ₹20.

Under the agreement, CIDCO granted the petitioner a license for four years to enter upon the land for construction of residential buildings for its employees. The agreement expressly provided that no legal interest in the land would pass until a formal lease deed was executed after completion of construction and certification by the Town Planning Authority. A draft lease deed for a future term of sixty years was annexed to the agreement.

In 1998, the Collector of Stamps impounded the document and demanded stamp duty of ₹26,14,695 along with interest and penalty, treating the instrument as a lease under Article 36 of the Stamp Act. Despite detailed objections by the petitioner, the demand was confirmed. Although an initial appeal resulted in remand, the Collector reaffirmed his decision, and the Chief Controlling Revenue Authority dismissed the petitioner’s appeal in 2005. Aggrieved, the petitioner approached the Bombay High Court under Article 227.

### Issue:

The principal issue before the Court was whether the Agreement to Lease dated 13 October 1995 constituted a

lease creating a present demise in favor of the petitioner and was chargeable to ad valorem stamp duty, or whether it merely created a license and an executory right to obtain a lease in future.

### Judgment and Reasoning

The Bombay High Court allowed the writ petition and set aside the impugned orders. At the outset, the Court reiterated the settled legal distinction between an agreement to lease and a lease. Relying on authoritative precedents, including *State of Maharashtra v. Atur India Pvt. Ltd.* and *Jasubhai Business Services Pvt. Ltd. v. State of Maharashtra*, the Court observed that an agreement which does not divest the owner of possession and does not create an immediate interest in land cannot be construed as a lease.

The Court closely examined the terms of the 1995 agreement and found that it unequivocally described the petitioner as a “licensee” and contained an express clause stating that no demise in law was intended. Clause 2 of the agreement categorically provided that the petitioner would not acquire any legal interest in the land until execution and registration of a formal lease. Clauses relating to termination, certification by authorities, and execution of a future lease reinforced the conclusion that the agreement was purely executory in nature.

The Court rejected the Revenue’s contention that payment of premium and permission to erect permanent structures indicated creation of leasehold rights. It held that such factors, when viewed in isolation, cannot override explicit contractual language postponing the creation of proprietary interest. The Court emphasized that intention of the parties must be gathered from a holistic reading of the instrument, and not from selective clauses.

Addressing the argument that deletion of Explanation III to Article 36 altered the legal position, the Court held that the deleted explanation merely reflected the existing legal principle that only instruments creating an immediate demise are chargeable as leases. Its removal did not empower authorities to treat executory agreements as leases. The Court observed that statutory amendments cannot be interpreted to overturn settled judicial doctrine in the absence of express legislative intent.

The Court also noted that the annexed draft lease deed, though initialed, contained blanks and was contingent upon fulfillment of contractual conditions. Mere annexation or initialing did not amount to execution of a lease. The future lease was dependent on completion of construction and regulatory approvals, which had not occurred at the relevant time.

Applying these principles, the Court concluded that the agreement created only a temporary license coupled with a contingent right to obtain a lease in future. Since no

[1] Deepak Fertilizers & Petrochemicals Corp. Ltd. v. Chief Controlling Revenue Auth., 2025 BHC-AS 56115 (Bom. HC Dec. 18, 2025).

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present demise had been effected, the instrument was not chargeable as a lease under the Stamp Act. Consequently, the levy of stamp duty, interest, and penalty was held to be without authority of law.

## 2. CONTEMPT OF NCLT ORDERS MUST BE PURSUED BEFORE TRIBUNAL ITSELF; HIGH COURT CANNOT EXERCISE PARALLEL CONTEMPT JURISDICTION: BOMBAY HIGH COURT [JANUARY 5, 2026]<sup>2</sup>

### Introduction

In the case of S.G. Mittal Enterprises Private Limited v. The Satara Sahakari Bank Ltd. & Ors. the Bombay High Court examined whether a contempt petition alleging breach of consent terms recorded by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 could be directly filed before the High Court. The Court considered the scope of contempt powers under Section 425 of the Companies Act, 2013, the relationship between the Companies Act and the IBC, and the limits of the High Court's jurisdiction under the Contempt of Courts Act, 1971. The Court held that since the NCLT is statutorily vested with contempt powers, contempt proceedings in respect of its orders must be initiated before the Tribunal itself, and the High Court cannot exercise parallel jurisdiction.

### Facts

The petitioner, S.G. Mittal Enterprises Private Limited, had availed a cash credit facility from the respondent bank in July 2015. In August 2023, the bank initiated insolvency proceedings against the petitioner under Section 7 of the Insolvency and Bankruptcy Code before the NCLT, Mumbai, alleging default. During the pendency of these proceedings, the parties entered into settlement negotiations and executed consent terms in October 2024 for a one-time settlement of ₹5.71 crores. On 18 April 2024, the NCLT recorded the consent terms and disposed of the insolvency proceedings in terms of the settlement. The petitioner claimed that it had fully complied with the settlement and paid the entire agreed amount. It thereafter requested the bank to issue a "No Dues Certificate." However, the bank allegedly raised an additional demand of ₹18.57 lakhs and reported outstanding dues to credit agencies, which adversely affected the petitioner's credit profile. Aggrieved by these actions, the petitioner approached the Bombay High Court by filing a contempt petition under Section 10 and Section 12 of the Contempt of Courts Act, 1971 read with Article 215 of the Constitution, alleging willful disobedience of the NCLT's order and breach of consent terms.

