

PRECEDENT PRISM

September - October, 2025



FROM EDITOR'S DESK

After the successful release of the June Edition of Precedent Prism and in light of the encouraging feedback from our readers — comprising legal professionals, academicians, and students — we are delighted to announce the launch of the September - October Edition of Precedent Prism.

This edition continues our mission to bring together the most significant and impactful judgments of the Hon'ble Supreme Court of India, covering key domains such as constitutional, criminal, civil, and regulatory law. Each case summary has been carefully curated to present the facts in brief, issues in question, and the reasoning and findings of the Hon'ble Court, providing readers with a concise yet comprehensive understanding of evolving legal principles.

To further enhance accessibility, this edition enables readers to directly access the complete text of each judgment through embedded links to the official website of the Hon'ble Supreme Court of India.

We express our sincere gratitude to all readers and contributors for their continued encouragement and support.

This edition has been edited and compiled under the leadership of Ms. Aadyaa Katiyar (Final Year, with valuable contributions from Ms. Ishita Jawla & Mr. Jay Goyal, whose commitment and efforts have significantly enriched this publication.

Vakeel Khoj remains dedicated to making Precedent Prism a reliable monthly resource for staying informed about the ever-evolving landscape of Indian jurisprudence.

Ms. Aadyaa Katiyar
(Managing Partner at Vakeel Khoj)

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*Mr. Nikhilesh Pratap Singh Gour
(Founder & CEO at Vakeel Khoj)*

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*Adv. (Dr.) Udai Bhan Singh Gouri
(Founder at Gouri Legal Associates)*

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Reconsideration of Death Sentence in Light of Subsequent Sentencing Guidelines under Article 32

Vasanta Sampat Dupare v. Union of India and Others, 2025 SCC OnLine SC 1823

Bench: *Vikram Nath JJ, Sanjay Karol JJ, Sandeep Mehta JJ*

FACTS

- Petitioner was convicted and sentenced to death for kidnapping, sexual assault, and murder of a four-year-old girl in April 2008 in Nagpur.
- Trial court sentenced petitioner to death in 2010, citing severity of crime; conviction and sentence were confirmed by High Court and Supreme Court (2014).
- Multiple review petitions and mercy pleas were dismissed; petitioner's death sentence finalized.
- New sentencing guidelines for death penalty cases were laid down by the Supreme Court in the intervening years (notably in *Manoj v. State of Madhya Pradesh*, 2022).
- These new guidelines require courts to consider detailed mitigation evidence including psychiatric reports, socio-economic background, and jail conduct at sentencing.
- Petitioner alleged denial of these safeguards in original trial and sentencing process.
- Petitioner submitted psychiatric and medical evidence post-conviction indicating intellectual disability, mental illness, and other health issues.
- Petitioner challenged continued validity of death sentence under Article 32, seeking resentencing consistent with new procedural safeguards.

ISSUES

- Whether Article 32 permits reopening of a death sentence that has attained finality on the basis that procedural safeguards mandated later (post conviction) were not followed.
- Whether new sentencing protocol established in Manoj (2022) enjoys retrospective effect and entitlement.
- The constitutional scope of Article 32 as a continuing safeguard in capital punishment cases.
- The balance between certainty/finality of judicial decisions and the need to prevent miscarriage of justice in death penalty cases.
- Whether the petitioner's mental and medical condition, and denial of procedural guarantees, warrant reconsideration of sentence.

JUDGMENT

- The Supreme Court allowed the writ petition and held Article 32 empowers the Court to reopen final death sentences where procedural safeguards recognized in subsequent rulings were not provided.
- Affirmed that the irreversible nature of capital punishment requires courts to act as a continuing safeguard and ensure fair, individualized sentencing under Articles 14 and 21.
- Held that sentencing protocols in Manoj are an indispensable component of constitutional sentencing process.
- Emphasized that procedural finality cannot prevent correction of constitutional violations concerning life and liberty.
- Stated sentencing hearing must include psychiatric, psychological, socio-economic, and jail conduct reports, with opportunity for full defence participation.
- Ruled the petitioner was denied these protections at sentencing.
- The death sentence affirmed in 2017 was set aside for fresh sentencing before an appropriate bench in line with Manoj guidelines.
- Clarified that the conviction and guilt findings were not disturbed.
- Cautioned the exceptional exercise of Article 32 is limited to serious breaches affecting constitutional rights and does not enable routine reopening of cases.

- Emphasized dignity and humanity inherent in all persons, including those sentenced to death.
- Encouraged judicial philosophy valuing reform and humane sentencing even in capital punishment cases.

RATIO

- Article 32 serves as a fundamental and continuing constitutional safeguard in death penalty cases to prevent miscarriages of justice even after finality.
- Procedural safeguards for individualized death sentencing under Articles 14 and 21 are integral and must be enforced retrospectively if a person's execution is pending.
- Constitutional principles of fairness and equality demand thorough and humane consideration of mitigating evidence including mental health and socio-economic background at sentencing stage.
- Judicial decisions operate retrospectively as declarations of constitutional law, entitling convicts sentenced earlier to benefit from subsequently recognized safeguards.
- The finality of judicial decisions is important but can be overridden to correct fundamental constitutional errors, especially where life is at stake.
- Reformatory ideals shape modern penology mandating sentencing process that preserves dignity and human rights of offenders even when imposing death penalty.
- The Supreme Court has broad inherent powers under Articles 32 and 142 to grant effective constitutional remedies ensuring justice beyond procedural technicalities.

