Cassie

FRIDAY
2 OCTOBER 2026

DAILY

Court Digest

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

IN TODAY'S DIGEST

- **Senior Citizens Act | Eviction order overrides DV Act : Delhi HC**
- **S.13(8) SARFAESI | Post-auction nominee transfer voids sale : SC**
- **S.9 IBC | NCLT has inherent power to recall fraudulent CIRP : SC**
- **S.32A IBC | Successor debtor immune from past offences : Orissa HC**
- **S.58 CPA | Post-proposal diagnosis cannot void policy : NCDRC**

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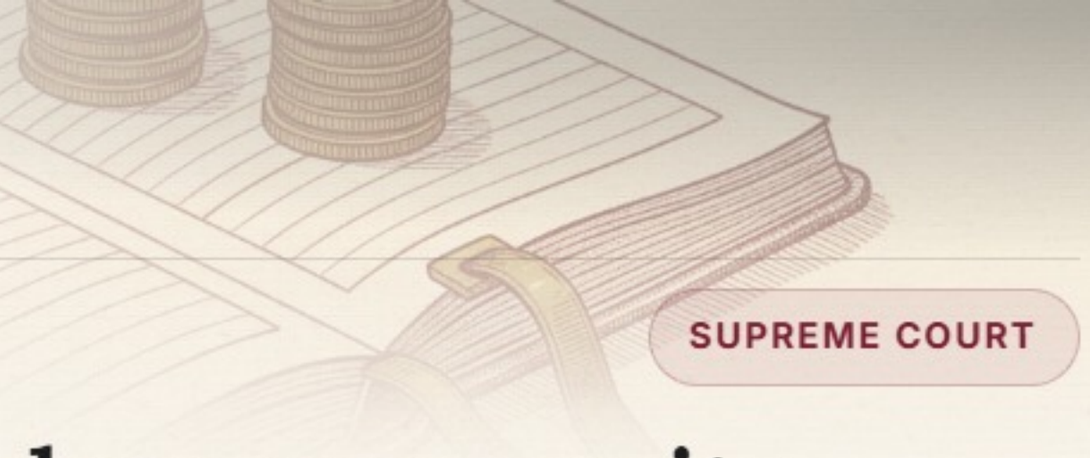
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Supreme Court

3 judgments in this edition

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Banking Law, Debt & Money Matters

SUPREME COURT

Fraud in initiating insolvency permits recall but continuation turns on resolution integrity

The dispute. Homebuyers and a landowner challenged insolvency proceedings admitted against a residential developer on an operational creditor's petition. They alleged the underlying debt was fabricated in collusion with directors to impose a moratorium and stall regulatory relief. The appellate tribunal set aside the insolvency admission upon finding fraud, prompting appeals before the Supreme Court.

The reasoning. Tribunals can recall admission orders obtained through fraud on jurisdictional facts. Because admission converts insolvency into an in rem process, the tribunal may continue resolution to protect broader stakeholder interests.

For your practice. Creditors opposing closure of collusive petitions must show resolution viability and asset preservation to persuade the authority to continue proceedings.

The order. Restoring the insolvency proceedings, the Supreme Court directed the tribunal to decide on continuation expeditiously after hearing the resolution professional, committee of creditors, and affected homebuyers.

§ Section 9, Insolvency and Bankruptcy Code, 2016

GREENOPOLIS WELFARE CONFEDERATION vs RAKESH KUMAR GUPTA

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	30.09.2026	C.A. No.-006792-006796 - 2023	2026 INSC 1070

BENCH

Pamidighantam Sri Narasimha, Alok Aradhe



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

SUPREME COURT

Auction sales conducted during judicial restraint and before notice period expiry are void

The dispute. The borrower mortgaged its Ooty resort to lenders to secure term loans, defaulting before clearing one lender under settlement. The remaining lender issued an auction notice, but the appellate tribunal stayed further enforcement upon deposit of one crore rupees. The High Court upheld the subsequent sale to an unlisted nominee entity, which the borrower challenged before the Supreme Court.

