2026 INSC 932

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOs. 12993-94 OF 2025

RAS AL KHAIMAH INVESTMENT AUTHORITY ...**APPELLANTS**

VERSUS

MATRIX PHARMACORP PRIVATE LIMITED & ANR. ...**RESPONDENTS**

With
C.A. Nos. 12561-12566 of 2025
C.A. Nos. ______ of 2026 @ SLP (C) Nos. 27277-27279 of 2025
And
C.A. No. ______ of 2026 @ SLP (C) No. 35892 of 2025

J U D G M E N T

V. MOHANA, J.

1. Leave Granted in all the Special Leave Petitions.

2. The Appeals arise out of following four different proceedings preferred by the Appellant, Decree Holder, Ras Al Khaimah Investment Authority (for short the "**RAKIA**") against the Judgement Debtor, Respondent i.e., Nimmagadda Prasad (for short the "**NP**") along with other Respondent entities - Matrix Pharmacorp Pvt. Ltd. (for short the "**Matrix**"), Tianish Laboratories Pvt. Ltd. (for short the "**Tianish**"), IQuest Enterprises Pvt. Ltd. (for short the "**IQuest**") and Moschip Technologies Ltd. (for short the "**Moschip**") (collectively referred to as "**Respondent Entities**"):

i. C.A. Nos._____ of 2026 @ SLP (C) Nos. 27277-27279/2025 arise out of a challenge to the interim orders passed by the Division Bench of the High Court of Telangana staying the Contempt proceedings initiated by the Appellants against Matrix & Tianish.

ii. C.A. No. _____ of 2026 @ SLP (C) No. 35892/2025 arises out of the dismissal of the Contempt Case No. 1378 of 2024 by the High Court of Telangana filed by the Appellants against the Respondents.

iii. Civil Appeal Nos.12561-12566/2025 arise out of the dismissal of the NCLAT Appeals as against the dismissal of the intervention application filed by the Appellant in the merger application between Tianish and Matrix and against the dismissal of challenge to the merger application of Matrix & Tianish whereby merger was allowed.

iv. Civil Appeal Nos.12993-12994/2025 arise out of the disposal of the NCLAT Cross Appeal in favour of Respondent 1 & 2 (Matrix & Tianish) wherein the limited protective order granted by the NCLT in favour of the Appellant was deemed to be expunged.

3. All the Appeals are taken up and heard together.

BRIEF FACTS OF THE CASE:

4. Appellant, RAKIA is a public entity established under Emiri Decree No. (2) of 2005 and affiliated with the government of Ras Al Khaimah.

5. The Government of Andhra Pradesh entered into a government-to-government contract by way of a Memorandum of Understanding with the Government of RAK for the development of the Vadarevu Port, Nizampatnam Port, an industrial corridor, and an airport in the State of Andhra Pradesh (for short the "**VANPIC Project**"). The Appellant entrusted funds to NP for investment in the VANPIC project. It is the case of the Appellant that these funds were misappropriated by NP. The Appellant initiated criminal and civil proceedings against NP before the courts of UAE. The present case is in respect of civil proceedings only.

I. Proceedings before Courts of UAE:

6. In the Civil Proceedings, bearing 60/2020 before the Ras Al Khaimah Court of First Instance, Civil Plenary Circuit vide Judgment dated 02.02.2022 found the Appellant to be a victim of a fraudulent scheme and further directed NP to pay AED 267,941,374 (Rs. 543,92,09,892) with interest at the rate of 6% p.a. from 05.10.2021 until date of payment. This order was upheld without modification by the Superior Court - Civil Circuit Court in Cassation vide order judgment dated 27.12.2022 (**RAK Foreign Decree**). Appellant contends that it is this RAK

Foreign Decree that the Appellant is seeking enforcement of in India. The Appellant contends that the:

i. NP directly or indirectly owns and controls a web of companies including IQuest and other Respondent entities.

ii. Appellant is a judgment creditor of NP and, by extension, a judgment creditor of IQuest and other Respondent entities which are part of NP's web of companies operating as a unified structure directly or indirectly through NP in disregard of their separate corporate proceedings.

II. **Proceedings before Execution Court**:

7. Appellant contends that the RAK Foreign Decree is a decree of a superior court of a reciprocating territory and thus executable in India as a decree passed by the district court as per Section 44Aof the Code of Civil Procedure, 1908 (for short the "**CPC**").

8. Due to non-satisfaction of the RAK Foreign Decree, the Appellant filed two separate execution petitions, i.e., CEP No. 19 of 2023 before the Commercial Court, Hyderabad (for short the "**Hyderabad Execution Proceedings**") and CEP No. 19/2023 before the Commercial Court of Ranga Reddy, Telangana (for short the "**Ranga Reddy Execution Proceedings**") for the execution of the RAK Foreign Decree. Both the Execution Petitions are collectively referred to as "**Execution Proceedings**".

9. The Appellant contends that on 05.09.2023 the Commercial Court of Hyderabad attached NP's movable properties and on 06.10.2023, the Commercial Court of Ranga Reddy attached NP's immovable properties in the Execution Proceedings. Appellant contends that in the Execution Proceedings, Appellant has secured attachment of NP's Asset having estimated value of USD 25.5 million (Rs. 212 Crores).