### Issue

The principal issue before the Court was whether the Bombay High Court could exercise contempt jurisdiction in respect of alleged non-compliance with orders passed

by the NCLT under the Insolvency and Bankruptcy Code, or whether such jurisdiction vests exclusively with the NCLT under Section 425 of the Companies Act, 2013.

### Judgment and Reasoning

The Bombay High Court dismissed the contempt petition as not maintainable. At the outset, the Court observed that contempt jurisdiction is extraordinary, penal, and coercive in nature and cannot be exercised by implication. Such power must be clearly traceable to a constitutional or statutory source. The Court examined Section 425 of the Companies Act, 2013, which expressly confers contempt powers on the NCLT and the NCLAT and authorizes them to exercise powers under the Contempt of Courts Act, 1971 in respect of contempt of their own orders. The Court held that this provision is plenary and self-contained and applies to all proceedings before the Tribunal, irrespective of whether such proceedings arise under the Companies Act, the IBC, or any other law.

Rejecting the petitioner's contention that Section 425 applies only to proceedings under the Companies Act and not under the IBC, the Court held that the NCLT derives its authority from the Companies Act and functions as the adjudicating authority under the IBC. Both statutes are interlinked and must be read harmoniously. The Court observed that it would be illogical to attribute different contempt powers to the same Tribunal depending on the statute under which it is functioning. The Court further relied on Section 60(5) of the IBC, which confers wide jurisdiction on the NCLT over matters connected with insolvency proceedings, and Rule 11 of the NCLT Rules, 2016, which preserves the Tribunal's inherent powers. It also referred to Supreme Court precedents recognizing that the NCLT and NCLAT function within a composite statutory framework created by the Companies Act and the IBC. Applying the doctrine of effectiveness, the Court held that denying contempt powers to the NCLT in IBC matters would render its orders ineffective and undermine the insolvency framework. It emphasized that statutory provisions must be interpreted to advance their purpose and not to frustrate enforcement. The Court also clarified that while the High Court retains supervisory jurisdiction over the NCLT under Articles 226 and 227 of the Constitution, such jurisdiction is distinct from contempt jurisdiction and cannot be invoked by filing a petition. Allowing direct contempt petitions before the High Court would enable parties to bypass the statutory mechanism and weaken the authority of the Tribunal.

Finally, the Court cautioned that contempt proceedings should not be used as a substitute for execution or for resolving disputed issues arising from consent terms. Where compliance depends on disputed facts or interpretation, contempt jurisdiction is not the appropriate remedy. The Bombay High Court held that contempt of orders passed by the NCLT under the

[2] S.G. Mittal Enters. Pvt. Ltd. v. Satara Sahakari Bank Ltd., Contempt Petition No. 497 of 2025 (Bom. HC Jan. 5, 2026).

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Insolvency and Bankruptcy Code must be pursued before the Tribunal itself in exercise of its statutory powers under Section 425 of the Companies Act, 2013. The High Court cannot exercise parallel contempt jurisdiction in such matters. The judgment strengthens the institutional authority of the NCLT, reinforces judicial discipline, and ensures that the statutory enforcement mechanism under the insolvency framework is not bypassed through collateral proceedings.

### **3. REGISTERED MOFA PURCHASER ENTITLED TO DEEMED MEMBERSHIP DESPITE PENDING CIVIL SUIT AND PARTIAL PAYMENT; JURISDICTION SHIFTS IMMEDIATELY ON STATUTORY NOTIFICATION: BOMBAY HIGH COURT [JANUARY 16, 2026]<sup>3</sup>**

#### **Introduction**

In the case of *Digant Parekh (HUF) & Anr. v. Akruti Kailash Construction & Ors.*, the Bombay High Court examined whether purchasers under a registered agreement executed in accordance with the Maharashtra Ownership Flats Act, 1963 (“MOFA”) were entitled to deemed membership in a co-operative housing society despite pendency of a civil suit and alleged non-payment of full consideration. The Court also considered whether the Divisional Joint Registrar had jurisdiction to decide a revision application after issuance of a State notification transferring appellate powers. The Court held that purchasers under a valid MOFA agreement are entitled to membership, that unpaid dues do not defeat such status, and that jurisdiction shifts immediately upon statutory notification.

#### **Facts**

The petitioners had entered into a registered agreement for sale dated 16th September 2013 with the respondent developers for purchase of a flat. The agreement was executed in Form No. 5 under MOFA. In March 2014, a rectification deed was executed correcting the name of the purchaser.

In 2016, the developers filed a civil suit seeking enforcement of the agreement and restraining the petitioners from creating third-party rights. In November 2021, the petitioners applied for membership of the respondent co-operative society. As the society failed to take action, the petitioners approached the Assistant Registrar under Section 22(2) of the Maharashtra Co-operative Societies Act, 1960.

*Vide* order dated 18th August 2022, the Assistant Registrar granted deemed membership to the petitioners. As the society did not implement the order, an authorized officer was appointed under Section 79(2)(b). Thereafter, the developers filed a revision before the Divisional Joint Registrar, who by order dated 25 November 2024 set aside the grant of membership, mainly on the ground that the civil suit was pending.

Meanwhile, on 8th October 2024, the State Government issued a notification transferring appellate powers in respect of societies under the Slum Rehabilitation Authority area to the Joint Registrar (SRA). The petitioners challenged the revisional order before the High Court.