The reasoning. Enforcement steps taken during an operative judicial restraint lack legal effect and cannot be validated retrospectively. Truncating the thirty-day notice window impairs the borrower's statutory redemption right under Section 13(8), voiding the sale.

For your practice. Lenders must exclude judicial stay periods from the thirty-day redemption window and cannot issue sale certificates to post-auction nominee entities.

The order. The High Court judgment was set aside, the sale certificate dated 16.09.2011 was declared invalid, and the borrower's appeals were allowed without costs.

§ **Section 13(8), Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

STERLING HOLIDAY RESORTS LIMITED vs M/S P.M.ASSOCIATES

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	30.09.2026	C.A. No.-010077-010078 - 2014	2026 INSC 1071

BENCH
Pamidighantam Sri Narasimha, Alok Aradhe

Contracts & Business Disputes
Payment & Recovery Issues

SUPREME COURT

Cross-contract recovery requires express contractual terms and compliance with natural justice

The dispute. A road contractor executing rural infrastructure packages suffered unilateral deductions from running bills for alleged overpayments under separate earlier works. The State withheld over eighty-four lakh rupees without an audit hearing or requisite departmental sanction. The High Court dismissed the contractor's writ petition for involving disputed facts, prompting this appeal before the Supreme Court.

The reasoning. Unadjudicated overpayment claims remain disputed damages rather than ascertained debts presently due. The State cannot deduct sums across distinct contracts absent express contractual authorisation and strict adherence to natural justice.

For your practice. Contractors facing cross-contract deductions can secure writ relief where authorities bypass audit hearings or treat unadjudicated claims as ascertained debts.

The order. Quashing the recovery order, the Supreme Court directed the State to refund Rs. 84,17,003 with 6% annual interest from 27 September 2025, leaving underlying liability to separate adjudication.

§ **Section 146, Chhattisgarh Land Revenue Code, 1959**

M/S. AWADHESH SINGH GAUTAM vs STATE OF CHHATTISGARH

COURT	DECIDED	CASE NO.	CITATION
Supreme Court of India	30.09.2026	SLP(C) No.-010464 - 2026	2026 INSC 1072

BENCH
Pamidighantam Sri Narasimha, Alok Aradhe

High Courts

4 judgments in this edition

KEEP SWIPING >>>

Relationships & Family Matters
Maintenance for Parents & Senior Citizens

DELHI HC

Senior citizens tribunals possess implied authority to order eviction for protection

The dispute. A mother-in-law sought eviction of her daughter-in-law under Delhi Senior Citizens Rules to ensure peaceful possession of her home. The daughter-in-law resisted eviction, asserting a statutory right to reside in the shared household under the Domestic Violence Act. When the appellate authority ordered eviction, the daughter-in-law filed a writ petition challenging the eviction rules as ultra vires the parent statute.

The reasoning. Eviction rules are intra vires because statutory jurisdiction implies all incidental powers necessary to secure parental protection.

For your practice. Litigants defending senior citizen eviction actions cannot rely solely on DV Act residence rights when the occupant has independent income and alternative housing.

The order. The High Court dismissed the writ petition, confirmed the eviction rules intra vires, and directed the petitioner to hand over peaceful possession to respondent no.2.

§ Section 22, Maintenance and Welfare of Parents and Senior Citizens Act, 2007

P. v. D.C.G.O.D. & ors.

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	30.09.2026	W.P.(C)-11683/2022	2026:DHC:8543-DB	Tejas Karia

Criminal Issues
Corporate Criminal Liability

ORISSA HC

Successor corporate debtors enjoy statutory immunity from prosecution for predecessor offences

The dispute. The State Pollution Control Board launched criminal proceedings under the Air Act against an erstwhile steel manufacturer and its officers. The petitioner acquired the debtor under an approved resolution plan that completely transferred corporate control to new management. Following a trial court cognizance order, the successor company petitioned the High Court under Section 482 CrPC to quash the prosecution.