10. During the pendency of the aforesaid Execution Proceedings, in and around October 2023, Appellant filed the following three separate applications for addition of IQuest as a party and addition of its assets and further seeking injunction against the same in the Hyderabad Execution Proceedings:

i. CEA No. 157/2023 for addition of IQuest as a party to the Execution Petition. (for short the "**IQuest Impleadment Application**")

ii. CEA No. 158/2023 for addition of assets of IQuest to the Execution Petition.

iii. CEA No. 156/2023 for injunction against assets of IQuest (for short the "**IQuest Injunction Application**").

11. The Commercial Court of Hyderabad vide order dt. 01.05.2024 in CEA No. 156/2023 closed the IQuest Injunction Application on the ground that IQuest, in its Counter Affidavit, has stated that "*it was initially interested in the acquisition* *of Viatris; however, subsequently IQuest has decided not to go ahead*". Appellant contends that the said statement is tantamount to an undertaking.

12. Appellant contends that, with the intention to circumvent the aforesaid alleged undertaking, IQuest re-routed the said transaction through its related entity, Matrix. The Appellant further contends that family members of NP are major stakeholders in Matrix. Matrix subsequently acquired Tianish; the said merger was also approved by National Company Law Tribunal (for short the "**NCLT**") on 10.03.2025 and further confirmed by National Company Law Appellate Tribunal (for short the "**NCLAT**") on 24.04.2025.

13. Pursuant to the said merger, Appellant filed the following four separate applications for addition of Matrix and Tianish as parties, along with the addition and disclosure of their assets and further sought injunction against them in the pending Hyderabad Execution Proceedings:

i. CEA No. 20 of 2025 seeking disclosures from Matrix and Tianish about assets owned and controlled by them;

ii. CEA No. 21 of 2025 seeking addition of assets of Matrix and Tianish to the Execution Petition.

iii. CEA No. 22 of 2025 seeking addition of Matrix and Tianish as a party to the Execution Petition.

iv. CEA No. 23 of 2025 seeking injunction against the alienation of assets of Matrix and Tianish.

14. All these applications remain pending before the Commercial Courts of Hyderabad.

III. Proceedings before the High Court of Telangana

15. Alleging that the merger between Matrix and Tianish violates the undertaking submitted by IQuest before the Commercial Court, Hyderabad and is in contempt of the order dt. 01.05.2024, Appellant filed Contempt Case No. 1378 of 2024 before the Telangana High Court (for short the "**High Court**") against IQuest and its stakeholders, Swathi Gunupati Reddy (NP's daughter), Viatris and also against NP (for short the "**Contempt Proceedings**"). The High Court in Contempt Proceedings on 19.07.2024 directed Status Quo in relation to the transaction in dispute.

16. The Appellant filed an Interim Application No. 11 and 12 of 2024 before the High Court to implead Matrix and Tianish in the Contempt Proceedings which was allowed on 02.05.2025.

17. Aggrieved by the order dated 02.05.2025, Matrix and Tianish filed Letters Patent Appeal Nos. 2 & 3 of 2025 before the Division Bench of the High Court challenging their impleadment. Vide an order dated 12.06.2025, the Division Bench stayed the impleadment order dated 02.05.2025 and the Contempt Proceedings insofar as they are related to Matrix and Tianish. It is against this order dated 12.06.2025 and interim order dated 27.06.2025 passed by the Division Bench that the Appellant has filed SLP (C) No. 27277-79/ 2025.

18. Subsequently, the High Court vide its order 07.11.2025, ultimately dismissed the Contempt Proceedings on the ground that the statement made by IQuest in its Counter Affidavit before the Commercial Court of Hyderabad is a clarificatory statement and not an undertaking. The High Court further rejected the 'alter ego theory' on the basis of which the liability was being extended to the Respondents - Swathi Gunupathi Reddy, Viatris Inc., NP, Matrix and Tianish. It held that contempt proceedings are summary in nature and are not the forum for piercing the corporate veil or examining complex questions of control, shareholdings or financial independence. It is against this order dated 07.11.2025 passed by the High Court, Appellant has filed SLP (C) No. 35892 of 2025.

IV. Proceedings before the National Company Law Tribunal

19. In related proceedings, Matrix and Tianish had filed CP (CAA) No. 34/320/HDB/2024 in CA (CAA) No. 25/230/HDB/2024 u/s 230 of Companies Act, 2013 (for short the "**Companies Act**") seeking sanction of the scheme of amalgamation of Tianish with Matrix (for short the "**Merger Application**"). The Appellant filed Intervention Petition No. 4/2024 before the NCLT, seeking to intervene in the said Merger Application and objecting to the Scheme and Merger.

20. On 10.03.2025, the NCLT passed two separate orders and dismissed the Intervention Petition and further allowed the Merger Application while granting the following protection to the Appellant:

i. Post-merger, the company shall not alienate any of its assets without prior intimation to and approval of the High Court.

ii. In the event the Company intends to create a charge over the assets by raising loans or for any other purpose the same shall be done only after informing the High Court.

