



2026 INSC 1057

NON-REPORTABLE

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO.13117 OF 2026
ARISING OUT OF SLP (CIVIL) NO. 31162 OF 2026

KINETIC GREEN ENERGY
AND POWER SOLUTIONS LIMITED

... APPELLANT

VERSUS

SAERA ELECTRIC AUTO LIMITED

... RESPONDENT

JUDGMENT

1. Leave granted.
2. The present appeal arises from an order dated 20th August 2026 passed by the Division Bench of the High Court of Karnataka at Bengaluru in COMAP No.396 of 2026, whereby the High Court, at the first hearing of the appeal, stayed the order dated 6th August 2026 passed by the Commercial Court, Bengaluru in Com. A.A. No. 279 of 2026 under Section 9 of the Arbitration and Conciliation Act, 1996. The controversy between the parties has its origin in three agreements executed on 26th August 2025, namely, the Manufacturing Agreement, the Supply and Distribution Agreement and the Intellectual Property

Agreement. Under the Manufacturing Agreement, the respondent was to exclusively undertake the manufacture of vehicles for the appellant in accordance with the agreed specifications. The agreement contained, *inter alia*, provisions concerning exclusivity and non-compete obligations. The agreement stipulated its Effective Date and prescribed a contractual term of twenty years. The parties thereafter proceeded under the contractual framework which contemplated, amongst other things, subsequent purchase orders and commencement of sales at a later stage.

3. A dispute subsequently arose concerning the manufacture and sale by the respondent of vehicles under the Mayuri brand, including Mayuri Rattan, as also certain vehicles proposed to be introduced by it. The appellant's case was that the vehicles in question were within the contractual field of exclusivity and non-compete obligations and that their continued manufacture, marketing and sale would defeat the very protection which the agreements were intended to secure. The respondent, on the other hand, contended that its Mayuri vehicles constituted a pre-existing business, that the contractual definition of "Vehicles" was narrower than that asserted by the appellant, and that

the agreements did not operate in the manner suggested by the appellant. It was also contended that the contemplated commercial arrangement had not really commenced, there having been no purchase order for manufacture and no substantial monetary consideration having passed between the parties. It was against this background that the appellant approached the Commercial Court under Section 9 of the Arbitration and Conciliation Act, 1996.

4. The Commercial Court considered the agreements, the material placed by both parties and their respective submissions. **It framed, amongst others, the questions whether the appellant had established a prima facie case and whether the balance of convenience and irreparable injury justified interim protection. Both questions were answered in the affirmative.** The Commercial Court thereafter directed, *inter alia*, that the respondent be restrained from taking steps towards the launch, manufacture, marketing, supply, distribution or sale of new vehicles or products similar to the vehicles contemplated under the Manufacturing Agreement, and from continuing or taking further steps towards manufacture, marketing, distribution and sale of the existing Mayuri branded auto-shaped three-wheeler electric

vehicles, including Mayuri Rattan L5 Auto and similar variants. **The interim measures were expressly made operative for three months or until constitution of the arbitral tribunal, whichever was earlier.**

5. The respondent carried the matter in appeal under Section 37 of the Arbitration and Conciliation Act, 1996. At the first hearing, the High Court recorded that the arrangement between the parties was in the nature of a joint venture, that the joint venture had not "taken off", and that there did not appear to be any tangible consideration which had flowed pursuant to the agreement. The High Court also noticed that the respondent had been manufacturing certain models for several years, some of which had been launched as early as 2023. On that reasoning, the High Court stayed the order of the Commercial Court till the next date of hearing. At the same time, the High Court directed that the respondent would not launch any new vehicle and would maintain accounts of all "auto-shaped vehicles" manufactured by it along with their models.
6. At the time of hearing, the learned Senior Advocates appearing for the parties, in unison, requested this Court to appoint a sole Arbitrator to

adjudicate the disputes arising between them in relation to the three agreements. This Court had asked the parties to mutually discuss and suggest a name for appointment as Arbitrator. Though the Arbitral Tribunal was originally contemplated to consist of three arbitrators, the parties have agreed before this Court that it may consist of a sole arbitrator. The parties have submitted that Justice R.V. Raveendran, former Judge of this Court, may be appointed as the sole Arbitrator to adjudicate the disputes between them. The parties have further submitted that they would file an application under Section 17 of the Arbitration and Conciliation Act, 1996, before the learned Arbitrator seeking appropriate relief, as permissible in law, and have requested that the orders passed by the Commercial Court and the High Court be set aside / modified.

7. Having heard the learned counsels appearing for the parties, we are of the opinion that the constitution of an Arbitral Tribunal to adjudicate the disputes between the parties would be the appropriate course of action at this stage. Accordingly, we request Justice R.V. Raveendran, former Judge of this Court, to kindly act as the sole Arbitrator in the matter. We direct the parties to appear before the learned Arbitrator

Justice Sri R.V. Raveendran on the date as may be notified by the Arbitral Tribunal.

8. Having appointed the learned Arbitrator and the Arbitral Tribunal having thus been constituted, the parties shall be at liberty to file the necessary application under Section 17 of the Act before the Arbitral Tribunal seeking appropriate interim measures, as permissible in law. Consequently, we modify the impugned order passed by the High Court in paragraph No.12 which is to the effect “however, the appellant will not launch any new vehicle” by substituting the same “that the respondent herein will not launch or manufacture the vehicles as described in Annexures - A and B of the agreement dated 26th August, 2026 read with Clause 1.1 – specifications and vehicles as indicated therein” which shall be operative till orders are passed on the application that may be filed under Section 17 of the Arbitration and Conciliation Act, 1996. It is made clear that the remaining portion of the order in paragraph No.12 remains undisturbed and learned Arbitrator would examine the application filed under Section 17 of the Arbitration and Conciliation Act, 1996 being uninfluenced by the observations made under the impugned orders.

9. Accordingly, the order dated 6th August 2026 passed by the Commercial Court, Bengaluru, in Com. A.A. No. 279 of 2026 under Section 9 of the Arbitration and Conciliation Act, 1996, and the order passed by the Division Bench of the High Court of Karnataka at Bengaluru in COMAP No. 396 of 2026 dated 20th August 2026, whereby the High Court, at the first hearing of the appeal, stayed the aforesaid order dated 6th August 2026 passed by the Commercial Court, are hereby set aside / modified. The High Court shall consign the records of COMAP No.396/2026 to file in the teeth of this order.
10. With the aforesaid directions, the appeal stands disposed of. Pending application(s), if any, shall stand disposed of.

.....J.

(ARAVIND KUMAR)

.....J.

(VIPUL M. PANCHOLI)

**NEW DELHI;
SEPTEMBER 24, 2026.**