Supreme Court Rules upon Bail Application under UAPA

Union of India v. Saleem Khan & Another 2025 SCC OnLine SC 1754

Bench: *Vikram Nath JJ., K.V. Viswanathan JJ.*

FACTS

- FIR was registered on January 10, 2020, by Suddanguntepalaya Police Station, Bangalore, under multiple sections including Section 120-B IPC, Arms Act, and various provisions of the Unlawful Activities Prevention Act (UAPA) against 17 accused persons.

- Saleem Khan (accused no. 11) and Mohd. Zaid (accused no. 20) were among the accused.
- The case was referred to the National Investigating Agency (NIA) and re-registered as RC No. 4/2020/NIA/DLI.
- Both accused were arrested; Saleem Khan on January 20, 2020, and Mohd. Zaid on March 9, 2020.
- Chargesheet filed on July 13, 2020, against both accused under UAPA and IPC sections.
- Both accused applied for bail citing false implication, lack of evidence, prolonged custody, no trial progress, being sole breadwinners, and clean antecedents.
- The Trial Court rejected their bail pleas on December 29, 2020.
- On appeal, the Karnataka High Court granted bail to Saleem Khan but rejected bail for Mohd. Zaid.

ISSUES

- Whether the High Court was justified in granting bail to Saleem Khan but rejecting bail for Mohd. Zaid.
- Examination of allegations concerning association with organizations under UAPA, involvement in terrorism-related activities, and the status of the trial progress.
- Appropriate directions to ensure a speedy trial given prolonged custody without framing of charges or commencement of trial.

JUDGMENT

- The Supreme Court upheld the High Court's grant of bail to Saleem Khan and refusal of bail to Mohd. Zaid.
- Reasoned that Saleem Khan was connected to an organization (Al-Hind) that is not banned under UAPA, and mere attendance at meetings does not constitute *prima facie* offence.
- Mohd. Zaid was found to have active involvement with banned terrorist organizations and roles including operating the dark web and assisting banned groups, justifying denial of bail.
- Noted that charges against the accused have not been framed and trials have not commenced after 5½ years of custody.

- Directed the Trial Court to expedite trial proceedings and conclude the trial within two years.
- The prosecution is directed to cooperate fully in presenting evidence timely, and accused persons must cooperate in trial conduct.
- Trial court or prosecution may apply for cancellation of bail if accused attempts to delay trial.
- Both appeals were dismissed with above directions.

RATIO

- Bail under UAPA should consider whether accused's involvement relates to banned organizations; passive association with non-banned groups do not justify denial of bail.
- Prolonged pre-trial detention without charge framing or trial violates the right to speedy trial under Article 21, warranting trial expedition.
- Judicial balancing is required between public order and individual liberty in bail considerations under stringent laws.
- Courts should protect liberty where evidence does not establish *prima facie* offence and ensure justice by preventing undue incarceration.
- Trial courts and prosecution must work to avoid unreasonable trial delays; bail should not become *de facto* incarceration.
- Bail cancellation is a safeguard against abuse or trial delay tactics by accused.

Maternity Leave Entitlement of Woman Employee with Two Children from First Marriage and First Child from Second Marriage

K. Umadevi Vs. Government of Tamil Nadu and Ors. 2025 SCC OnLine SC 1204

Bench: Abhay Shreenivas Oka and Ujjal Bhuyan, JJ.

FACTS

- The appellant was first married to A. Suresh and had two children (born in 2007 and 2011). This marriage ended in 2017, with custody of the two children awarded to the former husband.

- Umadevi joined Tamil Nadu government service in December 2012 as an English teacher. She remarried M. Rajkumar in 2018 and subsequently became pregnant.
- She applied for maternity leave from August 17, 2021, to May 13, 2022. Her maternity leave was rejected citing Tamil Nadu Fundamental Rule (FR) 101(a), which disallows leave for women with two or more surviving children.
- A Single Judge of the Madras High Court ruled in her favor, considering that her two children from the first marriage were in the father's custody and should not disqualify her.
- The Division Bench of the Madras High Court overturned this, denying maternity leave on grounds of the two-child policy. Umadevi then appealed to the Supreme Court.

ISSUES

- Whether a government woman employee who has two children from a prior marriage (not in her custody) can claim maternity leave for the first child from a subsequent marriage under FR 101(a).
- Whether the two-child norm conflicts with constitutional guarantees of reproductive rights under Article 21.
- How to reconcile state population control policies with a woman's right to maternity benefits and dignity.

JUDGMENT

- The Supreme Court overturned the Division Bench ruling and held that Umadevi was entitled to maternity leave for the child born in her second marriage.
- It affirmed that reproductive rights, including access to maternity benefits, are protected by Article 21's right to life and personal liberty.
- The Court emphasized that maternity leave should not be denied solely due to children born prior to government service or from a different marriage, especially when custody lies elsewhere.

- It balanced population control objectives and maternity leave benefits, insisting on a purposive, rational interpretation that protects women's rights without obstructing social policy.
- The Court directed the Tamil Nadu government to grant maternity leave benefits within two months.

RATIO

- A woman's reproductive rights, including maternity leave, are constitutionally protected under Article 21.
- Children from a dissolved first marriage without custody with the mother should not disqualify maternity leave for children born in a second marriage.
- Statutory rules imposing a two-child limit on maternity leave must be interpreted in harmony with constitutional mandates, promoting dignity and social justice.
- Population control laws and maternity benefits are not inherently conflicting and can be balanced by courts through purposive construction.
- Maternity leave is part of reproductive autonomy, deserving protection beyond mere statutory concession or service condition.

Partition dispute and daughter's coparcenary rights under Hindu Succession (Amendment) Act, 2005

Malleeswari v. K. Suguna & Anr. 2025 SCC OnLine SC 1927

Bench: Ahsanuddin Amanullah JJ., S.V.N. Bhatti JJ.