V. Proceedings before the National Company Law Appellate Tribunal

21. Aggrieved by the order dated 10.03.2025 passed by the NCLT, Appellant filed two separate Appeals viz. Company Appeal (AT) (CH) No. 46/2025 against the order approving the Merger Application and Company Appeal (AT) (CH) No. 47/2025 against the dismissal of the Intervention Petition before the NCLAT (for short the "**NCLAT Appeals**").

22. The NCLAT vide order dated 06.08.2025 dismissed the Appeals filed by the Appellant. It is against order dated 06.08.2025 passed by the NCLAT, Appellant filed Civil Appeal Nos.12561-12566/2025, before this Court.

23. The Respondents, on the other hand filed NCLAT Appeal bearing Company (AT) (CH) 49/2025 against the order dated 10.03.2025 passed by the NCLT insofar as it granted the protective directions contained in paragraphs

16(xix) and 16(xx) (for short the "**NCLAT Cross Appeals**"). The Respondents' NCLAT Cross Appeals were allowed and the protections granted by the NCLT were expunged by the NCLAT. It is against this order dated 24.04.2025 passed by the NCLAT, the Appellant filed Civil Appeal No. 12993-12994/2025, before this Court.

<u>PROCEEDINGS BEFORE THIS COURT</u>:

24. This Court had issued notice and passed an interim order on 15.10.2025 as follows: -

> *"Meanwhile, status quo re: transfer or creation of any third-party rights in respect of assets of Respondents no.1 (Matrix) and 2 (Tianish) – Company as well as personal assets of Nimmagadda Prasad (NP), Swathi Gunupati Reddy (Swathi) and Venkata Pranav Reddy Gunupati (Pranav) shall be maintained till further orders."*

On 15.01.2026, the interim orders were made absolute until final disposal of the instant matters.

25. This Court vide orders dated 12.2.2026 and 25.02.2026 directed NP to furnish security comprising INR 600 crores. As on 16.03.2026, in compliance with the orders of this Court, NP has deposited Rs.225 Crores by way of cash security with the registry of this Court. In addition to the aforesaid cash security, NP has also deposited title deeds of land admeasuring 37 acres situated at Devarayamjal Village, Shameerpet Mandal, Telangana (**Medchal Land**) which has been transferred in the name of Swathi Gunupathi Reddy-(claiming the value to be approximately Rs.400 Crores). However, the value of said land is disputed by the Appellant.

26. On 16.03.2026, the interim order was modified as follows: -

> *"In order to facilitate the Respondents to run their day-to-day business, the order dated 15.10.2025 is modified/clarified to the extent that the respondents may operate their assets in the normal course of business. However, the immovable assets shall not be disposed of without the leave of this Court."*

27. Before this Court, Appellant contended that Moschip is a company directly and indirectly controlled by family members of NP and prayed that the Status Order dated 15.10.2025 be extended to Moschip. Accordingly, this Court vide order dated 11.05.2026, extended status quo against assets of Moschip, as well. Such order was further modified on 11.05.2026 as follows: -

> *"Meanwhile status quo re: shares swapping or the transfer of shares in respect of MosChip Technologies Limited shall be maintained."*

28. Pursuant to this order, Moschip Technologies filed an Impleadment Application, the same was allowed and Moschip was impleaded as Respondent No. 3.

Submissions on behalf of Appellant:

29. Dr. Abhishek Manu Singhvi and Mr. Gopal Sankaranarayanan, Ld. Senior Counsels for the Appellant advanced the case on three interlinked grounds – *first*, the underlying decree is valid, binding and remains substantially unsatisfied;

second, that the Judgment Debtor and his family have, through a series of corporate arrangements and transactions, sought to dissipate or shield assets from execution; and *third*, that the corporate respondents cannot avoid scrutiny merely by invoking the doctrine of separate legal personality where the surrounding circumstances demonstrate pervasive familial control and the use of corporate entities as instruments for asset protection and diversion. The Appellant submitted that the Respondents acted in concert and with common intent, suppressing relevant facts from the executing court while simultaneously pursuing regulatory approvals from the Competition Commission of India (for short the "**CCI**"). They made applications before the CCI under the green channel route and got automatic approval without mentioning ongoing judicial proceedings or about the undertaking given by the IQuest. The Appellant contended that the undertaking made by the Respondent is contemptuous and an absolute willful breach. It is their contention that there was a valid and enforceable undertaking by the Respondents with full and conscious knowledge of such undertaking due to which the commercial court refrained from issuing protective or injunctive orders.

30. Ld. Senior Counsels for the Appellant submitted that despite over six years since proceedings commenced before RAK Courts (May 2020) and three years since the Execution Proceedings in India (August 2023), the RAK Foreign Decree remains substantially unsatisfied. They further submitted that the UAE is one of the 12 reciprocating territories for execution of foreign decree under Section 44A of the CPC. Any attempt to frustrate the rights of foreign decree holders must be firmly resisted, otherwise, the principle of comity of courts governing the reciprocal enforcement regime would be undermined.

