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DAILY

Court Digest

The day's most significant judgments from India's courts.

IN TODAY'S DIGEST

- **MSME | Bank cannot declare NPA without 90-day continuous default : Calcutta HC**
- **BNS 318(4) | Cheating needs dishonest intent at inception, not later breach : SC**
- **MMC Act | Corporation cannot seize private land, not yet a public street : Bombay HC**

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Criminal Issues

SUPREME COURT

A commercial dispute without dishonest intent at inception cannot be prosecuted as cheating

The dispute. Senior executives of M/s Oriental Aromatics Limited were named in an FIR alleging cheating and criminal breach of trust after a camphor distributorship agreement with M/s D.K. Enterprises broke down. The Jharkhand High Court declined to quash the FIR in February 2025, and the executives challenged that refusal before the Supreme Court.

The reasoning. For cheating under Section 318(4) BNS, dishonest intention must exist at the very inception of the transaction and cannot be inferred solely from a subsequent breach.

> *In case of cheating, the intention of the accused at the time of inducement should be looked into which may be judged by a subsequent conduct, but for this, the subsequent conduct is not the sole test.*
>
> FROM THE JUDGMENT

For your practice. A complaint under the BNS cheating provisions must plead specific facts showing fraudulent intent at the time of the agreement.

The order. The Supreme Court allowed both appeals, set aside the High Court's order of 19 February 2025, and quashed FIR No. 323 of 2024 registered at Kotwali P.S. All proceedings arising from the FIR stand quashed.

§ Section 318(4), Bharatiya Nyaya Sanhita, 2023

PARAG KISHORE SATOSKAR vs STATE OF JHARKHAND

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	12.08.2026	Crl.A. No.-003803-003803 - 2026	2026 INSC 846

BENCH

Sanjay Karol, Augustine George Masih

Contracts & Business Disputes

SUPREME COURT

EPC milestone payments are operational debt but the Section 9 petition was time-barred

The dispute. Sravanthi Infratech won an Rs. 827-crore EPC contract to build a gas-based power station for Srinivasa Reddy Velagala. After the appellant paid only Rs. 50.15 crores of the advance and work stalled, the respondent issued demand notices and in 2018 filed a Section 9 insolvency petition claiming Rs.. The NCLT admitted the Section 9 application in December 2019 and the NCLAT upheld it in February 2021; the corporate debtor appealed to the Supreme Court.

The reasoning. Milestone payments for goods and services under an EPC contract fall within the definition of operational debt in Section 5(21) of the IBC.

> *It held that the EPC contract subsisted, the milestone payments qualified as operational debt, there was no pre-existing dispute, and the Section 9 application was time-barred.*
>
> FROM THE JUDGMENT

For your practice. EPC contractors pursuing insolvency must file Section 9 applications within three years of each milestone's default date.

The order. The Supreme Court set aside the NCLAT judgment of 1 February 2021 and the NCLT order of 13 December 2019. The respondent was directed to pursue its claim through the arbitration mechanism in the EPC contract.

§ Section 5(21), Insolvency and Bankruptcy Code, 2016

SRINIVASA REDDY VELAGALA vs SRAVANTHI INFRATECH PVT. LTD.

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	12.08.2026	C.A. No.-000876 - 2021	2026 INSC 835

BENCH

J.B. Pardiwala, K. Vinod Chandran

Property & Asset Disputes

SUPREME COURT

A Division Bench cannot substitute its own view for a Single Judge's discretionary injunction

The dispute. A family dispute over a testator's estate turned on a series of share and LLP capital transfers made by the original plaintiff, Mrs. Sita Chaudhary, to her granddaughter and son-in-law between 2018 and 2019, funded by interest-free loans of approximately Rs. 50 crores. The Delhi High Court Division Bench set aside the Single Judge's interim injunction in March 2026.

The reasoning. An appellate court may interfere with a discretionary interlocutory injunction only when the lower court acted arbitrarily, capriciously, or perversely, or ignored settled principle.

For your practice. When opposing a grant of interim injunction on appeal, counsel must show that the trial court's discretion was exercised arbitrarily.

The order. The Supreme Court set aside the Division Bench's order of 20 March 2026 and restored the interim injunction of 29 July 2022. The Single Judge is directed to dispose of CS(OS) No. 589 of 2021 within eight months. No costs were awarded.