FACTS

- Subramani filed a partition suit in 2000 for ancestral properties, against Munasamy Naidu (deceased now), father of the appellant Malleeswari.
- Initial suit did not implead Malleeswari; preliminary decree granted in 2003 allotted shares to Munasamy Naidu and his son.
- Munasamy Naidu executed sale and settlement deeds for portions of the property in favor of first respondent and Malleeswari respectively, before his death in 2011.

- Malleeswari was later impleaded as legal heir of her father and sought amendment of the preliminary decree to recognize her statutory coparcenary rights under the Hindu Succession (Amendment) Act, 2005.
- The respondent opposed, contending the amendment was barred by limitation, estoppel (Malleeswari was a witness to sale), and that the preliminary decree was final and not subject to reopening.
- The Trial Court dismissed Malleeswari's application for amendment in 2019.
- Madras High Court allowed the appeal in 2022, recognizing Malleeswari's right to a one-third share based on the landmark Vineeta Sharma judgment.
- The High Court, on a review petition by the respondent, reversed the order in 2024 and remanded for fresh consideration.
- Malleeswari appealed the review order to the Supreme Court.

ISSUES

- Whether the High Court in its review jurisdiction under Section 114 and Order 47 Rule 1 of the Civil Procedure Code exceeded its powers by reappreciating evidence and effectively conducting an appeal.
- Whether Malleeswari is entitled to coparcenary rights as a daughter under the Hindu Succession (Amendment) Act, 2005 despite the preliminary decree passed before the amendment.
- Validity of transactions (sale and settlement deeds) executed during the pendency of the partition suit.
- Whether the preliminary decree is final and not subject to reopening to grant share to daughter entitled under the 2005 Amendment.

JUDGMENT

- The Supreme Court restored the 2022 Madras High Court order recognizing Malleeswari's coparcenary rights.
- Held the review order had exceeded the limited scope of review jurisdiction, which is confined to correcting errors apparent on the face of the record and not reappreciating evidence or revisiting factual disputes.

- Affirmed that the 2005 amendment confers daughters coparcenary rights by birth, and these rights can be claimed in ongoing partition proceedings where the final decree has not been drawn.
- Transactions by Munasamy Naidu made during the suit were valid but subordinate to the coparcenary rights of the appellant.
- Directed the trial court to expeditiously determine Malleeswari's share consistent with the 2022 order.
- Rejected the contention that Malleeswari was estopped from claiming her share despite being a witness to sale deeds.
- Emphasized that review jurisdiction cannot be used as an appeal in disguise and is limited by procedural law to avoid reopening settled principals unless glaring errors exist.

RATIO

- Daughters acquire coparcenary rights by birth under Hindu Succession (Amendment) Act, 2005, which cannot be ignored even if preliminary decrees were passed earlier.
- Review jurisdiction under CPC Section 114 and Order 47 Rule 1 is confined to correcting “errors apparent on the face of the record” and cannot entertain reassessment of facts or evidence.
- Partition suits cannot be reopened lightly to alter shares; however, the rights granted by statutory amendments supersede preliminary decrees still pending final decree.
- Sale and settlement deeds during pendency are valid but cannot extinguish statutory coparcenary rights.
- Procedural finality must not be used to deny substantive rights guaranteed by law.
- Courts should differentiate clearly between appellate and review jurisdictions, safeguarding finality while ensuring justice by correcting manifest errors.

Supreme Court Ruled on Validity of Election Despite Non-disclosure of Income Details in Nomination Affidavit

Ajmera Shyam v. Kova Laxmi & Ors. 2025 SCC OnLine SC 1723

Bench: Surya Kant JJ., N. Kotiswar Singh JJ.

FACTS

- Ajmera Shyam, a candidate for the Telangana Legislative Assembly elections in 2023, challenged the election of Kova Laxmi (of Bharat Rashtra Samithi) from Asifabad constituency.
- Kova Laxmi was accused of omitting income details for four out of the required five years in her nomination affidavit (Form 26), though she disclosed her assets, liabilities, PAN, and more recent income tax return for 2022–23.
- The challenge alleged that the non-disclosure amounted to improper acceptance of nomination and a corrupt practice under Section 100 of the Representation of People Act, 1951.
- Laxmi had a history of serving as MLA (2014–18) and as Chairperson, Zilla Parishad, Kumuram Bheem, before her 2023 re-election, winning by a margin of 22,798 votes.
- The High Court had dismissed Shyam's petition, holding that the omission was not substantial to void the election.

ISSUES

- Whether non-disclosure of income for four out of five years in the Form 26 Affidavit amounts to improper acceptance of nomination, justifying annulment under Section 100 of the Act.
- Whether such non-disclosure constitutes “corrupt practice” under Section 123(2)
- Whether this omission is non-compliance with the Act or Rules, mandating that the election be set aside for violating mandatory requirements?

JUDGMENT

- The Supreme Court held there was no intentional concealment of assets or income, and that the respondent had substantially complied with disclosure requirements by mentioning assets, liabilities, and sources of income.
- It was reiterated that minor or technical omissions in nomination affidavits do not by themselves constitute grounds to nullify an election; only defects of substantial and material character that affect election outcomes can do so.

- The Court upheld the High Court's dismissal and refused to interfere, emphasizing that the will of the people, as expressed through electoral outcomes, cannot be set aside for minor technicalities.
- Both the challenge on grounds of "corrupt practices" and allegations of non-compliance with the Act were rejected as unsustainable in the present facts.

RATIO

- Only a defect of substantial character in disclosure requirements—one which materially affects the result of the election or results from intentional concealment—can invalidate an election under Section 100 of the Representation of People Act, 1951.
- Minor omissions or technical lapses will not suffice, especially when the candidate has otherwise revealed essential information (assets, liabilities, source of income), and when the intent to mislead or materially benefit is absent.
- The Supreme Court reaffirmed that judicial review of elections should not be hyper-technical, but guided by substantial compliance and respect for democratic outcomes, unless there is clear evidence of material impropriety impacting fairness.