31. It was further submitted that the conduct of the Judgment Debtor and his family disclose a concerted pattern of asset dissipation and avoidance of execution. In this regard, counsels have placed before the Court a detailed family and corporate structure tracing the relationship between NP, his father, brother, former wife, present wife, daughter Swati, son-in-law Pranav, stepson and stepdaughter, as well as the various holding and operating entities associated with them. They submitted that several transactions undertaken through these entities are not isolated commercial transactions, but form part of a broader pattern of transfers and restructurings undertaken at or around the time when the Appellant asserted its rights or enforcement became imminent.

32. Ld. Senior Counsels for Appellant submitted that NP holds a deep pervasive control over the Respondent entities and is incorporating new companies to dissipate the assets. They pray for the invocation of the principles governing lifting or piercing of the corporate veil and the alter ego doctrine. The Appellant also relies upon the Court's earlier status quo order dated 15.10.2025 as demonstrating that the Court has already recognized the need to scrutinize the dealings of the concerned entities in the context of the decree and the allegations of asset dissipation.

33. It is contended that it has been compelled to adopt a multi-front approach to preserve the efficacy of the decree and prevent its frustration through successive corporate or asset-level transactions. Further, any relaxation of the existing status quo or injunctions ought to be made conditional upon adequate security being furnished for the entire outstanding decretal amount.

34. They further submitted that 75% of the decretal value remains unsecured. The present value of the RAK Foreign Decree as on 23.07.2026 is approximately 949.96 crores. They submit that the Status Quo Order dated 15.10.2025 ought to be continued until the present value of RAK Foreign Decree is satisfied. Absent a restraint on further transfer/dissipation by NP directly or indirectly through his immediate family members and entities in the web of companies would cause irretrievable prejudice to the Appellant's effort in the execution proceedings and being left with the paper decree. They pray for expeditious disposal of the Execution Proceedings and further prays for appointment of a forensic audit professional to determine the assets available with NP, his family members and affiliates to satisfy the RAK Foreign Decree.

Submissions on behalf of Respondents – NP, NP's family members and IQuest:

35. Mr. C.A. Sundram, Mr. Mukul Rohtagi, Mr. D.S. Naidu, Mr. Balbir Singh, and Mr. Neeraj Kaul, Ld. Senior Counsels, Mr. Balaji Srinivasan, and Ms. Preetika Dwivedi, Ld. Counsels for Respondents – NP, NP's family members –

Swathi Ganupati Reddy and Venkata Pranav Reddy Gunupati – and IQuest, argued that their submissions are directed towards the manner in which the execution proceedings are being pursued, rather than a re-litigation of the merits of the underlying decree. It is submitted that NP has already achieved substantial compliance with the directions of this Court, as recorded in the order dated 25.02.2026. According to the Respondents, the Appellant nevertheless continues to reopen questions relating to valuation and sufficiency of security at successive hearings, despite substantial security having already been furnished.

36. They submitted that approximately Rs. 225 crores have been deposited in cash. In addition, title deeds of the Medchal Land valuing over Rs. 400 crores have been deposited. They argued that the aggregate value of the cash, land and other assets offered as security comfortably exceeds the decretal amount. It is therefore contended that the continued insistence upon further security is unwarranted and amounts to repeatedly reopening an issue which has already been substantially addressed.

37. Ld. Counsels for Respondents further submitted that approximately 32 applications filed by the Appellants are not merely directed towards securing the decree but have the effect of paralyzing and 'strangulating' a large, publicly listed and bank-financed business group.

38. On the issue of alleged violation of the undertaking submitted before the Commercial Court, Hyderabad as recorded in the order dated 01.05.2024, Ld. Counsels for Respondents submitted that the contempt proceedings were dismissed in their entirety and that the High Court found that no contempt had been committed. They further submitted that the Appellant has no statutory right of appeal against such an order under Section 19 of the Contempt of Courts Act, 1971, since the statutory right of appeal contemplated therein is available only against an order finding a person guilty of contempt.

39. Ld. Counsels for Respondents submitted that they cannot be called upon to furnish the security for the RAK Foreign Decree, they placed reliance on Section 60 of CPC stating that only property of Judgment Debtor can be attached and he is a stranger to the RAK Foreign Decree.

40. Ld. Senior Counsel for NP submitted that there is no finding by any court that NP transferred, diverted or dissipated any asset to defeat the RAK Foreign Judgment. He further submitted that NP has disclosed his assets on affidavit before the Commercial Courts, and the disclosure shows that none was disposed of or applied towards either impugned transaction, which is subject matter of the Contempt proceedings from which the present proceedings arise. The Appellant does not even allege that any of NP assets were used. Indeed, even going by the list of transactions identified by the Appellant itself, none involved any transfer of NP's assets after the RAK Foreign Decree. The Mudhra Transaction was

Matrix's acquisition of Tianish, financed by inter alia third-party institutional investors and NP did not contribute anything to Matrix's acquisition of Tianish. Ld. Senior Counsel for NP submitted that *prima facie* the RAK Foreign Decree is not enforceable.