The reasoning. Section 32A IBC extinguishes corporate criminal liability once an approved resolution plan transfers control to unrelated management. Continuing prosecution against the successor is an abuse of process, though former officers remain liable for past offences.

For your practice. Resolution applicants must establish a complete change of management and plan approval to quash legacy criminal complaints against the acquired entity.

The order. The High Court quashed the cognizance order dated 21.11.2023 and criminal proceedings against Tata Steel Limited, leaving proceedings against former company officials unaffected.

§ Section 32-A, Insolvency and Bankruptcy Code, 2016

M/s. Tata Steel Limited v. State Pollution Control Board, Bhubaneswar, Odisha

COURT	DECIDED	CASE NO.	BENCH
Orissa High Court	30.09.2026	CRLMC/2406/2022	Sibo Sankar Mishra

Immigration Law
OCI, PIO & Indian Citizenship Applications, Renunciation and Issues

HIMACHAL PRADESH HC

A birth certificate proving Indian birth overrides adverse police verification reports

The dispute. A woman applied for an Indian passport, submitting an official birth certificate establishing her birth in Himachal Pradesh in May 1972. The passport authority rejected her application based on an adverse police verification report that recorded her as a Nepali national. The applicant moved a writ petition before the High Court seeking to quash the adverse report and enforce her statutory citizenship.

The reasoning. Birth in India between January 1950 and July 1987 confers automatic statutory citizenship by birth under Section 3. A valid birth certificate constitutes paramount proof of nationality that authorities cannot displace using contradictory police reports.

For your practice. Applicants with birth certificates within the statutory window can overcome adverse police reports without furnishing additional proof of nationality.

The order. The High Court quashed the adverse verification report and directed the State to issue a fresh report within two weeks. The passport authority was directed to process her application in accordance with Section 3.

§ Section 3, Citizenship Act, 1955

Shitla Devi v. State of Himachal Pradesh & ors.

COURT	DECIDED	CASE NO.	CITATION
Himachal Pradesh High Court	01.10.2026	CWP/15664/2025	2026:HHC:42783

BENCH
Sandeep Sharma

Property & Asset Disputes
Property Ownership, Title, Registration, Mutation, Division

DELHI HC

Transferees in active confidence must establish good faith to uphold disputed property deeds

The dispute. An illiterate father executed a sale deed conveying his Delhi house worth sixty lakh rupees to a co-residing daughter for merely one lakh. The father and four other daughters sued to cancel the deed, alleging she fraudulently procured it by misrepresenting it as a will. The trial court decreed the suit for cancellation and the first appellate court affirmed, prompting the daughter to prefer a second appeal.

The reasoning. A transferee in active confidence over an infirm grantor bears the burden to prove good faith where consideration is grossly inadequate. The presumption of a registered deed fails when the beneficiary cannot prove payment or informed consent.

For your practice. Showing active confidence and nominal consideration rebuts a registered deed, forcing the transferee to prove good faith and source of payment.

The order. The High Court dismissed the second appeal, affirming cancellation of the 2006 sale deed for Rs 1 lakh against property valued over Rs 60 lakh. The appellant was directed to deliver peaceful, vacant possession to the legal heirs.

§ Section 101, Indian Evidence Act, 1872

SMT.RANI vs SH. RAM SARUP (SINCE DECEASED) THROUGH LRS. SMT. KUSMA & ors.

COURT	DECIDED	CASE NO.	CITATION	BENCH
Delhi High Court	01.10.2026	RSA-69/2022	2026:DHC:8614	Neena Bansal Krishna

Tribunals

1 judgment in this edition

KEEP SWIPING →

Insurance Law & Claims
Mis-selling, Non-disclosure & Proposal Form Issues

NCDRC

Post-proposal diagnoses cannot prove fraudulent suppression of material facts to void policies

The dispute. An applicant submitted an LIC proposal for Rs 5 lakh with premium on 31 January 2007 following a medical check. Diagnosed with cardiomyopathy five days later, he died in 2008, prompting LIC to repudiate the nominee's claim alleging fraudulent suppression. The District Forum allowed the nominee's complaint and Delhi SCDRC affirmed the award, which LIC challenged in revision before the NCDRC.