§ Order XLIII Rule 1(r), Code of Civil Procedure, 1908

SHRUTI MANAV SHARMA vs SUNANINA SINGH

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	12.08.2026	C.A. No.-010601-010606 - 2026	2026 INSC 843

BENCH

Pamidighantam Sri Narasimha, Alok Aradhe

Tort and Personal Injury
Public Utility & Municipal Negligence

SUPREME COURT

Writ petitions for electrocution compensation are barred where facts are disputed

The dispute. Karnataka Power Transmission Corporation Limited challenged High Court awards in two electrocution cases: one where a widow filed a writ after her husband died contacting a live KPTC wire, another where a man was injured touching a 66 kV line while retrieving a cricket ball. High Court Single Judges and Division Benches upheld both writ petitions and applied the Motor Vehicles Act multiplier to fix compensation.

The reasoning. The court held that writ jurisdiction under Article 226 is unavailable where disputed questions of fact require determination, and parties must seek civil remedies instead.

> *It is the settled legal position that where disputed questions of facts are involved a petition under Article 226 of the Constitution is not a proper remedy.*
>
> FROM THE JUDGMENT

For your practice. File a civil suit, not a writ, whenever an electrocution claim turns on contested facts.

The order. Both appeals were allowed. The Supreme Court quashed the High Court awards of Rs.25,52,500 and Rs.44,32,050, confirmed interim compensation of Rs.5,00,000 to the respondents.

§ Section 57, Electricity Act, 2003

KARNATAKA POWER TRANSMISSION CORPORATION LIMITED vs REKHA

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	12.08.2026	C.A. No.-010659-010659 - 2026	2026 INSC 847

BENCH
Sanjay Karol, Augustine George Masih

Government & Public Body Interactions
Service Matters of Government Employees (Transfers, Promotions, etc.)

SUPREME COURT

Age eligibility for compassionate appointment is fixed at process initiation, not consideration

The dispute. The widow and sons of a deceased Western Coalfields employee sought compassionate appointment for the elder son under Clause 9.3.4 of the National Coal Wage Agreement, which caps eligibility at 35 years. The Bombay High Court (Nagpur Bench) dismissed the writ petition in November 2025, upholding the rejection, and the family appealed to the Supreme Court.

The reasoning. Where a welfare scheme fixes an age ceiling but names no cut-off moment, the ceiling must be measured at the date the employer's own process begins, not at the later date of formal consideration.

> *The process for compassionate appointment had already commenced on 04.01.2021 when appellant No.2 was admittedly within the prescribed age limit.*
>
> FROM THE JUDGMENT

For your practice. When filing compassionate appointment claims, anchor the age assessment to the earliest verifiable step in the employer's process and document that date precisely.

The order. The Supreme Court set aside the High Court order of 26 November 2025, directed the respondent to reconsider the claim treating the son as age-eligible within eight weeks of the judgment.

§ **Clause 9.3.4, National Coal Wage Agreement, 2020**

RASPELLI BHAGYA KISTAIYA vs GENERAL MANAGER, WESTERN COALFIELDS LIMITED

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	12.08.2026	C.A. No.-010589-010589 - 2026	2026 INSC 841

BENCH
Aravind Kumar, Vipul M. Pancholi

High Courts

6 judgments in this edition

KEEP SWIPING >>>



Banking Law, Debt & Money Matters
SARFAESI, Mortgage Suits, Lien, Attachment and Sale of property, etc.

CALCUTTA HC

A bank cannot declare an MSME account NPA without a continuous 90-day default

The dispute. Benimadhab Construction, an MSME borrower, held a cash-credit facility of Rs.150 lakhs with a bank that periodically renewed the limit. The borrowers filed a writ petition before the Calcutta High Court challenging both the NPA declaration and the Section 13(2) notice as premature.

The reasoning. The RBI Master Circular of 2 April 2024 requires a continuous overdue period of 90 days before an account can be classified as NPA or treated as out of order.

> *Neither any amount was overdue more than 90 days, neither the account of the petitioners can be treated as 'NPA' or 'out of order'.*
>
> FROM THE JUDGMENT

For your practice. Before invoking SARFAESI, practitioners must verify that the bank holds dated evidence of a continuous 90-day overdue balance.

The order. The court quashed the NPA declaration dated 28 January 2025 and the Section 13(2) notice dated 19 June 2025.

§ **Section 13(2), Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

Benimadhab Construction Private Limited & ors. Vs. Reserve Bank of India & ors.