#### **Issues**

The principal issues before the Court were whether the Divisional Joint Registrar had jurisdiction to decide the revision after the notification dated 8th October 2024, whether the petitioners could be treated as persons who had “taken” flats under MOFA despite alleged unpaid consideration, and whether pendency of a civil suit barred grant of deemed membership under Section 22(2) of the Maharashtra Co-operative Societies Act.

#### **Judgment and Reasoning**

The Bombay High Court allowed the writ petition and quashed the revisional order. On the question of jurisdiction, the Court held that the notification dated 8th October 2024, issued under Section 3 of the Maharashtra Co-operative Societies Act, lawfully transferred appellate powers to the Joint Registrar (SRA). From the date of the notification, the earlier authority automatically lost jurisdiction. The Court rejected the argument that the old authority could continue until the new office became operational, holding that statutory transfer takes effect immediately and does not depend on administrative convenience. The decision in *Lal Shah Baba Dargah Trust* was distinguished as applicable only where a legal vacuum would otherwise arise.

On the issue of deemed membership, the Court held that the registered agreement for sale executed in Form No. 5 under MOFA conferred statutory rights on the petitioners. MOFA is a welfare legislation intended to protect flat purchasers and facilitate formation of co-operative societies. A purchaser under a valid MOFA agreement is treated as a person who has “taken” a flat for the purposes of membership under the Maharashtra Co-operative Societies Act. The Court observed that payment of full consideration is not a statutory condition precedent for membership. If any balance amount remains unpaid, the developer’s remedy lies under property law and Section 55 of the Transfer of Property Act as an unpaid seller. Such unpaid dues cannot be used to block the purchaser’s entry into the society. The Court also relied on Clause 48 of the agreement, which declared the agreement itself to be the document of title and dispensed with further conveyance. This strengthened the petitioners’ legal status as purchasers.

With respect to the pending civil suit, the Court held that mere pendency does not bar administrative authorities from granting membership. Membership determination is provisional and does not finally decide title. Unless there is a specific restraint order from the civil court, the

[3] *Digant Parekh (HUF) v. Akruti Kailash Constr.*, W.P. No. 13583 of 2025 (Bom. HC Jan. 16, 2026).

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Registrar is entitled to exercise powers under Section 22(2). The Divisional Joint Registrar erred in treating pendency of the suit as an absolute bar. The Court further held that since the revisional order was without jurisdiction, it was liable to be set aside. Upon examining the merits of the original order, the Court found that the Assistant Registrar's decision granting deemed membership was legal and justified. Accordingly, it restored the order dated 18th August 2022.

The Bombay High Court held that purchasers under registered MOFA agreements are entitled to deemed membership in co-operative societies notwithstanding pending civil disputes or partial payment of consideration. It clarified that statutory transfer of jurisdiction takes immediate effect upon notification and does not depend on administrative readiness. The judgment reinforces the protective purpose of MOFA and prevents developers from using unpaid dues or pending litigation to obstruct purchasers' statutory rights.

## **4.COURT-APPOINTED COMMITTEES FUNCTION AS FIDUCIARIES AND REMAIN SUBJECT TO CONTINUING JUDICIAL SUPERVISION; FORENSIC AUDIT AND SEBI TAKEOVER UPHeld IN PROLONGED MUTUAL FUND WINDING-UP: DELHI HIGH COURT [JANUARY 23, 2026]<sup>4</sup>**

### **Introduction**

In the case of *S.K. Tandon & Anr. v. Securities and Exchange Board of India & Anr.* along with *C.R. Bhansali & Ors. v. Securities and Exchange Board of India & Anr.*, the Delhi High Court examined the scope of judicial supervision over court-appointed committees entrusted with winding up a mutual fund scheme, the applicability of the doctrine of merger to earlier protective orders, and the permissibility of directing a forensic audit and transfer of control to SEBI after allegations of large-scale irregular disbursements. The Court held that a Special Committee appointed by judicial order functions in a fiduciary capacity akin to trustees, remains subject to continuous oversight, and cannot claim immunity from scrutiny merely because its mandate originated from a consent order. Upholding the directions of the Single Judge, the Court affirmed the legality of a forensic audit, restraint on further disbursements, and entrustment of the winding-up process to SEBI in the interest of investor protection.

### **Facts**

The litigation arose from the prolonged and chequered winding-up of the Arihant Mangal Growth Scheme, a close-ended mutual fund scheme launched in 1994 by CRB Mutual Fund, sponsored by CRB Capital Markets Ltd. Following serious regulatory violations detected by SEBI and the subsequent collapse of the CRB Group, trustees resigned en masse, prompting regulatory and

judicial intervention. The Reserve Bank of India initiated winding-up proceedings against CRB Capital Markets Ltd., while SEBI filed a Trust Petition seeking protection of investor interests.

In 1997, the Bombay High Court appointed a Provisional Administrator to oversee the winding-up of the scheme. By an interim order dated 25 January 1999, the Court approved a premature repayment scheme for small investors while expressly excluding entities connected with the CRB Group and persons associated with Mr. C.R. Bhansali from receiving any payments. Due to jurisdictional consolidation, the trust proceedings were eventually transferred to the Delhi High Court.