41. Ld. Senior Counsel for IQuest submitted that they are strangers to the RAK Foreign Decree and Respondent NP. The very fact that the application for impleadment and addition of assets remains pending in the Execution Proceedings demonstrates that no adjudication has been made that the IQuest and its assets are liable in the execution of the RAK Foreign Decree. He emphasized that IQuest was incorporated in 200l. NP was inducted in 2006-2007 as one of a group of new promoters, alongside several well-known Telugu film personalities, and invested INR 9,73,75,000 for a 19 per cent holding, which remains his only investment in IQuest to date. Between 2012 and 2014 he transferred that entire holding to Ms. Gunupati Swathi Reddy and to third parties, and he resigned as director with effect from 01.12.2015. Since 2015 he has been neither shareholder nor director and has had no involvement with IQuest in any capacity whatsoever. Respondent NP's exit from IQuest preceded the RAK Foreign Decree by eight years.

42. Ld. Counsel for IQuest submitted that the Appellant's case at best is that IQuest continued a break fee obligation without which Matrix could not have acquired Tianish. He further submitted that even the break fee obligation was antecedent undertaken long before the statement made in the Counter Affidavit and the same was never paid, having Matrix completed the acquisition. No liquid assets of IQuest were deployed for break fee.

43. Ld. Counsels for Respondent Swathi Gunupati Reddy and Intervenor Venkata Pranav Reddy Gunupati submitted that at the behest of the Appellant, this Court directed status quo in respect of the personal assets of Swathi Reddy and Venkata Pranav Reddy, thus their personal assets came to be restrained. Ld. Counsels further submitted that they were neither judgment debtors, nor impleaded in the Execution Proceedings and had not furnished any undertaking capable of attracting contempt. It is further submitted that Venkata Pranav Reddy Gunupati is an independent businessman with a distinct legal personality, separate from the Respondent NP and Respondent entities and that Appellant cannot proceed against him merely because he is a director of Matrix.

Submissions on behalf of Respondents- Matrix & Tianish:

44. Mr. Shyam Divan, Ld. Senior Counsel, assisted by counsels on behalf of Respondents – Matrix and Tianish relied on the principle of separate legal personality of the company and the absence of any legal or factual basis for treating it as an alter ego of NP or IQuest. Ld. Counsel submitted that the corporate veil can only be pierced upon clear and cogent evidence being presented and after proper enquiry on pleadings and evidence which is not there in the present case and therefore it cannot be done.

45. Ld. Counsel further submitted that NP was not an investor in Matrix, has never held any shares in Matrix or exercised any legal, managerial, or beneficial control over Matrix. Similarly, Swathi did not fund the acquisition either. Pranav was only an investor/promoter stakeholder and his relationship with NP does not convert his independent investment or the investments of unrelated institutional or domestic investors into the assets of NP or his family.

46. He submitted that Matrix is a distinct juristic entity which was never a party to the original RAK proceedings before the Civil Major Circuit and neither was it a party to the statement or order dated 01.05.2024 passed by the Commercial Court of Hyderabad. The fact that Matrix was incorporated after the passing of the underlying RAK Foreign Decree, cannot by itself give rise to an inference of asset shielding or evasion.

47. Ld. Counsel for Matrix relies upon the funding structure of the acquisition and submitted that the transaction was financed through private equity funding from Kotak and subsequent financing backed by Mudhra/Kingsman, rather than through the liquid assets of IQuest. He emphasized that the restriction arising from the statement recorded on 01.05.2024 was directed towards the use of IQuest's own liquid assets for the acquisition of Tianish. He submitted that no funds belonging to IQuest were utilized in the actual Matrix-Tianish transaction.

48. He further submitted that the Matrix has not given any undertaking. Further, in any event the statement given by the Matrix is not a legal undertaking in terms of S. 2 (b) of Contempt of Courts Act. 1971. He places reliance on ***Babu Ram Gupta vs Sudhir Bhasin & Anr.***[1]***,*** and ***Patanjali Ayurved Ltd., In re v. Union of India***[2].

49. Ld. Counsel further submitted that there is no dissipation of assets. Upon amalgamation of Tianish which is 100% subsidiary of Matrix, the valuation remains the same. Internal consolidation of the two companies would not lead to alienation or dissipation of assets. He submitted that, in view of the subsequent dismissal of the contempt proceedings, the civil appeals concerning the transaction have effectively become infructuous.

Submissions on behalf of Respondent – Viatris:

50. Mr. S. Niranajan Reddy, Ld. Senior Counsel assisted by Counsels submitted that on 01.01.2023 Viatris entered into an agreement with Matrix (as the sole 'acquirer'). In terms thereof, Matrix was to purchase the entire shareholding of Tianish from Mylan Luxembourg 2 S.A.R.L., MP Laboratories (Mauritius) Ltd. and Mylan Group B.V., whose ultimate parent entity is Viatris. In the event of Matrix's failure to complete the acquisition, Matrix and IQuest would be jointly and severally liable to pay a fixed termination fee of USD

---

[1] (1980) 3 SCC 47
[2] (2024) 19 SCC 193

16,000,000/- IQuest's role was limited to act as 'back-stop' (only qua the termination fee).

51. On the date of execution of the said agreement (i.e., 01.10.2023), RAKIA had not even filed an application seeking IQuest's impleadmcnt in the Hyderabad Execution Proceedings. Accordingly, on such date, there was no question of the existence of any 'undertaking', in the absence of any application having been filed against IQuest. Once Matrix's financing obligation was satisfied, IQuest was removed as a party and the provision pertaining to termination fee was deleted from the agreement.

