Cassie

SATURDAY
26 SEPTEMBER 2026

DAILY

Court Digest

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

IN TODAY'S DIGEST

- **S.5(2) Admiralty Act | Charter termination bars vessel arrest : SC**
- **S.93 CGST Act | Tax proceedings lie against legal heirs : Delhi HC**
- **S.36(4) IBC | ESI dues are trust assets exempt from haircuts : NCLAT**
- **Consumer Law | Builder earnest money forfeiture capped at 10% : NCDRC**

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Supreme Court

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Contracts & Business Disputes
Breach, Disputes & Reliefs

SUPREME COURT

Vessel arrest requires demise charterer status to continue on the date of arrest

The dispute. The registered owner of MV Nereus Progress terminated a bareboat charterparty for unpaid hire, relegating the defaulting charterer to a gratuitous bailee. Weeks later, a maritime claimant against the charterer obtained an ex-parte arrest order against the vessel at Tuticorin Port. The High Court dismissed the owner's application and sustained the arrest, prompting this statutory appeal before the Supreme Court.

The reasoning. A contractual termination notice immediately extinguishes demise charterer status without requiring physical repossession. Holding the vessel as a gratuitous bailee cannot sustain an admiralty arrest under Section 5(2) against the owner.

For your practice. Claimants seeking vessel arrest under Section 5(2) must verify continuing charterer status, as prior termination shields owners from third-party maritime claims.

The order. The Supreme Court allowed the appeal, set aside the High Court judgment, vacated the arrest order, directed immediate release of the vessel, and awarded costs to the appellant.

§ **Section 5(2), Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017**

OWNERS AND PARTIES INTERESTED IN M.V. NEREUS PROGRESS vs OM FREIGHT FORWARDERS LTD.

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	25.09.2026	C.A. No.-013134-013134 - 2026	2026 INSC 1055

BENCH
Joymalya Bagchi, V. Mohana

High Courts

3 judgments in this edition

KEEP SWIPING >>>

Government & Public Body Interactions

DELHI HC

Tax and penalty proceedings may be initiated against legal heirs after the taxpayer's death

The dispute. Tax authorities seized 15.4 lakh rupees from the premises of the petitioner's husband during a fraudulent input tax credit inquiry. Three years after his death, the department issued a show-cause notice to the petitioner as his legal representative and imposed a penalty. The widow filed a writ petition challenging the notice and penalty order, asserting that proceedings could not originate after the taxpayer's death.

The reasoning. Section 93 permits initiating tax or penalty proceedings after death without requiring prior commencement during the deceased's lifetime. Confining recovery strictly to the estate's capacity provides a rational basis that defeats arbitrariness challenges.

For your practice. Practitioners must now scrutinize departmental claims of lawful retention of seized assets in posthumous GST cases, demanding complete accounts of funds, interest earned, and statutory basis for retention, as mere characterization as 'voluntary submission' is insufficient to justify indefinite holding.

The order. Writ Petition disposed of with liberty to appeal under Section 107 CGST Act within four weeks; Respondents must identify precise statutory provision, liability sought, computation, and basis for enforceability against estate of deceased.

§ Section 93, Central Goods and Services Tax Act, 2017

JAIWANTI vs UNION OF INDIA & ors.

COURT	DECIDED	CASE NO.	CITATION
Delhi High Court	25.09.2026	W.P.(C)-7254/2025	2026:DHC:8282-DB

BENCH

Anil Kshetarpal, Vimal Kumar Yadav

Criminal Issues
Cheque Bounce

KARNATAKA HC

Account blocked endorsement after partner's death cannot sustain cheque dishonour prosecution

The dispute. A supplier presented a firm's signed cheque nearly ten months after the managing partner of the two-partner firm passed away. The bank returned the instrument endorsed account blocked, but the supplier nevertheless filed a criminal complaint against the surviving partner. The surviving partner petitioned the High Court under Section 482 seeking to quash the trial court's order taking cognizance of the complaint.

The reasoning. A return endorsement reading account blocked does not satisfy the statutory ingredient of insufficiency of funds. A two-partner firm dissolves on a partner's demise, barring criminal liability for cheques presented on frozen accounts.

For your practice. Equips defence counsel to seek immediate quashing of cheque dishonour complaints where bank return memos cite blocked accounts rather than insufficient funds.

The order. The High Court allowed the petition and quashed the criminal complaint pending against the petitioner before the magistrate. It terminated all proceedings arising from the cheque without awarding costs or compensation.

