Cassie

SATURDAY
19 SEPTEMBER 2026

DAILY

Court Digest

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

IN TODAY'S DIGEST

- **S.96(4) IBC | Interim moratorium vacated retroactively : Bombay HC**
- **S.242 Co Act | Swiss challenge share valuation for deadlock : NCLAT**
- **S.18 Arb Act | Curated arbitrator panel violates equality : Delhi HC**
- **Tenth Schedule | Contesting on rival ticket forfeits seat : Tel HC**
- **S.102 CrPC | Bank account freeze limited to disputed sum : Gauhati HC**

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Supreme Court

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Government & Public Body Interactions
Municipal Licences, Trade Licences & Shop Establishment Issues

SUPREME COURT

Poison rules mandating colourants and pre-sale checks on industrial methanol are arbitrary

The dispute. Methanol manufacturers and industrial consumers challenged amended state poison rules following a spurious liquor tragedy. The impugned amendments mandated pre-sale verification of retail poison licences and addition of denaturants to industrial-grade methanol. The Supreme Court heard direct writ petitions challenging the constitutional validity of Rules 18A and 18B of the Maharashtra Poisons Rules.

The reasoning. Subordinate legislation that imposes commercially impossible compliance burdens without a proximate nexus to preventing chemical misuse is manifestly arbitrary under Article 14.

For your practice. Provides a direct constitutional weapon to challenge disproportionate state licensing restrictions on bulk industrial raw materials.

The order. The Supreme Court struck down Rules 18A and 18B of the Maharashtra Poisons Rules, 1972 as unconstitutional, and quashed all consequential regulatory notices.

§ Article 14, Constitution of India

M/S. BALAJI FORMALIN PVT. LTD. THROUGH DIRECTOR vs UNION OF INDIA

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	18.09.2026	W.P.(C) No.-000893 - 2019	2026 INSC 1009

BENCH
J.B. Pardiwala, K. Vinod Chandran

High Courts

6 judgments in this edition

KEEP SWIPING >>>

Government & Public Body Interactions

DELHI HC

Advocate-client privilege does not protect a lawyer from GST search into personal fraud

The dispute. Tax authorities executed a statutory search under Section 67 CGST Act at the office premises of a consulting firm and seized digital devices from an advocate's cabin. The advocate challenged the search as a violation of legal professional privilege and sought immediate return of equipment. The Delhi High Court heard a writ petition seeking to quash a GST search authorization and seeking return of seized electronic records.

The reasoning. Professional privilege protects confidential legal advice but does not immunise an advocate from investigation when personal complicity in tax evasion is alleged.

For your practice. Clarifies the limits of professional privilege when tax enforcement agencies target lawyer cabins for alleged personal transactions.

The order. The High Court dismissed the challenge to the search authorisation, permitted imaging of seized data, and established strict protocols to seal privileged client communications.

§ Section 67, Central Goods and Services Tax Act, 2017

PUNEET BATRA vs UNION OF INDIA & ors.

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	18.09.2026	W.P.(C)-11021/2025	2026:DHC:7976-DB	Anil Kshetarpal

Government & Public Body Interactions
Administrative & Disciplinary Proceedings against Public Servants

TELANGANA HC

Contesting elections on a rival party ticket triggers Tenth Schedule disqualification

The dispute. An elected state legislator filed nomination and actively campaigned as a parliamentary candidate for a rival political party without resigning his legislative seat. Rival legislators filed disqualification petitions which the Assembly Speaker dismissed as lacking proof of formal party resignation. The Telangana High Court heard writ petitions challenging the Speaker-cum-Tribunal order dismissing Tenth Schedule disqualification petitions.

The reasoning. Voluntarily giving up membership under Paragraph 2(1)(a) of the Tenth Schedule does not require formal written resignation and is inferred from overt political conduct.

For your practice. Bars defecting legislators from retaining assembly membership while running for rival parties during pending disqualification proceedings.

The order. The High Court set aside the Speaker's order, declared the legislator disqualified from the date of filing his parliamentary nomination, and declared the assembly seat vacant.

§ **Paragraph 2(1)(a) of the Tenth Schedule to the Constitution of India**

Alleti Maheshwar Reddy vs The Honourable Speaker-Cum-Tribunal

COURT	DECIDED	CASE NO.	BENCH
Telangana High Court	18.09.2026	WP 8409/2026	G.M. Mohiuddin

Criminal Issues
Digital Fraud & Cybercrime

GAUHATI HC

Section 102 CrPC bank account freezes must be restricted strictly to the disputed sum

The dispute. A footwear merchant's current business account was frozen without notice following an interstate cybercrime complaint regarding a single Rs 1,700 credit. The bank refused all account operations despite petitioner offering a lien over the disputed sum. The Gauhati High Court heard a writ petition challenging total account debit freezes ordered by cybercrime police.

The reasoning. Police authorities cannot freeze an entire operational bank account when an investigation concerns a specific suspected credit. Freezing funds beyond the disputed transaction violates the constitutional right to livelihood under Article 21.