Submissions on behalf of Moschip Technologies

52. Mr. Balaji Srinivasan, Ld. Counsel on behalf of Respondent Moschip submitted that Moschip is a publicly listed company incorporated in 1999, substantially predating the acquisition of any shareholding by the family. It is submitted that the company is presently managed by professional and independent persons who are unconnected with NP. Particular reliance is placed upon the position of its Chairman, who is stated to be a retired IAS officer and former Chief Secretary of Telangana.

53. Ld. Counsel submitted that the family's involvement in Moschip is limited and non-executive in nature. He further submitted that the restraint imposed upon Moschip was based only upon an oral apprehension and that no specific application had been filed seeking relief against Moschip. He submitted that the proposed acquisition of VLPL by Moschip was fully disclosed to the regulatory authorities and was expressly characterized as a non-related-party transaction.

54. He submitted that Moschip is exposed to a contractual penalty of approximately Rs. 18 crores if the transaction is not completed within the stipulated period. Finally, Ld. Counsel for the Respondent relies upon its history of approximately eight comparable acquisitions since 2016 to demonstrate that the transaction in question forms part of its ordinary course of business and is consistent with its established commercial strategy. It is therefore submitted that there is no basis to infer that the transaction constitutes a device for dissipating or diverting assets in connection with NP's decretal liability.

DISCUSSION:

55. Heard Ld. Counsels for all Parties and perused the records.

56. The High Court dismissed the Contempt Petition on the grounds that the statement is not an undertaking; rather, it is a clarificatory statement. The High Court has observed that the submission recorded on 01.05.2024 by the Commercial Court, upon scrutiny, fails to meet the threshold of a clear, unambiguous, and binding undertaking within the meaning of law and that an undertaking must be solemn, express, and intended to be acted upon by the Court.

57. It is relevant to take into consideration the findings of ***Babu Ram Gupta vs Sudhir Bhasin & Anr.***[3]:

> *"8. In the case of Bhatnagars & Co. Ltd. v. Union of India [AIR 1957 SC 478 : 1957 SCR 701 : 1957 SCJ 546] although an undertaking appears to have been given by learned counsel on behalf of his client that certain goods confiscated by the customs authorities would be sold within a certain period of time, it was interpreted by the petitioner as an undertaking to decide the revision petition within the period fixed, and as this was not done it was argued before this Court that the customs authorities had committed a serious contempt of this Court. Repelling the argument of the petitioner, this Court observed as follows:*
>
> > *"The order passed by this Court would show that the learned Solicitor-General of India made a statement to the Court indicating that the goods which had been confiscated by the Customs authorities would not be sold or otherwise dealt with for one month from the date of the communication to the petitioner of the final order that the Central Government may pass in the revisional petition preferred by him before them. Acting on this undertaking, this Court allowed the petitioner a period of one month from the date of the communication to him of the final order which the Central Government might pass on his revisional petition to enable him to file a petition for special leave to appeal if he was so advised. Then the order recorded the undertaking given by the Solicitor-General .... Indeed the petition seeks to suggest that the undertaking was that the revisional petition would be disposed of immediately in day or two, and, since the revisional petition was not disposed of within the time mentioned by the Solicitor-General, the petitioner says that all the respondents are guilty of contempt. It is clear that the petitioners grievance and the prayer for a writ are entirely misconceived. The petitioner is entirely in error in assuming that, on behalf of the Union of India, any undertaking was given that his revisional petition would also disposed of within a day or two .... The petitioner presumably thinks that the Court's order required that his revisional petition should be disposed of by the Central Government within a month. This assumption is entirely unwarranted."*
>
> *This decision, therefore, clearly shows that even <u>if there was an undertaking given by the Counsel on behalf of his client the undertaking should be carefully construed to find out the extent; and nature of the undertaking actually given by the person concerned. It is not open to the Court to assume</u>*

[3] (1980) 3 SCC 47

> *an implied undertaking when there is none on the record. It was on this ground that this Court negatived the plea of contempt of court. It is well-settled that while it is the duty of the court to punish a person who tries to obstruct the course of justice or bring into disrepute the institution of judiciary, this power has to be exercised not casually or lightly but with great care and circumspection and only in such cases where it is necessary to punish the contemner in order to uphold the majesty of law and dignity of the courts.”*

58. It is relevant to also take into consideration the findings of ***Patanjali Ayurved Ltd., In re v. Union of India***[4]**:**

> “*50. A party appearing before the Court can give an undertaking by filing an application or an affidavit clearly setting out the undertaking given to the Court or by giving a clear and express oral undertaking incorporated by the Court in its order. An undertaking may also be given by an advocate on behalf of a client and if duly and properly given, it has the same effect as one given by the client. An undertaking given to the Court has the same force as an order of the Court and breach thereof would amount to contempt in the same manner as a breach of an injunction. Whether a statement made by a party or its counsel could amount to an undertaking, would depend on the words used in the statement made and the facts and circumstances of a case. When an undertaking is given before the Court for any purpose, be it for payment of money or for vacating a property or for doing an act or for refraining from doing a particular act and compliances are not made, contempt proceedings can be drawn up. The bottom line is that if a party or the advocate acts in such a manner so as to convey to the Court a firm conviction that an undertaking is being given regardless of the fact that the word “undertaking” has not been specifically mentioned, that party will be bound down and it will be no answer that he did not think that he was giving it or that he was misunderstood.*”