§ Section 138, Negotiable Instruments Act, 1881

V. B. NAGARAJ vs M/S. PEREGRINE PHOSPHATE (P) LTD

COURT	DECIDED	CASE NO.	BENCH
Karnataka High Court	25.09.2026	CRL.P/4428/2019	H.P. Sandesh

Contracts & Business Disputes
Arbitration Agreements, Proceedings & Enforcement

DELHI HC

Waiver of arbitrator ineligibility requires an express written agreement after disputes arise

The dispute. The Airports Authority of India awarded a construction contract to Ahluwalia Contracts in 2009. After the authority levied Rs 1.45 crore in compensation, Ahluwalia initiated arbitration, where an arbitrator unilaterally appointed by the authority awarded claims to the contractor. The Single Judge set aside the award holding the unilateral appointment void, which the contractor challenged in appeal.

The reasoning. Section 12(5) renders an ineligible arbitrator void ab initio unless waived by an express post-dispute written agreement. Unilateral appointment and subsequent participation in proceedings cannot substitute for the mandatory statutory writing.

For your practice. Parties defending awards cannot rely on arbitral participation to cure unilateral appointments absent an express post-dispute written agreement.

The order. The High Court dismissed the appeal, upholding the order setting aside the arbitral award and leaving parties to pursue contractual remedies without costs.

§ **Section 12(5), Arbitration and Conciliation Act, 1996**

M/S AHLUWALIA CONTRACTS (INDIA) LIMITED (ACIL) vs AIRPORTS AUTHORITY OF INDIA (AAI)

COURT	DECIDED	CASE NO.	CITATION
Delhi High Court	25.09.2026	FAO(OS) (COMM)-246/2026	2026:DHC:8252-DB

BENCH
Anil Kshetarpal

Tribunals

3 judgments in this edition

KEEP SWIPING →



Consumer & Service Problems
Builder/Construction Matters, Delayed Possession, Structural Issues, etc.

NCDRC

Developer cannot forfeit more than ten percent of basic sale price as earnest money

The dispute. Homebuyers booked a Gurgaon apartment and paid over twenty-six lakh rupees before halting further instalments over alleged discrepancies in usable carpet area. The builder cancelled the allotment for non-payment, forfeited excessive earnest money, and returned only a portion of the deposited sum. The buyers approached the National Commission seeking a full refund with interest and compensation for alleged unfair trade practices.

The reasoning. A real estate developer cannot forfeit earnest money exceeding ten percent of the basic sale price without demonstrating actual loss. Any partial refund made by the builder must first be allocated to accrued interest before adjusting the remaining principal.

> *We accordingly hold that Opposite Party No.1 could not have forfeited more than 10% of the Basic Sale Price.*
>
> FROM THE JUDGMENT

For your practice. Lawyers must now cap earnest money claims at 10% of the basic sale price unless actual loss is demonstrated, ensure that any refunds are first allocated to interest before principal, and note the three-month enforcement window with escalating interest on delay.

The order. The Commission allowed the complaint in part, limiting Experion's earnest money retention to 10% of the basic sale price.

§ **Section 2(1)(g), Consumer Protection Act, 1986**

ANITA YADAV & ors. vs EXPERION DEVELOPERS PRIVATE LIMITED & ors.

COURT	DECIDED	CASE NO.
National Consumer Disputes Redressal Commission	25.09.2026	NC/CC/327/2019

BENCH
Sudip Ahluwalia, Sadhna Shanker

Work & Employment Issues
PF, ESI & Statutory Benefits Disputes

NCLAT

ESI contributions are trust assets excluded from the corporate debtor liquidation estate

The dispute. An insolvent jute mill owed over thirteen crore rupees in unpaid employees' state insurance contributions accrued before insolvency. The approved resolution plan treated the statutory dues as ordinary operational debt, allocating only one percent towards full settlement. The insurance corporation appealed to the NCLAT challenging the adjudicating authority's approval of the debt resolution plan.

The reasoning. ESI contributions held by a corporate debtor are trust monies excluded from the liquidation estate under Section 36(4)(a)(i). Filing operational claim forms is purely procedural and cannot subject statutory trust funds to the Section 53 waterfall.

For your practice. Protects statutory employee benefit dues from resolution plan haircuts by establishing that trust funds cannot be diluted as ordinary operational claims.

The order. The NCLAT set aside the plan's one percent payout on the thirteen crore rupee claim. It directed the resolution professional to re-determine and disburse the excluded statutory dues.

§ Section 36(4)(a)(i) of the Insolvency and Bankruptcy Code, 2016

Employees State Insurance Corporation vs Sri Lakshmi Srinivasa Jute Mills Pvt. ...