After the death of the Provisional Administrator and in view of prolonged pendency, the Delhi High Court, by order dated 29 May 2013, constituted a three-member Special Committee comprising a retired judicial officer as Chairperson, a former SEBI official, and a nominee of the ex-management. The Committee was vested with trustee-like powers to liquidate assets, compute NAV, and distribute proceeds to unit holders in accordance with the SEBI (Mutual Fund) Regulations, 1996. Although the Committee was expected to complete its mandate within one year, it continued to function for over a decade, submitting multiple interim reports.

In 2021, allegations were raised by Rommel Investment Pvt. Ltd. and later by SEBI that the Special Committee had disbursed substantial sums—over ₹130 crores—to entities linked with the CRB Group in violation of the 1999 embargo. SEBI sought termination of the Committee's mandate, a forensic audit, and transfer of control. By judgment dated 1 September 2025, the Single Judge directed a forensic audit under SEBI's supervision, restrained further payments to CRB-linked entities, ordered transfer of funds to the Registrar General, and constituted a SEBI Special Cell to complete the winding-up. Aggrieved, former members of the Special Committee and CRB Group entities filed the present appeals.

### **Issue**

The principal issues before the Division Bench were whether the doctrine of merger extinguished the embargo imposed by the 1999 interim order upon the passing of the 2013 final order, whether the Single Judge had impermissibly reviewed or modified a consent order after a decade, whether the Special Committee enjoyed immunity from scrutiny as a court-appointed body, and whether the directions for forensic audit and transfer of control to SEBI were legally sustainable.

### **Judgment**

The Delhi High Court dismissed both appeals and upheld the impugned judgment in its entirety. At the outset, the Court clarified that judicial orders must be read contextually and holistically, and not as statutes. Applying settled principles on interpretation of judgments, the Court held that the 2013 order could not

[4] *S.K. Tandon v. Sec. & Exch. Bd. of India*, CO. APP. 9/2025 & CO. APP. 10/2025 (Del. HC Jan. 23, 2026).

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be construed in isolation from the protective framework established by earlier orders, particularly the 1999 embargo excluding CRB Group entities from receiving payments.

On the doctrine of merger, the Court rejected the appellants' contention that the interim order of 1999 stood merged into and extinguished by the 2013 order. It held that merger applies only where the later order consciously and expressly adjudicates upon the subject matter of the earlier order. In the present case, the 2013 order did not advert to, modify, or nullify the embargo imposed in 1999. The protective exclusion of CRB Group entities therefore continued to operate and remained binding on all administrators, including the Special Committee.

The Court emphasised that the Special Committee was constituted as an extension of the Court itself and functioned in a fiduciary capacity akin to trustees. Such a role imposed heightened duties of loyalty, transparency, and good faith. The Committee could not act on assumptions or unilateral interpretations where ambiguity existed, particularly when investor protection was at stake. If any doubt arose regarding the interaction between the 1999 and 2013 orders, the Committee was duty-bound to seek clarification from the Court rather than proceed on its own understanding.

Addressing the contention that the Single Judge had impermissibly reviewed a consent order, the Court held that the 2013 order was never intended to be final in the sense of terminating judicial oversight. The express liberty granted to seek clarifications, the requirement of periodic reporting, and the continuing supervisory jurisdiction of the Court made it clear that the winding-up process remained under active judicial control. Consequently, the directions issued in 2025 did not amount to review but constituted a legitimate exercise of supervisory powers in response to serious allegations and prolonged delay.

On the issue of forensic audit, the Court found that the direction was neither arbitrary nor disproportionate. The failure of the Special Committee to disclose beneficiary-wise details in its interim reports, coupled with prima facie material indicating substantial disbursements to excluded entities, justified an independent forensic examination. The Court underscored that a forensic audit does not imply a finding of guilt but serves as a fact-finding tool to restore transparency and confidence in the winding-up process.

The Court further upheld the decision to entrust the remaining winding-up process to SEBI through a Special Cell. It noted that SEBI, as the statutory regulator entrusted with investor protection, was best placed to complete the task efficiently and lawfully. Given that the Special Committee had exceeded its original tenure by nearly a decade without completing its mandate, the transfer of control was held to be both reasonable and

necessary.

Finally, the Court rejected the reputational grievance raised by former members of the Special Committee, holding that no personal liability had been fastened upon them. Judicial scrutiny of fiduciary functioning, the Court held, cannot be equated with stigmatic findings, particularly where public interest and investor funds are involved.

**5.REGISTERED SALE DEED CARRIES STRONG PRESUMPTION OF VALIDITY; COURTS MUST NOT LIGHTLY DECLARE IT SHAM OR MORTGAGE BY CONDITIONAL SALE WITHOUT STRICT PLEADINGS AND COGENT PROOF: SUPREME COURT OF INDIA [JANUARY 22, 2026]<sup>5</sup>**

## Introduction

In the case of Hemalatha (Dead) by LRs v. Tukaram (Dead) by LRs & Ors., the Supreme Court of India considered the circumstances under which a registered sale deed can be declared a sham transaction or recharacterised as a mortgage by conditional sale. The Court examined the interplay between Sections 91 and 92 of the Indian Evidence Act, 1872, Section 58(c) of the Transfer of Property Act, 1882, and the presumption of validity attached to registered instruments. Emphasising certainty in property transactions and the rule of law, the Court held that a registered sale deed enjoys a strong presumption of genuineness and cannot be casually invalidated on vague pleadings or afterthoughts, particularly where the document contains clear and unambiguous recitals and has been acted upon by the parties.