Supreme Court Upholds Arbitral Award

Consolidated Construction Consortium Ltd. v. Software Technology Parks of India, (2025)

7 SCC 757

Bench: Abhay S. Oka and Ujjal Bhuyan, JJ.

FACTS

- Software Technology Parks of India (STPI) awarded a contract following a tender process to Consolidated Construction Consortium Ltd. (CCCL) for the development of an office building and incubation center for Rs. 16,48,69,970 approximately.
- The Letter of Intent was issued on March 9, 2006, with a stipulated contract completion deadline of January 15, 2007.
- CCCL experienced delays and completed the construction work on November 30, 2007, roughly 10 months late.

- In response to the delay, STPI deducted ₹82,43,499 as liquidated damages based on Clause 26 of the contract agreement, which provided for deduction of liquidated damages for incomplete work past stipulated deadlines.
- CCCL challenged the deduction in arbitration, claiming that extensions of time were granted and that these extensions waived the right to liquidated damages.
- The arbitral tribunal upheld the deduction, stating the extensions were granted without prejudice to STPI's rights and that the financial losses incurred by STPI (continuing rent payments and lost opportunity costs) justified the liquidated damages.
- CCCL sought to set aside the arbitral award via the High Court. The Single Judge set aside the award citing the extended completion period. However, a Division Bench later reversed this, restoring the award.
- CCCL appealed to the Supreme Court against the Division Bench's decision.

ISSUES

- Whether the grant of extensions for completion of the construction project invalidated STPI's claim for liquidated damages.
- Whether the High Court Division Bench was correct in restoring the arbitral award that the Single Judge had set aside.
- The permissible extent of judicial review under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996, especially regarding differing views on contract interpretation and evidence evaluation.
- Whether the delay caused actual loss warranting liquidated damages recovery.

JUDGMENT

- The Supreme Court upheld the Division Bench's restoration of the arbitral award.
- It held that the grant of extensions of time by itself did not extinguish STPI's right to liquidated damages since the extensions were given without prejudice to STPI's rights and were supported by adequate financial loss evidence.
- The Court observed that an arbitral award is entitled to deference so long as the tribunal's interpretation is plausible and based on evidence.
- Judicial review under Section 34 is limited and summary in nature, preventing reappraisal of evidence or substitution of alternative contract interpretations.

- The Court emphasized that the contract between parties contemplated both extensions and damages; these clauses are not mutually exclusive.
- The Single Judge was found to have exceeded the scope of judicial review by setting aside an award on assumptions without established grounds within Section 34.
- The Court dismissed the appeal and refused to interfere with the award, reaffirming that liquidated damages under Indian Contract Act Sections 55, 73, and 74 are recoverable when contractual delay causes loss.

RATIO DECIDENDI

- Extensions of time and claims for liquidated damages can coexist under a contract if rights to damages are expressly reserved by the employer.
- The existence of some loss or damage due to delay (such as rental payments or lost income) legitimizes the quantum of liquidated damages, even if no precise calculation is always possible.
- Section 34 of the Arbitration Act casts strict limits on judicial intervention, which must not encroach on factual findings or plausible contract interpretations by arbitral tribunals.
- Courts must uphold arbitral awards except in cases of patent illegality or clear procedural violation, thereby respecting arbitral autonomy.
- Liquidated damages serve as reasonable and enforceable pre-estimates of loss that parties agree upon, even if time extensions delay completion within a contract framework.

Pension Refixation for High Court Judges Considering Service in District Judiciary

In re High Court Judges Pension Refixation Considering Service Period in District Judiciary & High Court (2025) 7 SCC 674

Bench: B.R. Gavai, C.J.I., Augustine George Masih and K. Vinod Chandran, JJ.

FACTS

- The case deals with pension refixation issues for retired High Court Judges, focusing on the inclusion of service period in the District Judiciary along with High Court tenure in pension calculation.

- Several writ petitions challenged the denial of full pension benefits to retired High Court Judges who had prior service in the District Judiciary.
- Other related disputes included denial of pension due to break-in service between retiring as District Judge and joining the High Court, non-payment of gratuity and family pension to widows/families of Additional Judges, and denial of Provident Fund and other benefits.
- There was concern regarding discrimination in pension fixation between Judges appointed from the Bar and those elevated from judicial services (District Judiciary).
- The Union of India contended that pension should be computed based on service in the High Court only, excluding District Judiciary tenure or breaks in service.

ISSUES

- Whether Judges who served in District Judiciary before elevation to High Court are entitled to have that service period counted for pension computation.
- Whether break-in service between retirement from District Judiciary and appointment to High Court affects pension eligibility.
- Whether Judges elevated from the Bar and those elevated from the District Judiciary are entitled to equal pension benefits.
- Whether Additional Judges are entitled to the full pension, family pension, and gratuity.
- Clarification on entitlement to Provident Fund and other terminal benefits irrespective of source of appointment.
- Ensuring non-discrimination and parity in pension as part of judicial independence and constitutional principles.

JUDGMENT

- The Court held that complete pension entitlement of retired High Court Judges must consider their entire service period, including service rendered in the District Judiciary.
- Break-in service between the two appointments could not be a valid ground to deny pension calculated as per High Court Judge's salary scale.