COURT	DECIDED	CASE NO.	BENCH
Calcutta High Court	12.08.2026	WPA/23190/2025	Krishna Rao

Criminal Issues

CALCUTTA HC

Sections 316 and 318 BNS are mutually exclusive and cannot rest on the same commercial facts

The dispute. Adarsh Parasramka and Seema Trading Company supplied industrial oil to a buyer under a commercial contract from mid-2021 and stopped receiving payment from February 2022. The petitioners filed a criminal revision before the Calcutta High Court seeking to quash the FIR and all proceedings in GR (NS) Case No.218/24.

The reasoning. Criminal breach of trust under Section 316 BNS requires entrustment followed by misappropriation, while cheating under Section 318 requires fraudulent intent at the inception of the transaction.

> *The two offences cannot coexist simultaneously on the same set of facts. They are antithetical to each other. The two provisions of the IPC (now BNS, 2023) are not twins that they cannot survive without each other.*
>
> FROM THE JUDGMENT

For your practice. Before advising a commercial client to file a criminal complaint over a payment default, confirm that the facts support a distinct fraudulent intention at the outset.

The order. The Court allowed CRR 5075 of 2024, quashing the FIR (Bowbazar P.S. Case No.57/24 dated 12 April 2024) and all proceedings in GR (NS) Case No.218/24. All interim orders were vacated and the trial court was directed to comply.

§ Section 316, Bharatiya Nyaya Sanhita, 2023

Adarsh Parasramka & ors. v. State of West Bengal & ors.

COURT	DECIDED	CASE NO.	BENCH
Calcutta High Court	12.08.2026	CRR/5075/2024	Shampa Dutt

Criminal Issues
Sexual Offences, POCSO & Domestic Crimes

DELHI HC

Child testimony consistent on material facts sustains a POCSO conviction without corroboration

The dispute. Netram Kumar, a drawing teacher at a government school in Delhi, was accused of repeated sexual misconduct against a minor student aged about 12 within school premises between February 2015 and July 2016. Kumar appealed under the Bharatiya Nagarik Suraksha Sanhita challenging the conviction on grounds that the child's testimony was inconsistent.

The reasoning. A child's testimony that is consistent on material particulars inspires confidence and sustains conviction even without medical or documentary corroboration.

> *It is now well-settled principle of law that conviction can be sustained on the sole testimony of the prosecutrix if it inspires confidence.*
>
> FROM THE JUDGMENT

For your practice. In POCSO trials, defence counsel must target material contradictions in the child's account rather than peripheral inconsistencies of date or location.

The order. The appeal was dismissed. The conviction under Sections 354, 354A IPC and Section 10 POCSO was affirmed along with the five-year sentence, a fine of Rs.2,000 with one month simple imprisonment in default.

§ **Section 29, Protection of Children from Sexual Offences Act, 2012**

NETRAM KUMAR vs THE STATE OF NCT OF DELHI

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	12.08.2026	CRL.A.-573/2026	2026:DHC:6553	Madhu Jain



Consumer & Service Problems
Education, Coaching & Skill Courses

PATNA HC

Private school expulsion without notice or hearing is amenable to Article 226 writ jurisdiction

The dispute. A Class IX student at Don Bosco Academy, Patna, a private unaided ICSE-affiliated school, was expelled on 17 October 2025 without a show-cause notice or any hearing, days before the Final Term Examination scheduled for February 2026. The student's father filed a writ petition under Article 226 before the Patna High Court.

The reasoning. A private unaided school discharging the public function of imparting education - a right guaranteed under Article 21A - is amenable to writ jurisdiction under Article 226 regardless of its private character.

For your practice. Before advising a private school client to expel a student, counsel must confirm the misconduct falls within an explicitly enumerated ground and that a show-cause notice.

The order. The expulsion order dated 17 October 2025 was quashed and set aside. The school was directed to permit the student to resume classes and sit for the Final Term Examination.

§ Article 226, Constitution of India, 1950

Satyam vs The State of Bihar

COURT	DECIDED	CASE NO.	BENCH
Patna High Court	11.08.2026	CWJC-2449/2026	Harish Kumar

Property & Asset Disputes
Land/Property Acquisition Compensation & Rehabilitation

BOMBAY HC

Sections 297 and 299 of the MCGM Act cannot reach private land that is not a public street

The dispute. Newkem Products Corporation and its managing partner own a 13,337-sq-metre factory at Bhandup (West), Mumbai, in continuous private possession since 1957. The factory owners filed a writ petition before the Bombay High Court challenging both notices as exceeding the statutory jurisdiction conferred by Sections.

The reasoning. Sections 297 and 299 authorise the municipal commissioner to prescribe a regular line and take possession only in relation to an existing public street.