## Facts

The dispute arose from a registered sale deed dated 12 November 1971 executed by the respondent–plaintiff Tukaram in favour of the appellant–defendant Hemalatha in respect of a residential house in Bidar, Karnataka, for a consideration of ₹10,000. Prior to the sale, the property had been mortgaged by Tukaram to one Sadanand Garje. Under the sale deed, the purchaser discharged the mortgage liability by paying ₹8,000 directly to the mortgagee and paid the remaining ₹2,000 in cash to the vendor. The sale deed contained clear recitals transferring absolute title and expressly stated that the vendors had ceased to be owners of the property.

On the same day, a registered rental agreement was executed under which Tukaram and his family continued to occupy the house as tenants on a monthly rent of ₹200. The respondents paid rent for about fourteen months and thereafter defaulted. In 1974, the appellants issued a legal notice demanding arrears of rent and vacant possession. In reply, Tukaram admitted default, expressed regret, and undertook to clear the arrears, failing which he conceded the appellants' right to take legal action.

[5] Hemalatha (Dead) by LRs v. Tukaram (Dead) by LRs, 2026 INSC 82 (India Jan. 22, 2026).

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Subsequently, eviction proceedings were initiated under the Karnataka Rent Control Act. As a counterblast, Tukaram instituted a civil suit in 1977 seeking a declaration that the 1971 sale deed and the rental agreement were nominal, sham, and not intended to be acted upon, contending that the transaction was in substance a mortgage intended to secure a loan of ₹10,000. The trial court accepted this plea and declared the sale deed sham. The first appellate court reversed this finding, holding that oral evidence was barred by Section 92 of the Evidence Act. However, in second appeal, the High Court of Karnataka restored the trial court's decree, relying on the decision in *Gangabai v. Chhabubai*. Aggrieved, the appellants approached the Supreme Court.

## Issue

The central issues before the Supreme Court were whether a registered sale deed could be declared sham or nominal on the basis of oral evidence, whether the transaction could be construed as a mortgage by conditional sale in the absence of an express condition embodied in the sale deed as required by Section 58(c) of the Transfer of Property Act, and what threshold of pleading and proof is required to rebut the presumption of validity attached to a registered instrument.

## Judgment

The Supreme Court allowed the appeal and set aside the judgment of the High Court. At the outset, the Court reaffirmed the settled principle that registration of a document is a solemn act which creates a strong presumption of validity and genuineness. Such a presumption, the Court held, cannot be displaced lightly and the burden lies heavily on the party alleging that the document is sham, nominal, or not intended to be acted upon. Courts, it cautioned, must resist the growing tendency to unsettle registered conveyances on speculative or weak grounds, as doing so would undermine certainty of title and public confidence in property transactions.

The Court carefully distinguished the limited exception recognised in *Gangabai v. Chhabubai*, clarifying that while oral evidence may be admissible to show that a document was never intended to operate at all, such a plea must be supported by precise pleadings and cogent evidence. Mere assertions that a sale deed was executed as security, without material particulars, cannot suffice. The Court stressed that pleadings challenging a registered instrument must meet a standard akin to Order VI Rule 4 of the Code of Civil Procedure, and clever drafting creating an illusion of a cause of action cannot be permitted.

On the issue of mortgage by conditional sale, the Court undertook an elaborate analysis of Section 58(c) of the Transfer of Property Act and its proviso. It reiterated that a transaction cannot be deemed a mortgage by

conditional sale unless the condition for reconveyance or defeasance is expressly embodied in the very document which purports to effect the sale. In the present case, the sale deed contained no such condition. The Court held that the absence of an express reconveyance clause was fatal to the respondents' case and that courts cannot import such a condition by inference or extrinsic evidence.

The Court further examined the surrounding circumstances relied upon by the respondent, including continued possession, payment of taxes, and alleged undervaluation. It found these factors insufficient to override the clear recitals of the sale deed, particularly when the respondents had executed a registered rental agreement, paid rent for a considerable period, and admitted their status as tenants in their reply to the legal notice. The Court also attached significance to the unexplained delay of several years in challenging the sale deed and the timing of the suit, which was instituted only after eviction proceedings were initiated.

Additionally, the Court noted internal contradictions in the respondent's pleadings, including assertions of reconveyance despite the absence of any contractual or statutory basis for such a claim. It also relied on the testimony of the respondent's own witness, who admitted that the sale was executed to redeem the mortgage and that the property was thereafter taken on rent. These facts, in the Court's view, conclusively demonstrated that the transaction was an outright sale intended to be acted upon.

In conclusion, the Supreme Court held that the sale deed dated 12 November 1971 was a genuine and bona fide conveyance, that the transaction was not a mortgage by conditional sale, and that the High Court had erred in disturbing concurrent findings of fact without satisfying the strict legal threshold required to invalidate a registered document.

The judgment is a significant reaffirmation of the sanctity of registered instruments in Indian property law. It clarifies the narrow scope of the exception permitting oral evidence to challenge a document's validity, strengthens pleading standards in suits alleging sham transactions, and reinforces the statutory mandate under Section 58(c) of the Transfer of Property Act. By restoring doctrinal clarity and insisting on legal certainty, the decision serves as an important safeguard against frivolous challenges to long-settled property titles.