- The Court recognized the principle of "one rank one pension" for High Court Judges, mandating equal pension irrespective of the source of appointment (Bar or District Judiciary).
- Additional Judges were held entitled to the full pension, family pension, and gratuity benefits just like permanent Judges.
- The Court ordered that family pension and gratuity be paid without discrimination to families of deceased retired Judges, including Additional Judges.
- Provident Fund and other terminal benefits payable under the High Court Judges (Conditions of Service) Act must also be extended uniformly.
- The Court directed refund of New Pension Scheme contributions to Judges appointed from the District Judiciary and ruled that States retain their contributions.
- The basic pension was fixed at Rs. 13,50,000 per annum for Judges and Rs. 15,00,000 for Chief Justices, applicable to all irrespective of date of appointment or source.
- The Court emphasized constitutional equality under Article 14, the importance of judicial independence, and prevention of discrimination among retired Judges.

RATIO DECIDENDI

- Service rendered as a District Judge must be counted in the qualifying service for pension computation for Judges elevated to the High Court.
- Break-in service between appointments cannot disqualify pension or cause reduction in benefits.
- The principle of "one rank one pension" is essential to uphold the dignity of constitutional offices and ensure uniform pension benefits for all retired High Court Judges.
- Additional Judges are entitled to pension, family pension, and gratuity on par with permanent Judges.
- Equal post-retirement benefits, including Provident Fund, apply regardless of the mode or source of appointment.
- It is constitutionally impermissible to discriminate among retired Judges based on how or when they were appointed.
- The rule of law and judicial independence require uniform treatment in pension and other retirement benefits for High Court Judges.

Nullification of Arbitral Award After Resolution Plan Approval

Electrosteel Steel Limited (now M/s ESL Steel Limited) v. Ispat Carrier Private Limited
(2025) 7 SCC 773

Bench: Abhay S. Oka and Ujjal Bhuyan, JJ.

FACTS

- Ispat Carrier Pvt. Ltd. (respondent) supplied cranes and vehicles to Electrosteel Steel Ltd. (appellant) but was not paid for the services.
- The respondent initiated claims before the West Bengal MSME Facilitation Council under the MSME Act, 2006 for amounts totalling over ₹1.59 crores.
- Conciliation failed and arbitration commenced, but during this, Electrosteel Steel Ltd. was subjected to insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 (IBC), with a moratorium imposed by NCLT on 21 July 2017.
- The respondent lodged its claims with the interim resolution professional as an operational creditor, but its claim was not included in the final resolution plan submitted by Vedanta Ltd. and approved by NCLT on 17 April 2018.
- The approved resolution plan provided that operational creditors, including the respondent, would receive “nil” payment and all such outstanding claims would be extinguished.
- After resolution proceedings ended, the Facilitation Council resumed arbitration and passed an award directing the appellant to pay the respondent with interest.
- Electrosteel did not file a challenge under Section 34 of the Arbitration Act but, during execution, objected that the award was a nullity and unenforceable in light of the approved resolution plan.

ISSUES

- Whether an arbitral award passed after approval of an IBC resolution plan and relating to an operational creditor’s extinguished claim is executable.
- Whether, in execution proceedings, the judgment debtor (Electrosteel) could contend that the arbitral award was a nullity, having not challenged it under Section 34 of the Arbitration and Conciliation Act.
- Whether lifting of the IBC moratorium automatically revived the respondent’s arbitral claim, or whether extinguishment of the debt as per IBC prevailed.

- Whether the Facilitation Council retained jurisdiction to pass an award after approval of the resolution plan by NCLT.

JUDGMENT

- The Supreme Court held that after a resolution plan under IBC is duly approved and claims not part of the plan stand extinguished, no further legal proceedings for such extinguished claims can be entertained or continued.
- The arbitral award rendered after such extinguishment is a nullity: it is as if the claim did not exist in law at the time the award was made.
- The creditor cannot revive the claim post-moratorium, as the approved resolution plan “wipes the slate clean” for the corporate debtor.
- The appellant was entitled to challenge the award’s enforceability during execution proceedings under Section 47 CPC, even without filing a Section 34 challenge.
- The High Court’s order permitting execution and upholding the Facilitation Council’s jurisdiction was set aside; all related execution proceedings were quashed.
- The appeal was allowed; there was no order as to costs.

RATIO DECIDENDI

- Once an IBC resolution plan is approved and a claim is not included, the claim is legally extinguished—even if the arbitral proceeding was initiated before insolvency.
- Any arbitral award rendered for an extinguished claim subsequent to resolution plan approval is a nullity and cannot be executed.
- Section 47 CPC allows an executing court to entertain objections regarding jurisdictional nullity of decrees/awards, even if not previously challenged under Section 34 of the Arbitration Act.
- Lifting of an IBC moratorium does not revive claims that were settled or extinguished under the resolution plan; such claims lose all enforceability.
- The jurisdiction of statutory facilitation or arbitral bodies is ousted once operational creditor’s claims are extinguished under IBC, and they cannot proceed with making awards on such claims.

Classification of Lenders as Financial Creditors under IBC

China Development Bank v. Doha Bank Q.P.S.C. & Ors. (2025) 7 SCC 729

Bench: Abhay S. Oka and Pankaj Mithal, JJ.

FACTS

- The case emerged from insolvency proceedings against Reliance Infratel Limited (Corporate Debtor), initiated under the Insolvency and Bankruptcy Code, 2016 (IBC).
- Appellants—China Development Bank and other lenders—had extended loans to various Reliance group entities and were secured under a Master Security Trustee Agreement (MSTA) and several Deeds of Hypothecation (DoH), in which Reliance entities pooled assets as collateral for all loans.
- The dispute centered on whether these lenders, who loaned money to group companies but held security interests against the Corporate Debtor (which itself was not the direct loan recipient), could qualify as "financial creditors" under Section 5(7) of IBC.
- The Resolution Professional included the appellants as financial creditors in the Committee of Creditors (CoC), but Doha Bank (another creditor) challenged their status, arguing only direct lenders to the Corporate Debtor could be classified as financial creditors.
- The NCLT upheld the appellants' status as financial creditors, but the NCLAT reversed the decision, holding that the DoH only created a charge and not a guarantee, thus excluding the appellants as financial creditors.