> *The Respondents cannot take possession of the Petitioners' private land between points C and D by invoking Sections 297 and 299 of the Act in the facts of the present case.*
>
> FROM THE JUDGMENT

For your practice. Verify that land targeted under Sections 297 or 299 is an existing public street before any acquisition step; inclusion in a development plan does not convert private land.

The order. The Bombay High Court quashed the notices dated 5 July 2024 and 1 April 2025 insofar as they demanded possession of the petitioners' land between points C and D. Interim Applications No.2562 of 2026 and No.6738 of 2025 were disposed of.

§ Section 297, Mumbai Municipal Corporation Act, 1888

GIRISH MORESHWAR GAWAND & ors. vs NEWKEM PRODUCTS CORPORATION & ors.

COURT	DECIDED	CASE NO.	BENCH
Bombay High Court	11.08.2026	IA/6738/2025	Gautam A. Ankhad

Government & Public Body Interactions

DELHI HC

Resignation after 25 years of service does not forfeit post-retirement medical benefits

The dispute. Priya Srivastava served CRIS for approximately 28 years before applying for voluntary retirement in February 2024. A single judge allowed Srivastava's writ petition and directed CRIS to process her claims; CRIS challenged that order in the present intra-court appeal.

The reasoning. The court held the 2010 amendment ultra vires because it was approved only by the Managing Director and not by the Governing Council as Rule 12 of the bye-laws required.

> *the inclusion of "resignation" in Rule 8.4 is otiose because the benefit is already anchored to the completion of 25 years of service, irrespective of the manner of termination.*
>
> FROM THE JUDGMENT

For your practice. Any amendment to a statutory body's internal rules must trace its authority to the correct approving body.

The order. The intra-court appeal was dismissed. Srivastava and her spouse are entitled to post-retirement medical benefits under the Medical Attendance Rules, 2009, with no order as to costs.

§ Medical Attendance Rules, 2009 (as amended), 2009

THE REGISTRAR, CENTRE FOR RAILWAY INFORMATION SYSTEMS & ors. vs PRIYA SRIVASTAVA & ors.

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	12.08.2026	LPA-575/2026	2026:DHC:6557-DB	Tejas Karia

Tribunals

2 judgments in this edition

KEEP SWIPING →

Contracts & Business Disputes

CESTAT

A transport bill with essential consignment particulars qualifies as a GTA consignment note

The dispute. M/s J.P. Logistics, registered for clearing-and-forwarding services, also provided goods transport to Mother Dairy and Vadilal under reverse-charge arrangements, issuing bills rather than documents titled consignment notes. The Commissioner (Appeals) partially allowed the first demand and upheld the second; J.P. Logistics appealed both to CESTAT Allahabad.

The reasoning. Bills with essential transport particulars qualify as consignment notes under Section 65(50b); the document's label is immaterial. Form-26AS cannot found a Service Tax demand, and a notice covering facts already known to the Department is barred by limitation.

For your practice. Transport bills must capture all statutory particulars - consignor, consignee, vehicle number, load description, and freight - so they survive reclassification challenges.

The order. CESTAT set aside the service tax demands of Rs 17,60,474 and Rs 98,72,561, vacated penalties under Sections 73(1), 77(1)(a), 77(1)(c) and 70 of the Finance Act 1994, and quashed both show-cause notices.

§ Section 65(50b), Finance Act, 1994

J P Logistics vs Ce & ors.

COURT
Customs Excise and Service Tax Appellate Tribunal

DECIDED
12.08.2026

CASE NO.
Service Tax Appeal No.70251 of 2022 & Service Tax Appeal No.70831 of 2025

BENCH
P.K. Choudhary

Intellectual Property (IP) Law
Copyrights Registration, Objections and Infringement

CESTAT

Copyright-based software licences fall outside the IPR service tax definition under s.65(55a)

The dispute. HCL Infosystems, an OEM computer manufacturer, paid royalties to Microsoft from 2005 to May 2008 under a licence to pre-install Windows on machines it sold, affixing a Certificate of Authenticity on each chassis. An Order-in-Original of October 2018 confirmed the demand with interest and penalties; HCL appealed to CESTAT Allahabad, which heard the matter in August 2026.

The reasoning. Section 65(55a) of the Finance Act 1994 expressly excludes copyright from the definition of intellectual property right; a licence to use pre-installed copyrighted software confers no patent, trademark, or analogous right.

For your practice. Software licence agreements should state clearly that the grant is non-exclusive use of copyrighted code and transfers no enumerated IPR.

The order. CESTAT set aside the demand of Rs 16,67,01,000 together with interest and all penalties under Sections 73, 76, 77 and 78 of the Finance Act 1994.