**6.DOCTRINE OF INDOOR MANAGEMENT PROTECTS THIRD PARTIES ACTING BONA FIDE; ABSENCE OF GENERAL BODY RATIFICATION DOES NOT INVALIDATE TRANSACTIONS AUTHORISED BY MANAGING COMMITTEE: BOMBAY HIGH COURT [JANUARY 14, 2026] <sup>6</sup>**

## Introduction

In the case of *Usha Sunder Premises Co-operative*

[6] *Usha Sunder Premises Co-op. Hous. Soc'y Ltd. v. Nilang Desai*, Interim Appln. No. 1075 of 2023 in Suit No. 2240 of 2011 (Bom. HC Jan. 14, 2026).

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*Housing Ltd. v. Nilang Desai & Ors.*, the Bombay High Court examined whether a co-operative housing society could avoid and restrain the operation of registered documents relating to lease modification and assignment by alleging lack of authority and fraud on the part of its Secretary, notwithstanding representations made through a Managing Committee Resolution. The Court considered the scope of the doctrine of indoor management, the authority of office bearers under society bye-laws, and the circumstances in which third parties are required to enquire into internal approvals. The Court held that where a Managing Committee is empowered under valid bye-laws and third parties act bona fide without notice of irregularity, the society is bound by the acts of its office bearers and cannot resile by alleging internal lapses at an interim stage.

## Facts

The plaintiff, a co-operative premises society consisting largely of senior citizens, owned a larger parcel of land in Mumbai. Under a deed of conveyance executed in 1979, the society acquired ownership of a substantial portion of the land while simultaneously granting a perpetual lease of 999 years in respect of another portion to the original owner, Mrs. Usha Desai, at a nominal rent. The lease deed permitted assignment of leasehold rights and allowed reconstruction within specified limits.

After the demise of the original lessee, her legal heirs, Defendant Nos. 1 and 2, inherited the leasehold interest. In 2010, Defendant No. 4 entered into negotiations to acquire these leasehold rights. During this process, the society, acting through its Secretary (Defendant No. 3) and a Managing Committee member, executed a Deed of Confirmation and a Deed of Modification of Lease, removing restrictions on height and area of construction, in consideration of ₹80 lakhs paid to the society. A Managing Committee Resolution dated 14 February 2010 was shown to the defendants, authorising the Secretary to negotiate and execute the relevant documents, with a stipulation of subsequent ratification at a General Body Meeting. Thereafter, Defendant Nos. 1 and 2 assigned their leasehold rights to Defendant No. 4 for a consideration of ₹24 crores under a registered Deed of Assignment.

Subsequently, the society alleged that the Secretary had acted without authority, that the resolution relied upon was forged, and that no General Body approval had been obtained. After issuing correspondence alleging fraud and filing a police complaint against the Secretary, the society instituted a suit in 2011 seeking cancellation of the confirmation, modification, and assignment deeds. When Defendant No. 4 commenced construction after obtaining approvals in 2022, the society filed the present interim application seeking injunctions restraining construction and further dealings with the property.

## Issues

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The principal issues before the Court were whether the society had made out a prima facie case of lack of authority or fraud sufficient to displace the doctrine of indoor management, whether third-party defendants were under a legal duty to enquire into internal approvals and General Body ratification, and whether interim injunctive relief was warranted at a stage where substantial construction had already been completed.

## Judgment

The Bombay High Court dismissed the interim application, holding that the plaintiff society had failed to establish a prima facie case for injunctive relief. The Court observed that the Secretary had been in charge of the society's affairs for several years and had represented to the defendants that he was duly authorised by a Managing Committee Resolution to negotiate and execute the impugned documents. The Court noted that the Managing Committee Resolution of 14 February 2010, though later disputed by the society, was relied upon bona fide by Defendant Nos. 1, 2, and 4, and was accompanied by execution of documents by another Managing Committee member, thereby reinforcing the appearance of authority.

The Court held that, prima facie, the 1979 bye-laws of the society, which were the only duly authenticated bye-laws placed on record, empowered the Managing Committee to enter into contracts on behalf of the society without requiring prior approval of the General Body for transactions of the present nature. In this context, the Court rejected the society's reliance on later bye-laws of 2003 and 2009, noting serious doubts as to their formal adoption and statutory authentication. The Court further held that the absence of subsequent General Body ratification, though contractually contemplated, did not negate the authority to enter into the transaction in the first place, nor did it impose a duty on third parties to await such ratification before acting.

On the doctrine of indoor management, the Court reaffirmed the settled principle that third parties dealing with a corporate or co-operative body are entitled to assume that internal procedures have been duly complied with, unless there are suspicious circumstances putting them on notice of irregularity. The Court found that the circumstances relied upon by the society, including the absence of a dated General Body resolution and the later allegations of fraud, did not rise to the level of suspicious circumstances so as to displace the protection of the doctrine. The Court emphasised that third parties are not expected to investigate the internal management of a society where authority is ostensibly conferred by its governing body.

The Court also took into account the society's conduct, including its acceptance of ₹80 lakhs without offering restitution, its delay in seeking interim relief despite knowledge of the transaction since 2010, and the fact that

# DISPUTES

substantial construction had already been completed by Defendant No. 4. It held that the balance of convenience and equities did not favour granting injunctive relief at such a belated stage, particularly where the society's rights, if any, could be adjudicated at trial.