59. In view of the principles stated above and in the present facts and circumstances we are in agreement with the findings of the High Court. The Statement made by IQuest before the Commercial Court, Hyderabad in its

[4] (2024) 19 SCC 193

Counter Affidavit as recorded in the order dated 01.05.2024, cannot be treated as a firm conviction to qualify as an undertaking in terms of ***Babu Ram Gupta (supra)*** and ***Patanjali Ayurved Ltd., In re. (Supra)*****.** It is merely a clarificatory statement. All that is said by the IQuest was that at that point in time it had decided not to go ahead with the acquisition of Viatris. Subsequently, the Commercial Court did not take up the matter saying that there is no urgency in the matter. However, Matrix and Tianish proceeded with the merger which also involved the interest of IQuest and Viatris. However, the apprehension of the Appellant that NP and the Respondent entities could potentially dissipate the assets of NP and transfer his holding or the holding of his immediate family members to different entities is not without basis. This Court has taken into consideration the series of changes that have been brought about between NP and his family holdings, where the fact that he has an advisory role or that the family has a decisive role is clearly made out.

60. Having held that there is no clear-cut undertaking by IQuest qualifying for an act of contempt under the Contempt of Courts Act, there cannot be any contempt as against other entities as well. Neither Matrix nor Viatris nor Moschip were impleaded yet before the Commercial Courts. The role of IQuest was only a "back-stop" qua the termination fee, which was later released and, therefore, the statement made by IQuest before the Commercial Court did not have the direct effect of inviting contempt proceedings as far as Matrix, Viatris and Moschip are concerned. For this reason and for other reasons as stated above, we do not intend to interfere with the finding of the High Court that there is no contempt made out by the Respondent entities.

61. However, though IQuest has not done any act directly so as to disturb or subvert the process of Court or intentionally disobeyed undertaking or an order of Court and liable for contempt, the circuitous transactions will show the conduct of the Respondent entities and NP.

62. There is no dispute that the RAK Foreign Decree is a decree of a superior court of a reciprocating territory and thus *prima facie* executable in India. The principles of comity of nations demand us to respect the order of RAK Foreign Decree and due weightage has to be given to such order even while passing an interlocutory order. In the absence of any conditions being imposed, the decree would be rendered incapable of execution, thereby breaching the principle of comity of courts and undermining the regime of reciprocal enforcement.

63. *Prima facie*, this Court finds merit in the Appellant's contention that the Respondent NP is attempting to camouflage his assets and is engaged in dissipating them with a view to defeating the execution of the decree. If the status quo order is vacated without any condition for appropriate security, it would amount to obstruction of justice. The Appellant has thus made out a case for imposing a further deposit on the Respondents to enable the Appellant to execute the money decree.

64. The Execution Proceedings have been pending before Commercial Court of Hyderabad and Ranga Reddy for the last three years. There are also various other interlocutory applications which are pending before the said Commercial Courts. The Appellant should pursue its pending Execution Proceedings and interlocutory applications before the Commercial Courts. Their interests are to be protected in the meantime. This Court is conscious of the fact that rendering any final opinion in respect of merits of the Execution Petition or about the status of corporates or lifting of the corporate veil at this juncture will affect any decision that may be taken in the pending proceedings.

65. However, this Court has to take note of the fact that RAKIA has obtained a foreign judgment after contest, and the decree remains to be executed. RAKIA has instituted several connected proceedings to protect its rights as a decree holder. It is apposite to note that NP's contentions with regard to objections under Sections 13(a) to 13(f) read with Sections 44A and 47 of the CPC have been dismissed by the Commercial Courts. It is informed that there is a subsequent Revision Petition under Article 227 filed by NP before the High Court. However, in the said proceedings there is no stay in respect of execution proceedings. It is also noted that one of the contentions of the Appellant herein is that the Civil

Revision Petitions are not maintainable. However, this Court is not expressing any opinion in respect of the same in the present proceedings.

66. Be that as it may, a complete sequence of actions as projected by the Appellant and from the responses of the NP and Respondent entities shows that NP and his immediate family members have pervasive control over several business entities including that of the Respondent entities. The Appellants have brought out a *prima facie* case whereby despite defending a foreign decree on maintainability and other issues, there has been continuous act of the Respondent entities together with NP in one form or the other to change control/modify active control of the group companies and the timing of the several transactions and formation of new companies which gives rise to a genuine apprehension on the part of the Appellant that they may be left with a paper decree.

67. It is in this context that one has to view the statement made by IQuest that it has no intention to go ahead with the acquisition of Viatris based on which the High Court passed the subsequent orders. However, the said transaction has been effectuated on their own admission through another process of Matrix acquiring Tianish by making IQuest to act as "back-stop" qua the termination fee. This act, though may not amount to an act of contempt of court as held by the High Court, it will definitely give rise to an apprehension that the interest of the Appellants may not be secured in case these transactions are not prohibited or the interest of the decree holder is not secured adequately.

