



2025:DHC:6186-DB



\$~39.

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ LPA 473/2025, CM APPL. 44986/2025 & CM APPL. 44987/2025

PRATEEK YADAV & ANR.

.....Appellants

Through: Mr. Ashim Sood, Sr. Adv. with Mr. Shantanu Awasthi, Mr. Shikhar Mittal, Mr. Rishabh Sharma and Mr. Ankur Singh, Advs.

versus

LC NUEVA AIF & ANR.

.....Respondents

Through: Ms. Shivambika Sinha, Mr. Swapnil Gupta and Mr. Harshit Gupta, Advs.

%

Date of Decision: 28.07.2025

CORAM:

HON'BLE THE CHIEF JUSTICE

HON'BLE MR. JUSTICE TUSHAR RAO GEDELA

J U D G E M E N T

TUSHAR RAO GEDELA, J: (ORAL)

1. Present Letters Patent Appeal has been filed by the appellants challenging the order dated 18.07.2025 passed by this Court in CONT.CAS(C) 197/2024 titled "*LC Nueva AIF vs. Zyngo EV Mobility Private Limited Through Its Director Mr Prateek Yadav & Ors.*", wherein the learned Single Judge has dismissed an application seeking recall of an earlier order dated 13.05.2025, holding that novation dated 27.10.2023 of the Share Purchase Agreement never really fructified, and hence, the undertaking dated 05.09.2023 continues to subsist in the absence of an express discharge.



2025:DHC:6186-DB



2. The case of the appellants is that a Settlement Agreement dated 04.09.2023 was executed between the respondent no.1 and appellants, whereby the appellants agreed to facilitate payment of Rs.2.20 Crores to the respondent no.1 in exchange for 45,834 shares of the respondent no.2/ Zyngo EV Mobility Pvt. Ltd. The Court recorded the Settlement Agreement and undertakings furnished by the parties in OMP(I)(COMM) 233/2023 and passed a final order, pursuant to which the respondent no.1 initiated contempt proceedings.

3. The appellants state that a Share Purchase Agreement and a Share Subscription and Shareholders' Agreement were executed by the parties on 27.10.2023. Under these agreements, the Settlement Agreement was novated and the obligation to pay Rs.2.20 Crores was expressly transferred to third parties – Mr. Abhishek Shah and Delta Bulk Shipping India Pvt. Ltd., who directly purchased the said 45,843 shares from respondent no.1.

4. It is further the case of the appellants that the respondent no.1 instituted the underlying contempt proceedings against the appellants. *Vide* order dated 13.05.2025 in the underlying contempt proceedings, the learned Single Judge recorded a further undertaking by the appellants to pay an additional sum of Rs.30,00,000/- to the respondent no.1 by June 2025, over and above Rs.45,00,000/- already paid by the appellants during the pendency of the contempt proceedings.

5. The appellants state that they filed CM APPL No.40531/2025 seeking recall of the order dated 13.05.2025 and dismissal of the contempt proceedings, praying that all obligations under the Settlement Agreement has been extinguished by the novated Share Purchase Agreement and Share Subscription and Shareholders' Agreement dated 27.10.2023 and that no



amount was payable by the appellants under the said settlement agreement.

6. On 18.07.2025, the learned Single Judge dismissed the recall application, holding that novation dated 27.10.2023 never fructified and therefore the undertaking dated 05.09.2023 continues to subsist in the absence of an express discharge. Hence, the present appeal

7. It may be noted that the main Contempt Case is pending adjudication before the learned Single Judge.

8. Mr. Ashim Sood, learned senior counsel appearing for the appellants submits that paragraph 6 of the impugned order travels beyond the narrow scope of contempt jurisdiction by adjudicating on disputed facts, interpreting the novation, and making determinations on the merits of the underlying dispute. He further submits that, the learned Single Judge could not have done so while exercising limited scope of contempt jurisdiction, as held by the Hon'ble Supreme Court in *Midnapore Peoples' Coop. Bank Ltd. 7 Ors. vs. Chunilal Nanda & Ors.: (2006) 5 SCC 399* and by this Court in *M/s VLS Finance Limited vs. Southend Infrastructure Pvt. Ltd. & Anr.: 2015 SCC OnLine Del 13057*. He further submits that such observations in paragraph 6 of the impugned order amount to determination of issue on merits, which forecloses any civil remedy that may otherwise be available to the appellants.

9. We have heard the learned counsel for the parties and perused the impugned order.

10. The law governing maintainability of the Letters Patent Appeal in contempt matters is no more *res integra*, as held by the Hon'ble Supreme Court in *Midnapore Peoples' (supra)*. What is permissible under law for a Court exercising its Contempt jurisdiction is that it may record observations



which would lead to determination as to whether contempt has been made out or not and not proceed to adjudicate or decide any issues relating to the merits of the disputes between the parties. It is trite that any direction issued or a decision made by such Court on the merits of a dispute between the parties, will not be exercise of “*jurisdiction to punish for contempt*”. It is also settled that if the High Court, for whatsoever reason, decides an issue or makes any direction, relating to the merits of the dispute between the parties, in contempt proceedings, the aggrieved person is not without remedy. Such an order is open to challenge in an intra-court appeal or by seeking special leave to appeal under Article 136 of the Constitution of India.

11. We find from plain examination of the impugned order that no fact or finding on the merits of the case in respect of the dispute between the parties, has at all been recorded by the learned Single Judge. Only those facts as were argued and available in the pleadings have been noted. For example, paragraphs 8 and 9 of the reply to the underlying contempt proceedings are extracted hereunder:

*“8. That pursuant to the settlement the petitioner entered into a tripartite agreement with Delta Shipping for sale/purchase of share on 27.10.2023. **That however the said Delta Shipping opted out of this agreement and refused to purchase the share.** Copy of the email exchanged between the respondent and Delta Shipping is annexed hereto and marked as ANNEXURE R4.*

*9. **That insofar as the investment made by Delta Shipping in the respondent is concern the same can be utilised only for the purposes of the business of the respondent as per the terms of the investment. A major chunk of the investment is actually in the form of loan. M/s. Delta Shipping closely monitors the financial transaction of the respondent company.***

***That the deponent and the respondent company are actively trying to find a new investor for purchase of the share of the petitioner company. The petitioner still holding the shares in the respondent company and are also protected well by the terms of the settlement.**”*



2025:DHC:6186-DB



(emphasis supplied)

12. The aforesaid clearly indicates that the learned Single Judge has merely recorded what was argued by parties and already available in the pleadings. We may also observe that paragraph 6 of the impugned order is neither a finding of fact nor issue on the merits between the parties. Thus, the submissions of the appellants do not appeal to us and we do not find any merits in the appeal.

13. In view of the aforesaid, the present appeal alongwith pending applications stand dismissed.

TUSHAR RAO GEDELA, J

DEVENDRA KUMAR UPADHYAYA, CJ

JULY 28, 2025/rl