## **7.DENIAL OF EMPLOYMENT TO PERSON WITH BENCHMARK DISABILITY VIOLATES RIGHT TO REASONABLE ACCOMMODATION: SUPREME COURT OF INDIA [JANUARY 13, 2026]<sup>7</sup>**

### **Introduction**

In the case of *Sujata Bora v. Coal India Limited & Ors.*, the Supreme Court of India examined whether a public sector undertaking could deny appointment to a candidate with benchmark disability on technical grounds such as expiry of the recruitment panel and absence of explicit provision for multiple disabilities in the recruitment notification. The Court held that such denial was contrary to the Rights of Persons with Disabilities Act, 2016, constitutional guarantees of equality and dignity, and the doctrine of reasonable accommodation, and consequently directed the creation of a supernumerary post to appoint the appellant.

### **Facts**

Coal India Limited issued a recruitment notification in 2019 for appointment of Management Trainees. The appellant, a woman with visual impairment, applied under the Visually Handicapped category and successfully cleared the selection process up to the interview stage. She was subsequently called for document verification and initial medical examination, during which she was declared medically unfit on the ground that she suffered not only from visual disability but also from residual partial hemiparesis. Aggrieved by this rejection, the appellant approached the Calcutta High Court.

A learned Single Judge held that Coal India, being a public sector undertaking, was obligated to comply with the Rights of Persons with Disabilities Act, 2016, and could not deny appointment merely because the recruitment notification failed to recognise multiple disabilities. The Single Judge quashed the medical unfitness report and permitted the appellant to participate in the subsequent recruitment process from the stage of medical examination. However, this decision was set aside by the Division Bench on the ground that the recruitment panel had expired and that no relief could be granted after the completion of the selection process. The appellant thereafter approached the Supreme Court.

During the pendency of proceedings before the Supreme Court, the appellant was directed to undergo a comprehensive medical evaluation by a board constituted at AIIMS, New Delhi. The medical report confirmed that the appellant suffered from 57% disability, thereby

qualifying as a person with benchmark disability under the statutory framework.

### **Issue**

The central issue before the Supreme Court was whether a public sector employer could deny appointment to a person with benchmark disability on procedural and technical grounds such as expiry of the recruitment panel, and whether such denial violated the statutory mandate of reasonable accommodation and constitutional guarantees under Articles 14, 21, and 41 of the Constitution.

### **Judgment**

The Supreme Court allowed the appeal and set aside the judgment of the Division Bench of the Calcutta High Court. The Court held that the appellant was wrongly denied employment in the first instance despite being otherwise eligible and having qualified in the selection process. It observed that the expiry of the recruitment panel could not be used as a shield to perpetuate an injustice, particularly where the denial of appointment was attributable to the employer's failure to accommodate persons with multiple disabilities.

The Court emphatically reaffirmed that reasonable accommodation is a fundamental right flowing from the Rights of Persons with Disabilities Act, 2016, and is intrinsic to the concept of substantive equality. It held that mechanical application of medical standards or recruitment rules, without considering individual functional ability, amounts to discrimination. The Court further recognised the intersectionality of disability and gender, noting that women with disabilities face compounded disadvantages which demand heightened constitutional sensitivity.

Invoking its powers under Article 142 of the Constitution, the Supreme Court directed the creation of a supernumerary post for the appellant and ordered Coal India Limited to appoint her as a Management Trainee in a suitable desk-based role with appropriate assistive infrastructure. The Court also emphasised that public sector undertakings must view disability inclusion as part of their constitutional and corporate social responsibility obligations.

[7] *Sujata Bora v. Coal India Ltd. & Ors.*, 2026 INSC 53 (India Jan. 13, 2026).

# FIRM HIGHLIGHTS



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**Anisha Shetty**  
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**Radhika Mehta**  
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**Vidit Desai**  
Recommended Lawyer

ANM Global has been recognised in the Legal 500 Rankings across multiple practice areas, with Tier 1 rankings in TMT and Intellectual Property in City Focus: Mumbai, and Tier 4 rankings in both practices in the India rankings. The firm's strength is further reflected in extensive individual recognitions across partner, next-generation, associate, and recommended lawyer categories, underscoring the depth and quality of its TMT and IP practices.

  
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**ANUSHREE RAUTA**  
Equity Partner & Head - Media,  
Entertainment & Gaming Practice

**NOTABLE  
PRACTITIONER**  
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**RAHUL DHOTE**  
Equity Partner & Head - Intellectual  
Property

**GENNEXT RISING  
STAR LAWYER**  
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ANM Global's Intellectual Property practice has been recognised by the Legal Era Leading Lawyers Rankings 2025–2026, with Anushree Rauta named a Leading Lawyer – Notable Practitioner and Rahul Dhote recognised as a Gennext Rising Star Lawyer, reflecting the firm's growing strength and depth in IP advisory and enforcement.

# FIRM HIGHLIGHTS



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**QUOTED BY THE MINT - "BEYOND THE SOUNDTRACK - MUSIC LABELS LOOK AT FULL STACK ENTERTAINMENT"**



**"The move is being driven by a convergence of pressures, rather than a single trigger. While the Indian music business continues to grow in scale, it is increasingly exposed to music platform economics, limited pricing power, and a dependence on content created elsewhere, the decisions are best understood as a push towards vertical integration, rather than a response to any single downturn. Film and series content sits at the top of that value chain"**

**ANUSHREE RAUTA**  
EQUITY PARTNER  
(HEAD OF MEDIA, ENTERTAINMENT & GAMING PRACTICE)

contact@anmglobal.net Mumbai | New Delhi | Bengaluru | Chennai https://anmglobal.net

Anushree Rauta, Equity Partner and Head of our Media, Entertainment & Gaming practice, was quoted by Mint on how music labels are rethinking their growth strategies beyond soundtracks:

Anushree Rauta's insights highlight how evolving platform economics and content dependencies are accelerating the shift towards full-stack entertainment models across the industry.