ISSUES

- Whether lenders to third parties, whose debt is secured by a hypothecation over the Corporate Debtor's assets and who are promised payment for shortfall, qualify as "financial creditors" under IBC.
- Whether the DoH and MSTA constitute a contract of guarantee within the meaning of Section 126 of the Indian Contract Act, 1872, thereby fitting the definition of "financial debt" under Section 5(8)(i) of IBC.
- Whether the mere creation of charge/security or a contingent promise to pay shortfall amounts to a guarantee capable of making the lender a financial creditor.
- Whether the lenders' claims can survive the CIRP process and be paid commensurate with their security interest.

JUDGMENT

- The Supreme Court analyzed the MSTA and DoH in detail. It held that the DoH, particularly clause 5(iii), imposed a clear obligation on the Corporate Debtor to make good any shortfall after asset realization—a promise to discharge liability of a third party in case of default, thereby amounting to a contract of guarantee.
- The Court affirmed that under Section 5(8)(i) of IBC, any liability under a guarantee for loans (even if advanced to a third party) constitutes a "financial debt," making the holders financial creditors.
- It rejected narrow interpretations limiting financial creditor status only to direct lenders, emphasizing that commercial effect and overall substance of the transaction, not nomenclature, determine classification.
- It restored the NCLT's original order recognizing the appellants as financial creditors in the insolvency process, allowing their claims to be included in the distribution under the resolution plan.
- Arguments that moratorium, lack of default, or contingent contract terms nullified the lenders' rights were rejected. The promise to pay shortfall sufficed for guarantee, and the right to payment (claim) persists even with moratorium in force.
- The appeals were allowed, NCLAT's decision was set aside, and the NCLT's order was restored.

RATIO DECIDENDI

- Any contract under which a corporate debtor undertakes to pay a shortfall in third-party debt upon realization of secured assets constitutes a guarantee (Section 126, Contract Act).
- Under Section 5(8)(i) IBC, guarantee obligations—even for loans not directly advanced to the debtor—are “financial debts”, qualifying lenders as financial creditors.
- The substance, not the form or title, of the transaction determines whether a guarantee exists; courts must interpret commercial contracts to give efficacy to business intentions, not restrictively.
- Moratorium under IBC does not extinguish claims but bars enforcement; rights to payment, even if temporarily unenforceable, still create debts and claims.
- Inclusion as financial creditor enables lenders to participate in CIRP and claim under the Resolution Plan where security and guarantee exist.

Applicability of "Theory of Deduction" in Land Acquisition Compensation

Madhya Pradesh Road Development Corporation v. Vincent Daniel & Ors. (2025) 7 SCC

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Bench: Sanjiv Khanna, CJI and Sanjay Kumar, J.

FACTS

- The Madhya Pradesh Road Development Corporation (MPRDC) acquired land for widening and construction of the Jabalpur-Mandla-Chilpi section of National Highway No.12-A under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
- Compensation for the acquired land was calculated by the Competent Authority using the Collector's Guidelines (circle rates) issued under the Indian Stamp Act, which set out values based on local land categories and usage.
- Dissatisfied, Vincent Daniel (landowner) appealed and the compensation was enhanced by applying rates for residential and agricultural land (as applicable) and a solatium, based on the area acquired.
- MPRDC questioned the use of Collector's Guidelines and sought to apply the "theory of deduction", a precedent under the Land Acquisition Act, 1894, which allowed discounts from developed land values for costs/areas to be spent on roads, infrastructure, etc.
- The enhanced compensation was upheld by the District Judge and the High Court, leading MPRDC to appeal to the Supreme Court.

ISSUES

- Whether, under the Land Acquisition Act, 2013, market value of land for compensation must always consider the "theory of deduction" when using circle rates or Collector's Guidelines, as was done under the 1894 Act.
- Whether the Commissioner and Courts below erred in relying solely on circle rates, without deduction, for valuing large tracks of undeveloped land.
- The nature and scope of discretion available to the Collector or Commissioner under Section 26 of the 2013 Act regarding deductions or adjustments to calculated circle rate values.

JUDGMENT

- The Supreme Court clarified that while the “theory of deduction” (which requires deduction for areas to be set apart for roads/infrastructure when undeveloped land is valued by comparison to developed plots) is factually justified under the 1894 Act, its application is not mandatory under the 2013 Act.
- Under Section 26 of the 2013 Act, compensation must be based on the highest value among: (a) the circle rate (as per Stamp Act), (b) average sales of comparable land, or (c) consented compensation, subject to statutory adjustments and the Collector's discretion (with reasons).
- The Collector may, if justified on facts and reasons, adjust/either increase or discount the calculated circle rate, including for development expenses—but discretion must be specifically exercised and documented.
- In the case at hand, no material or reasoning was placed before the authorities to justify a deduction. The Collector and Commissioner did not exercise discretion to reduce the value on account of undeveloped status.
- The Court held that circle rates are baseline or minimum rates (floor rates); public authorities should not dispute rates fixed by government. If rates are excessive, it is for government to fix/change them.
- The compensation based on circle rate, as enhanced and awarded, was upheld by the Supreme Court; MPRDC's appeal was dismissed.