For your practice. Practitioners must now advise banks to restrict account freezes to the specific sum indicated in investigative directions and obtain clear authorization before blocking funds. Litigants can challenge overbroad freezes as violations of Article 21, seeking relief to operate the unfrozen balance and claim compensation for losses incurred due to arbitrary restrictions.

The order. The Court directed Bandhan Bank to restrict the debit freeze on petitioner's account to Rs. 1,700 by placing a lien over that sum, allowing operation of the remaining balance upon submission of KYC form and compliance with any further instructions from competent authority.

§ Section 102, Code of Criminal Procedure, 1973

ISMAIL HUSSAIN VERSUS THE BANDHAN BANK & ors.

COURT	DECIDED	CASE NO.	CITATION
Gauhati High Court	18.09.2026	WP(C)/2308/2026	2026:GAU-AS:13907

BENCH
Manish Choudhury



Banking Law, Debt & Money Matters
Recovery of Personal/Business Loans & Debts

DELHI HC

Civil arrest warrants lie against corporate officers who conceal bank accounts in execution

The dispute. An award-holder sought execution of a commercial money decree against a corporate debtor whose authorized representative filed false asset affidavits concealing operational bank accounts. The representative made substantial post-award withdrawals while claiming total corporate insolvency. The Delhi High Court heard a civil revision petition challenging an executing court order issuing bailable warrants against a company representative.

The reasoning. Order XXI Rule 41(3) CPC empowers executing courts to commit corporate officers to civil prison for willful non-compliance with asset disclosure orders.

For your practice. Gives decree-holders a coercive procedural remedy to secure personal arrest warrants against evasive company directors and officers.

The order. The High Court dismissed the revision petition, upheld the issuance of warrants against the representative, and directed compliance with full asset disclosure.

§ **Order XXI Rule 41(3) of the Code of Civil Procedure, 1908**

SYED FARHAN ALI vs M/S ABB INDIA LIMITED

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	18.09.2026	CM(M)-1689/2026	2026:DHC:8008	Ajay Digpaul



Banking Law, Debt & Money Matters
Insolvency & Bankruptcy (IBC)

BOMBAY HC

Section 96(4) IBC applies retroactively to vacate interim moratoriums in pending proceedings

The dispute. Secured banks and financial institutions sought to enforce debt recovery against personal guarantors who had obtained interim moratoria by filing repeated insolvency applications. The lenders argued that newly enacted Section 96(4) immediately lifted protection from secured assets. The Bombay High Court heard a batch of writ petitions by secured creditors challenging DRT orders that restrained asset realisation under interim moratorium.

The reasoning. Sub-section (4) of Section 96 applies retroactively to pending individual insolvency applications from its effective date of 26 May 2026.

> *It held that a plain reading of sub-section (4) added by way of amendment shows that it must apply retroactively.*
>
> FROM THE JUDGMENT

For your practice. Allows commercial lenders to immediately resume DRT and SARFAESI recovery against personal guarantors despite pending Section 94 or 95 filings.

The order. The High Court allowed the writ petitions, set aside the DRT restraint orders, and held that interim moratoria ceased to operate over secured assets from 26 May 2026.

§ Section 96, Insolvency and Bankruptcy Code, 2016

RBL BANK LTD vs STATE OF MAHARASHTRA THRU SENIOR INSPECTOR OF POLICE, BORIVALI POLICE STATION

COURT	DECIDED	CASE NO.	CITATION
Bombay High Court	18.09.2026	WPL/22742/2026	2026:BHC-OS:20542-DB

BENCH
Manish Pitale, Shreeram V. Shirsat

Contracts & Business Disputes
Commercial Arbitration & Dispute Resolution

DELHI HC

Arbitration clause restricting selection to an employer-curated panel violates equality

The dispute. A railway catering contractor faced contract termination following tender certificate disputes and invoked arbitration under a public procurement agreement. The clause required the contractor to select an arbitrator solely from a pre-determined panel curated exclusively by the public entity. The Delhi High Court heard a Section 11 petition under the Arbitration and Conciliation Act seeking the appointment of an independent sole arbitrator.

The reasoning. An arbitration clause that restricts one party's choice to a narrow panel maintained exclusively by the other violates the equal treatment mandate under Section 18.

For your practice. Enables commercial contractors to bypass restrictive public sector arbitrator panels and obtain independent judicial appointments.

The order. The High Court allowed the petition, held the curated panel clause invalid, and appointed a retired High Court Judge as independent sole arbitrator.

§ Section 18, Arbitration and Conciliation Act, 1996

EXPRESS FOOD SERVICES vs INDIAN RAILWAY CATERING AND TOURISM CORPORATION LIMITED

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	17.09.2026	ARB.P.-1664/2026	2026:DHC:7993	Sachin Datta

Tribunals

1 judgment in this edition

KEEP SWIPING →

Contracts & Business Disputes
Company Incorporation, Structuring & Shareholder Matters

NCLAT

Swiss challenge bidding is a valid equitable remedy for share buyout in family firm deadlocks

The dispute. Shareholder factions in a closely held software firm locked into severe management deadlock after an agreed settlement remained unimplemented. A minority shareholder petitioned the tribunal alleging continuous oppression and financial mismanagement. The NCLAT heard a company appeal challenging an NCLT order directing a Swiss Challenge mechanism for intra-shareholder share valuation and buyout.