§ Section 65(55a), Finance Act, 1994

Hcl Infosystems Limited vs Ce & ors.

COURT
Customs Excise and Service Tax Appellate Tribunal

DECIDED
12.08.2026

CASE NO.
Service Tax Appeal No.70131 of 2019

BENCH
P. K. Choudhary

Also decided today

§ Section 69, Central Goods and Services Tax Act, 2017 SUPREME COURT

Interim protection from arrest cannot survive the dismissal of the underlying bail application

Interim relief under Article 226 must be ancillary to a maintainable main relief; once a pre-arrest bail application is dismissed, no residual protective order can be granted.

Crl.A. No.-003795-003795 - 2026 · 2026 INSC 849 · 12.08.2026

§ Section 7A, Juvenile Justice (Care and Protection of Children) Act, 2000 SUPREME COURT

A juvenile finding voids adult sentences even when the conviction is upheld

Where an accused is proved to have been a juvenile on the date of the offence, adult sentences are void by operation of Section 7A of the Juvenile Justice Act, regardless of the conviction's validity.

Crl.A. No.-000064-000064 - 2011 · 2026 INSC 842 · 12.08.2026

§ Section 69, Indian Partnership Act, 1932 SUPREME COURT

A money-recovery suit on specific bills is barred once three years from demand expires

A Registrar's memorandum of registration conclusively proves a partnership firm's status under Section 69(2) of the Indian Partnership Act.

C.A. No.-010658-010658 - 2026 · 2026 INSC 839 · 12.08.2026

Also decided, continued

§ Section 96, Code of Civil Procedure, 1908

SUPREME COURT

A single composite appeal under Section 96 CPC is maintainable against a common judgment

When a trial court consolidates two suits filed by the same plaintiff and delivers one common judgment, a single composite appeal satisfies Section 96 CPC and Order XLI Rule 1, provided certified copies of both decrees and the requisite fees are filed.

C.A. No.-009923-009924 - 2026 · 2026 INSC 838 · 12.08.2026

§ Section 438, Code of Criminal Procedure, 1973

PATNA HC

Anticipatory bail cannot carry a condition requiring payment of monthly maintenance

Conditions attached to anticipatory bail under Section 438 CrPC must be relevant, proportionate, and directly connected to the risk of non-appearance.

Cr.Misc.-48359/2019 · 11.08.2026

§ Section 50, Narcotic Drugs and Psychotropic Substances Act, 1985

GUJARAT HC

Section 50 NDPS Act search-rights obligation is mandatory but a breach does not automatically

Section 50 of the NDPS Act imposes a mandatory duty to inform a person to be searched of his right to elect a gazetted officer or magistrate; a breach renders the seizure suspect.

R/CR.A/1869/2008 · 2026:GUJHC:50946 · 12.08.2026

Also decided, continued

§ Section 8, NDPS Act, 1985 DELHI HC

NDPS bail cannot rest on co-accused statements and CDRs when no recovery is made

Co-accused disclosure statements are secondary evidence and require corroboration by primary material; call-detail records establish only that two numbers communicated, not the substance of any conversation.

BAIL APPLN.-1043/2026 · 2026:DHC:6565 · 12.08.2026

§ Look Out Circular, Ministry of Home Affairs, Office Memoranda 2010 & 2017 DELHI HC

Judicial review of a Look Out Circular tests reasonable belief of economic detriment, not

The 2017 MHA amendment permits a Look Out Circular without a cognizable offence where there is a reasonable belief that departure would be detrimental to the economic interests of India.

LPA-78/2022 · 2026:DHC:6605-DB · 12.08.2026

§ Motor Vehicles Act, 1988 PUNJAB AND HARYANA HC

Motor accident compensation must include future prospects, loss of consortium

Just compensation under the Motor Vehicles Act requires the tribunal to add future earning prospects at 40-50% of monthly income, apply the Sarla Verma age-based multiplier, and award conventional heads for consortium and loss of estate.

FAO/1170/2003 · 12.08.2026

The Supreme Court's ruling on BNS 318(4) draws a firm line between a commercial dispute and a criminal one, holding that dishonest intent must exist at the very inception of the transaction and cannot be inferred from a later failure to perform. The question it leaves practitioners with: when a complainant pleads both a broken contract and cheating, how much of the original transaction record will now be examined before a court decides whether to proceed?

22 judgments **9** Supreme Court **11** High Courts **2** Tribunals

Every judgment here, analysed in full.

The facts, the reasoning and the precedents each court engaged with.

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