IBC Laws | www.ibclaw.in

68. This Court has also taken note of the submissions of the Appellant with regard to proceedings before the NCLT and NCLAT with respect to intervention in the aspect of merger of Matrix and Tianish, where the intervention of the Appellant has been rejected and the merger has been allowed and in the course of the Appeal proceedings, the NCLAT has reversed that protection given by the NCLT in its order dated 10.03.2025 stating that post-merger the company shall not alienate any of its assets without prior intimation to and approval of the High Court of Telangana and in the event the company intends to create a charge over the assets by raising loans or for any other purpose the same shall be done only after informing the High Court.

69. In the light of the above facts and various transactions which have happened during the pendency of the execution and taking into consideration the genuine apprehension of the decree-holder, we find that the interim protection granted by the NCLT on 10.03.2025 ought not to have been disturbed by the NCLAT.

70. This Court had, vide order dated 16.03.2026, referred the Parties to Mediation by Chief Justice Mr. U.U. Lalit (Retd.), which however, it did not fructify.

71. Considering the above, as a matter of prudence and in keeping with the sequence of events, the Status Quo Order passed by this Court ought not to be vacated without the furnishing of appropriate security. The Appellant has shown sufficient cause for the imposition of furnishing of additional security by the Respondents. Therefore, we deem it appropriate to modify the status quo orders, subject to the Judgment Debtor furnishing additional security as directed below pending final satisfaction of the decree.

72. At this juncture, we have to only note that the present value of the decree inclusive of interest till 23.07.2026 is a sum of Rs.949.96 crores, out of which NP has been able to provide security to the extent of Rs.231.70 crores and also deposited title deeds of Medchal Land which the Appellant values approximately as INR.150 crores, though it is the case of the NP and Respondent entities that it is valued nearly about INR.400 crores. In the Execution Proceedings, the Appellants have secured an attachment of NP's assets worth INR.212 crores. Though it is the case of NP and the Respondent entities that the value of the Medchal Land, the title Deeds of which have been deposited in this Court is around INR 400 crores, it is vehemently disputed by the Appellants that the land itself has several marketable problems and it cannot be valued beyond to INR 150 crores. In the interest of justice, subject to the proper valuation by the Executing Court in the pending proceedings, we make a rough guesstimation value of the Medchal Land at INR 250 crores for the purposes of the present proceedings. We hasten to add that the value of the Medchal Land and the appropriation will be subject to the valuation and further variation of orders passed in the Execution Proceedings.

73. The Respondents are directed to furnish an additional Security of Rs. 200 crores with the Registry of this Court, over and above the sums/assets already deposited within two weeks. The encashment of security deposited with the Registry shall be subject to the outcome of the Execution Proceedings pending before the Commercial Courts of Hyderabad and Ranga Reddy.

74. The question as to whether NP's family-controlled entities constitute a unified structure whose assets can be reached to satisfy the decree, and the issue of lifting the corporate veil etc. is left open to be agitated before and decided by the Commercial Courts of Hyderabad and Ranga Reddy in the pending Execution proceedings. Parties are at liberty to raise all contentions before the said Commercial Courts; however, it is clarified that the Commercial Courts are not bound by the opinion expressed in this order or in the impugned Orders passed by the High Court, NCLT and NCLAT in respect of the said contention.

<u>SUMMARY OF THE CONCLUSIONS:</u>

75. In view of the foregoing discussions, this Court passes the following directions: -

i. The Statement made by IQuest before the Commercial Court, Hyderabad in its Counter Affidavit as recorded in the order dated 01.05.2024, cannot be treated as unconditional undertaking and hence the findings of the High Court that the statement does not invite a contempt action is upheld;

ii. Respondents (NP and Respondent entities) are jointly and severally directed to furnish an additional Security of Rs. 200 crores with the Registry of this Court within two weeks from today, over and above the sums/assets already deposited;

iii. The deposits will be subject to the outcome of the Execution Proceedings pending before the Commercial Courts of Hyderabad and Ranga Reddy;

iv. The question whether NP's family-controlled entities constitute a unified structure whose assets can be reached to satisfy the decree is left open to be agitated before the Commercial Courts of Hyderabad and Ranga Reddy in the pending Execution proceedings. Parties are at liberty to raise all contentions before such fora;

v. It is clarified that the Commercial Courts are not bound by the opinion expressed by the Impugned Orders in respect of the said contention and all issues will be decided in accordance with law. The observations of this Court in this Judgment will not come in the way of the parties raising all contentions.

vi. The Appeals as against the orders of the NCLAT are disposed of in terms of the above.

vii. Considering the nature of the decree and the pendency and the interest of several parties involved herein, we deem it appropriate to direct the Commercial Court, Hyderabad, and the Commercial Court, Ranga Reddy to take up the main Execution Petition along with all applications expeditiously and decide the same at the earliest, and in any event, within a period of four months.

In the light of the above reasoning and direction, we dispose of all the Appeals. Pending applications, if any, stand disposed of.

…………………………CJI
(SURYA KANT)

…………………………….J.
(JOYMALYA BAGCHI)

…………………………….J.
(V. MOHANA)

New Delhi
September 01, 2026