The reasoning. Tribunals exercising equitable jurisdiction under Sections 241 and 242 of the Companies Act possess broad discretion to devise fair exit mechanisms.

For your practice. Enables corporate counsel to seek Swiss challenge bidding as a fast judicial remedy in shareholder oppression disputes.

The order. The NCLAT dismissed the appeal, affirmed the NCLT directions for Swiss Challenge bidding under court supervision, and ordered adherence to the valuation schedule.

§ **Section 242(2)(b), Companies Act, 2013**

Mr. Nayan Shah & ors. vs Cheers Interactive (India) Private ...

COURT
National Company Law Appellate Tribunal

DECIDED
18.09.2026

CASE NO.
Company Appeal (AT) No. 122 of 2026

BENCH
Ajai Das Mehrotra

Also decided today

§ Order XXI Rule 1 of the Code of Civil Procedure, 1908 — SUPREME COURT

Conditional court deposit to stay award enforcement does not extinguish interest liability

Deposit of an awarded sum to obtain a stay does not stop post-award interest unless available for unconditional withdrawal. Under Order XXI Rule 1 CPC, interest runs until the decree-holder receives payment.

C.A. No.-013010-013010 - 2026 · 2026 INSC 1017 · 18.09.2026

§ Section 263, Income Tax Act, 1961 — SUPREME COURT

Section 263 revisional jurisdiction requires coexistence of erroneous and prejudicial findings

Revisional jurisdiction under Section 263 cannot be invoked merely because the revenue prefers an alternative assessment view. The Commissioner must establish that the assessment order is both erroneous and prejudicial to revenue.

C.A. No.-000143-000144 - 2013 · 2026 INSC 1018 · 18.09.2026

§ Section 148, Negotiable Instruments Act, 1881 — UTTARAKHAND HC

Twenty percent compensation deposit under Section 148 NI Act is directory, not mandatory

The word 'may' in Section 148 of the Negotiable Instruments Act confers discretion on appellate courts. Directing statutory deposit mechanically without considering genuine financial hardship renders the order unsustainable.

C528/2032/2026 · 2026:UHC:8354 · 18.09.2026

Also decided, continued

§ Section 47, Bharatiya Nagarik Suraksha Sanhita, 2023 GAUHATI HC

Omission of grounds in BNSS Section 47 arrest notices vitiates custody and justifies bail

Arrest notices under Sections 47 and 48 of the BNSS must communicate specific grounds of arrest to satisfy constitutional safeguards under Articles 21 and 22.

Bail Appln./1337/2026 · 17.09.2026

§ Section 7, Press and Registration of Books Act, 1867 GAUHATI HC

Newspaper proprietor cannot be prosecuted for defamation absent printer or editor role

Under Section 7 of the Press and Registration of Books Act, 1867, statutory presumption of responsibility attaches only to the printer, publisher, or editor. A shareholder or proprietor cannot be held vicariously liable for published defamation.

Crl.Pet./1197/2023 · 17.09.2026

§ Order 23 Rule 3, Code of Civil Procedure, 1908 CALCUTTA HC

Independent suit to challenge a consent decree is barred under Order XXIII Rule 3A CPC

Under Order XXIII Rule 3A CPC, an independent suit to set aside a consent decree on grounds of fraud is not maintainable. The aggrieved party must approach the very court that recorded the compromise.

CS/309/2012 · 18.09.2026

Also decided, continued

§ Order VI Rule 17, Code of Civil Procedure, 1908 DELHI HC

Pleading amendments under Order VI Rule 17 CPC cannot resile from categorical denial

Order VI Rule 17 does not permit a defendant to withdraw a categorical denial and substitute a mutually destructive defence. Belated amendments that prejudice the opposing party's established legal position must be rejected.

CM(M)-3094/2024 · 2026:DHC:8011 · 18.09.2026

§ Section 63, Indian Succession Act, 1925 DELHI HC

Will attestation is valid when witness signs in testator presence at counsel behest

Section 63 of the Indian Succession Act requires that attesting witnesses sign in the presence of the testator. That an advocate requested the witness to attest the document does not invalidate execution when signed in the testator's physical presence.

FAO-148/2009 · 2026:DHC:8047 · 18.09.2026

§ Section 41, Consumer Protection Act, 2019 SCDRC

Medical negligence claims under CPA require cogent expert evidence, not mere complications

Under Section 41 of the Consumer Protection Act, 2019, adverse medical outcomes or post-surgical complications do not establish negligence per se.

SC/3/A/671/2022 · 17.09.2026

Can an executive notification introduce retrospective regulatory hurdles that disrupt settled industrial supply chains under the guise of poison control?

17 judgments **3** Supreme Court **12** 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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