COURT
National Company Law Appellate Tribunal

DECIDED
25.09.2026

CASE NO.
Company Appeal (AT) (CH) (Ins) No.410/2022 (IA Nos.1005 & 1060/2022)

BENCH
N. Seshasayee, Jatindranath Swain



Consumer & Service Problems
Banking, Loans & Financial Services

SCDRC

Levying bounce charges on premature instalment presentment constitutes unfair trade practice

The dispute. A borrower availed a personal loan of three lakh rupees repayable in monthly instalments due by the seventh of each month. The bank presented electronic clearance instructions on the first of the month, triggering bounce charges and penalties despite adequate credit balances in his account. The District Commission disallowed penalties for most months but excluded two instalments, prompting the borrower to appeal for a full refund.

The reasoning. Levying cheque bounce penalties before the contractual due date constitutes an unfair trade practice when the borrower maintains sufficient account balance.

For your practice. Practitioners must now examine loan agreement clauses to determine the exact due date for EMI repayment and challenge any bounce charges levied before that date; they should rely on account statements to prove sufficiency of funds and avoid relying on oral allegations of default.

The order. Refund of penalty charges for all 24 instalments (including March 2006 and July 2006) directed; compensation of Rs.20,000 and litigation cost of Rs.10,000 to be paid by respondent; compliance within 30 days of receipt of order; if delayed, simple interest at 9% per annum from date of order applies.

§ **Section 2(1)(r), Consumer Protection Act, 1986**

R.P. KAPUR vs M/S CITIBANK N.A. & ors.

COURT
State Consumer Disputes Redressal Commission

DECIDED
25.09.2026

CASE NO.
SC/7/A/131/2019

BENCH
Sangita Dhingra Sehgal, Bimla Kumari

Also decided today

§ G.O. Ms. No.1410, Home (Pri-II) Department, 2008 MADRAS HC

Acquittal for total lack of evidence qualifies as honourable for disciplined recruitment

An acquittal after trial where the prosecution produces zero incriminating evidence qualifies as an honourable acquittal. This complete evidentiary vacuum triggers the exception, lifting any recruitment bar for disciplined forces.

WA(MD).488/2025 · 2026:MHC:3930 · 25.09.2026

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

Plaint amendment cannot be allowed after trial commences if it defeats accrued rights

The proviso to Order VI Rule 17 bars post-trial amendments absent proof of due diligence preventing earlier pleading. Challenging title four years after disclosure alters the cause of action and impermissibly defeats accrued defence rights.

CO/3542/2025 · 25.09.2026

§ Section 57, Himachal Pradesh Holdings (Consolidation and Prevention of... HIMACHAL PRADESH HC

Civil court jurisdiction is not barred when title disputes stem from revenue entry errors

Consolidation law does not bar civil suits when disputes stem from clerical errors in revenue records rather than consolidation schemes. Concurrent findings on title and possession under a registered deed cannot be disturbed absent perversity.

RSA/257/2018 · 2026:HHC:41194 · 25.09.2026

Also decided, continued

§ Rule 32, Health Security SE National Security Cess Rules, 2026 DELHI HC

Mere apprehension of repeated offending without explicit basis cannot justify denying bail

Mere apprehension of repetition without explicit foundation cannot justify denying bail to an accused with no criminal antecedents. Seizing machinery and filing a complaint adequately mitigate repetition risks in economic offences.

BAIL APPLN.-3194/2026 · 2026:DHC:8308 · 25.09.2026

§ Section 230 to 232, Companies Act, 2013 NCLAT

Tribunals cannot reject first-motion scheme mergers before shareholders and creditors vote

Amalgamation schemes have two stages, and the first belongs entirely to shareholders and creditors to decide commercial terms. Tribunals cannot reject first motions prematurely, and awaiting mandatory regulatory observations is not delay.

Company Appeal (AT) (CH) No.88/2026 (IA No.1224/2026) · 25.09.2026

§ Section 238A, Insolvency and Bankruptcy Code, 2016 NCLAT

Counsel's deliberate default constitutes sufficient cause to condone restoration delay

Rule 48 of the NCLT Rules does not bar restoration where dismissal stems from counsel's deliberate non-appearance rather than litigant negligence.

Company Appeal (AT) (Insolvency) No. 347 of 2026 · 25.09.2026

When a bareboat charterparty is contractually terminated by notice, can maritime claimants still arrest the vessel for debts of the erstwhile charterer without physical redelivery, or does the termination of demise charterer status immediately shield the registered owner from in rem liability?

13 judgments **1** Supreme Court **7** High Courts **5** Tribunals

Every judgment here, analysed in full.

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

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