RATIO DECIDENDI

- The “theory of deduction” is not a universal or mandatory rule under the Land Acquisition Act, 2013. It should be factually applied by the Collector only where evidence justifies adjustment, supported by written reasons.
- Market value determination under Section 26(1) of the 2013 Act requires application of the highest value out of prescribed methods; circle rates provide a fair, minimum, and predictable baseline.
- Collector's discretion to deduct or discount the value must be exercised judiciously and only after material is brought on record; otherwise, the circle rate stands.
- State authorities and government agencies cannot challenge circle rates fixed by their own government; these must be scientifically determined and regularly revised for public transparency.

Cancellation of Selection Process for Assam Forest Protection Force Constables

Bench: Dipankar Datta and Manmohan, JJ.

FACTS

- Assam's Principal Chief Conservator of Forests initiated recruitment for 104 Constable posts in the Assam Forest Protection Force via advertisement in July 2014.
- Selection occurred in May 2016 through physical efficiency tests and interviews; a list of selected candidates was prepared.
- Following a political regime change in May 2016, serious anomalies in the recruitment (district overrepresentation, improper reservation compliance, questionable merit practices) were flagged in a note by the PCCF.
- Without holding an inquiry, the new government cancelled the select list, citing violation of reservation policy and prior Supreme Court judgments.
- Petitioners challenged this cancellation in the Gauhati High Court, which held that irregularities could be rectified without discarding the entire process.
- The Division Bench upheld the single judge's view, finding the government's decision arbitrary and disproportionate.

ISSUES

- Whether wholesale cancellation of the selection process was justified or amounted to arbitrary, disproportionate exercise of powers in light of flagged irregularities.
- Whether selected candidates gained a legal right of appointment warranting court intervention.
- Applicability of legal doctrines like Wednesbury unreasonableness and proportionality in reviewing such decisions.
- Whether the government may justify cancellation with additional grounds beyond those originally stated.

JUDGMENT

- The Supreme Court found the cancellation well-justified, supported by sufficient material indicating systemic irregularities—overrepresentation from specific districts, reservation violations, questionable merit allocation, and non-transparency.

- The government's action was not vulnerable to challenge under Wednesbury unreasonableness or the proportionality doctrine.
- The High Court erred by substituting its own view for that of the government, engaging in appellate scrutiny rather than limited judicial review.
- Select candidates do not acquire indefeasible rights to appointment, and government may decline to make appointments from a select list if cogent valid reasons exist.
- The judgment and order of the High Court were quashed. The government was permitted to recommence recruitment for the posts, while the previously selected candidates were offered waivers on age, minor measurement and physical test deficiencies, and further relaxation under Article 142, given the passage of time.

RATIO DECIDENDI

- A select list alone does not confer a vested right of appointment; appointments may be withheld in bona fide exercise of executive power, subject to fairness and absence of arbitrariness.
- Large-scale and systemic irregularities justify wholesale cancellation of a recruitment process; the proportionality doctrine must be applied in context, favoring public interest and process legitimacy.
- Judicial review does not extend to substituting governmental choices with the court's own preference when two plausible options exist and the state's choice is reasonably supported.
- Relief to affected candidates is warranted in terms of age and other relaxations if process is revived after inordinate delay due to litigation, as part of constitutional equity powers.

Deliberation on delay in Pronouncement of Judgments and Guidelines for Speedy Disposal

Ravindra Pratap Shahi v. State of U.P. & Others, 2025 SCC OnLine SC 1813

Bench: Sanjay Karol and Prashant Kumar Mishra, JJ.

FACTS

- The appeal arose from the failure to pronounce judgment on a criminal appeal pending in the High Court of Judicature at Allahabad for an extended period.

- Arguments in the pending criminal appeal were concluded, and the matter was reserved for orders on December 24, 2021.
- Despite repeated listing and administrative orders, the judgment was not delivered for more than a year, with hearings postponed and adjournments occurring without substantive progress.
- The protracted delay led the appellant/de facto complainant to file applications seeking early judgment and for the matter to be listed before different benches.
- The Supreme Court directed the Registrar General to submit reports on the status, revealing consistent delays and no mechanism for litigants to address such postponement or seek redress before the Chief Justice.

ISSUES

- Whether persistent delay in delivery of reserved judgments undermines litigant faith, defeats justice, and violates policy and purpose of speedy disposal.
- What guidelines and directions ought to be issued for High Courts to ensure time-bound pronouncement of judgments.
- Whether litigants can claim any remedy or redress when judgments are not pronounced for inordinate periods after conclusion of arguments.

JUDGMENT

- The Supreme Court deeply deprecated systemic delays in pronouncement of judgments, highlighting adverse effects on public trust and judicial dignity.
- The Court cited earlier precedents, notably *Anil Rai v. State of Bihar*, emphasizing adherence to time-bound delivery of judgments in keeping with justice system goals and public expectation.
- Directions were issued to the Chief Justices of all High Courts to take administrative measures: maintain lists of reserved judgments, circulate status of pending judgments among judges, add columns on judgment reservation and pronouncement dates, and set up processes for early pronouncement and reassignment if delay exceeds prescribed timelines.
- Litigants were given the right, if a judgment is not pronounced within three months, to file applications for early judgment/prayer for case withdrawal and reassignment.
- For inordinate delay, judgments not delivered within six months, parties were permitted to seek transfer of case to another bench for fresh arguments.

RATIO DECIDENDI

- Timely delivery of reserved judgments is integral to judicial efficiency, litigant faith, and the legitimacy of the justice system.
- Systemic or repeated delay in pronouncing judgments after arguments constitutes a denial of justice and undermines rule of law and constitutional mandate for speedy justice.
- Chief Justices and administrative authorities must implement audit and monitoring mechanisms, allowing redress for litigants and reassignment of delayed cases.
- Guidelines and control measures are mandatory, and repeated reminders were issued to all High Courts for strict compliance and accountability.