The reasoning. The duty of utmost good faith is fixed when the proposal and premium are submitted to an authorised agent. A subsequent medical diagnosis cannot establish deliberate suppression without proof that the insured possessed prior knowledge.

For your practice. Claimants can defeat non-disclosure repudiations where medical diagnoses arose after proposal submission, requiring insurers to prove deliberate prior concealment.

The order. The NCDRC dismissed LIC's revision petition, upholding the award of Rs 5,00,000 sum assured with 9% interest, Rs 1,00,000 compensation, and Rs 50,000 costs. Non-payment within six weeks attracts enhanced 12% interest.

§ **Section 58(1)(b), Consumer Protection Act, 2019**

LIFE INSURANCE CORPORATION OF INDIA vs PRAKASH SADHWANI

COURT	DECIDED	CASE NO.
National Consumer Disputes Redressal Commission	01.10.2026	NC/RP/1154/2021

BENCH
J. Rajendra, Saroj Yadav

Also decided today

§ Section 138, Negotiable Instruments Act, 1881 — SUPREME COURT

Statutory demand notice sent to the correct address is validly served on a family member

Dispatching a statutory demand notice by registered post to the drawer's correct address raises a presumption of valid service. That presumption is not rebutted merely because a co-residing family member accepted the postal delivery.

Crl.A. No.-004640-004640 - 2026 · 2026 INSC 1069 · 30.09.2026

§ Section 22-A, Registration Act, 1908 — MADRAS HC

Registering authorities cannot refuse registration on mere objection letters without title

Section 22-A bar requires clinching proof of title rather than mere objection letters from religious institutions. Final orders of the Minor Inams Tribunal cannot be collaterally attacked, requiring rival claimants to establish title before a civil court.

WA.3470/2024 · 2026:MHC:4055 · 01.10.2026

§ Article 226, Constitution of India — DELHI HC

Look Out Circular cannot be maintained routinely during trial once investigation is complete

A pending trial does not justify continuing a Look Out Circular as a routine coercive measure once investigations conclude and charge sheets are filed.

W.P.(C)-7186/2026 · 2026:DHC:8606 · 30.09.2026

Also decided, continued

§ Section 13, Securitisation and Reconstruction of Financial Assets and Enforcement of... ORISSA HC

Pending debt recovery appeals cannot bar land mutation under registered sale certificates

Mutation is a fiscal revenue exercise that neither creates nor extinguishes title over immovable property. A registered sale certificate remains operative until set aside, so pending tribunal appeals cannot halt mutation absent an express stay.

WP(C)/27863/2025 · 01.10.2026

§ Section 63, Hindu Succession Act, 1956 MADRAS HC

A registered will cannot be presumed valid without examining an attesting witness

Registration of a will raises no presumption of validity and does not dispense with examining an attesting witness. Without statutory proof of due execution, the bequest fails and the estate remains subject to partition among legal heirs.

AS(MD).196/2018 · 2026:MHC:4053 · 01.10.2026

§ Section 45, Insurance Act, 1938 SCDRC

An insurer cannot repudiate a claim for non-disclosure without proving material suppression

An insurer resisting a death claim bears the burden of establishing deliberate non-disclosure of facts material to the risk. Repudiation cannot rest on suspicion or unauthenticated medical photocopies lacking corroborative testimony from treating doctors.

SC/19/A/93/2021 · 30.09.2026

When a senior citizen's statutory right to peaceful shelter collides with a relative's right to reside in a shared household under the Domestic Violence Act, how should courts balance competing welfare mandates? Does the implied eviction power under the Senior Citizens Act risk creating new vulnerabilities while resolving another?

14 judgments **4** Supreme Court **8** 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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