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**QUOTED BY THE ECONOMIC TIMES - "FILM FUNDING DEALS NOW COME WRAPPED IN FINE PRINT"**



**"Today, there is no predictable formula for success. Satellite market has declined. Digital sales are inconsistent. And streamers have become more cautious. In this backdrop, studios are protecting their investments. This approach is manifested in increasingly one-sided agreements with clauses which may seek security beyond the current film"**

**ANUSHREE RAUTA**  
EQUITY PARTNER  
(HEAD OF MEDIA, ENTERTAINMENT & GAMING PRACTICE)

contact@anmglobal.net Mumbai | New Delhi | Bengaluru | Chennai https://anmglobal.net

Anushree Rauta, Equity Partner and Head of our Media, Entertainment & Gaming practice, was quoted by The Economic Times on the evolving landscape of film financing:

"Film funding deals now come wrapped in fine print."

# FIRM HIGHLIGHTS



Mumbai  
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🕒 04:00 PM

## IBC & Banking Forum Regulation, Resolution & Reform

MEET THE SPEAKERS

|  |  |   |   |   |  |   |
|--|--|---|---|---|--|---|
| <br>Shri H.P. Chaturvedi<br>Former Judicial Member<br>of NCLT     | <br>Priyanka Kapoor<br>Partner, Dispute<br>Resolution<br>Fieldfisher      | <br>Vicky Gala<br>Associate Managing<br>Director<br>Kroll  | <br>Jagannadha Rao S<br>Head Legal Recovery<br>and Litigation<br>Bandhan Bank Ltd | <br>Fouzia Khan<br>General Counsel<br>Piramal Alternatives   | <br>Naveen Dahiya<br>Head Legal (Litigation)<br>Edelweiss Financial<br>Services Limited | <br>Hari Hara Mishra<br>Chief Executive Officer<br>Association Of<br>ARCS in INDIA |
| <br>Prathamesh Kamat<br>Counsel<br>High Court of Bombay           | <br>Aman Bhatnagar<br>Deputy General Manager,<br>Legal<br>Bennett Coleman | <br>Anirban Banerjee<br>Global Head, Business<br>Advocacy & Excellence<br>Tata Consultancy<br>Services | <br>Shashank Parmar<br>Legal Professional<br>Bisleri                              | <br>Arun Kapoor<br>Chief Executive Officer<br>Ancora Resolution<br>Private Limited                                 | <br>Manzar Abbas<br>Seasoned Banking<br>Professional                                    | <br>Rajkumar Shrivastav<br>Partner<br>SK Vestigium LLP                             |
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| <br>Rohan Balkishan Agrawal<br>Counsel                          | <br>Nidhi Mehrotra<br>Founder &<br>Managing Partner<br>ANM Global       | <br>Shikha Ginodia<br>Partner<br>ANM Global   | <br>Sneha Nanandkar<br>Partner<br>ANM Global                                   | <br>Shaili Bhat<br>Director<br>(Strategy &<br>Client Relations)<br>ANM Global                                    |  |   |

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Supporting Partner

**CONTACT US** | NUPUR VERMA | 8447758768 | NUPUR.VERMA@ACHROMICPOINT.COM

ANM Global recently convened the IBC & Banking Forum: Regulation, Resolution & Reform—an invite-only, closed-door dialogue bringing together senior banking and finance leaders, insolvency professionals, and key stakeholders in India’s restructuring ecosystem. The forum reflected the firm’s deep engagement with insolvency, banking, and resolution frameworks, offering practical insights on regulatory developments, lender strategy, and the evolving direction of India’s insolvency regime.



ANM Global is proud to have advised Kaustav Dreamworks Private Limited, providing comprehensive legal support in relation to the digital licensing of the film, including drafting, negotiating, and executing the agreement for exploitation of the film on the AAO NXT platform.

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[contact@anmglobal.net](mailto:contact@anmglobal.net)



[ANM Global](#)



[+91 22 2287 3499](tel:+912222873499); [+91 22 4971 1084](tel:+912249711084)

## OFFICES

### MUMBAI

1. 7, floor 2nd, Nagin Mahal, Plot-82, Veer Nariman Road, Churchgate, Mumbai 400020.  
Ph: [022-2287 3499](tel:022-22873499)
2. 411/413, Dilkap Chambers, Off. Veera Desai Road, Fun Republic Lane, Andheri West, Mumbai - 400053  
Ph: [022-4971 1084](tel:022-49711084)

### NEW DELHI

E-5, 2nd floor  
Defence Colony  
Delhi - 110024  
Ph: 011-4054 1860

### BENGALURU

21/2, 1st Main Road, Opp Indian Overseas Bank, Gandhinagar, Bengaluru - 560009  
Ph: [080-2350 9909](tel:080-23509909)

### CHENNAI

715-A, 7th Floor, Spencer Plaza  
Suit No.1056, Mount Road, Anna Salai,  
Chennai - 600002

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