Supreme Court Clubs FIRs and Grants Temporary Bail to Builder in Homebuyer Fraud

Alok Kumar v. State of Bihar & Ors. 2025 SCC OnLine SC 1728

Bench: J.B. Pardiwala and R. Mahadevan, JJ.

FACTS

- Alok Kumar, Director of Agrani Homes (a Patna-based real estate developer), faced 81 FIRs filed by homebuyers who alleged that, although he had collected more than ₹13.94 crore for flats and apartments, the promised properties were never delivered.
- The first FIR was registered on January 11, 2018, for cheating and dishonoured cheques under Section 420 IPC and Section 138 NI Act.
- Kumar had been in judicial custody since October 2022, securing bail in only 10 cases.
- The Patna High Court, in February 2025, refused to club all FIRs, despite earlier consolidating cases under the Economic Offences Unit.
- Kumar petitioned the Supreme Court, seeking (i) clubbing of all similar FIRs and (ii) grant of bail for facilitating settlements.
- He had already paid ₹3.17 crore to buyers, deposited ₹4 crore with the Registry, undertook to deposit an additional ₹9.94 crore within six months, and disclosed all properties belonging to him and his companies, ensuring no sales without court permission. His son also provided a personal undertaking.

ISSUES

- Can multiple FIRs arising from the same transaction or scheme for real estate fraud be clubbed into a single case for efficient adjudication?
- Should temporary bail be granted—even in a high-value, multi-victim fraud—when this would better serve the interests of the aggrieved homebuyers and promote early restitution?
- What safeguards or conditions should accompany such relief to protect the victims' claims?

JUDGMENT

- The Supreme Court found that indefinite incarceration of the accused would not benefit homebuyers, who primarily seek restitution.
- Clubbing of cases was ordered: the first FIR of January 11, 2018, would serve as the main case; all other existing and future FIRs on the same facts would be treated as statements under Section 161 CrPC, as per the precedent in *Satinder Singh Bhasin v. State of U.P.*
- Kumar was granted six months' temporary bail, conditional on depositing the remaining ₹9.94 crore, surrendering his passport, marking fortnightly attendance at Shastri Nagar Police Station, and refraining from transferring or creating rights in any property without court approval.
- The undertakings of Alok Kumar and his son (to settle all claims within six months, or face further action/withdrawal of bail) were accepted and put on record.
- The deposit of funds was expressly not deemed full or final settlement; final distribution would occur among homebuyers.
- The Enforcement Directorate (ED) was permitted to pursue independent proceedings in accordance with law.
- The case is posted for review on February 24, 2026. Failure to comply could result in cancellation of bail.

RATIO DECIDENDI

- The clubbing of multiple criminal complaints/FIRs arising from a common fraudulent scheme is permissible to promote expeditious and coherent adjudication and facilitate effective relief for numerous victims.
- The aim of criminal process in mass fraud—such as real estate scams—should be practical redress for victims, not merely punitive incarceration of the accused.

- Temporary bail can be granted with strict financial and procedural safeguards, especially where it enables the accused to fulfil restitution and settlement obligations.
- Undertakings, disclosure of assets, and ongoing judicial supervision are essential mechanisms to balance the interests of justice, victim compensation, and accountability.

Supreme Court Rebukes Misapplication of Criminal Law in Commercial Dispute

Shikhar Chemicals v. State of Uttar Pradesh & Another 2025 SCC OnLine SC 1643

Bench: J.B. Pardiwala and R. Mahadevan, JJ.

FACTS

- The petitioner, M/s Shikhar Chemicals, purchased yarn worth ₹52,34,385 from the complainant (M/s Lalita Textile Concern), paying ₹47,75,000. The balance, plus claimed interest, remained unpaid.
- Alleging fraud and default, the complainant sought criminal prosecution when recovery efforts (including GST and legal notices) proved unsuccessful.
- Complaint Case No. 113283 of 2023 was filed, resulting in the Additional CJM-I, Kanpur Nagar, taking cognizance and summoning the petitioner under Section 406 IPC (criminal breach of trust) after magisterial inquiry under Section 202 CrPC.
- The High Court dismissed the petition to quash the criminal proceedings (Criminal Misc. App. No. 2507/2024), reasoning that civil litigation would be slow and unaffordable for the small business complainant, so criminal recourse was justified.
- The petitioner challenged the order before the Supreme Court.

ISSUES

- Whether non-payment of a commercial debt in a seller-buyer transaction, without more, constitutes “criminal breach of trust” under Section 406 IPC.
- Whether a Magistrate’s summoning order can stand when the essential ingredients of entrustment (as explained in Supreme Court precedent) are absent.
- Whether the High Court was correct in invoking criminal law for a dispute essentially civil in nature, based solely on consideration of hardship or delay in civil proceedings.
- Whether judicial propriety and legal standards were adequately observed by the subordinate courts and High Court.

JUDGMENT

- The Supreme Court condemned both the Magistrate and the High Court's ignorance of established law, holding that mere commercial defaults between parties to a sales contract do not amount to criminal breach of trust.
- The Bench re-affirmed settled law (*State of Gujarat v. Jaswantlal Nathalal; Delhi Race Club v. State of U.P.*) that "entrustment" and "fiduciary relationship" are essential for Section 405/406 IPC; a simple unpaid seller-buyer dispute does not suffice.
- The Court found the High Court's reasoning—that criminal remedy should be available due to the time/cost of civil litigation—fundamentally flawed and contrary to law.
- Accordingly, the impugned High Court order was set aside without issuing notice to the respondents. The matter was remanded to the Allahabad High Court for fresh consideration, directing that the case be assigned to a different judge and the erring judge be relieved of all criminal matters, sitting only with a senior Division Bench judge until demitting office.
- The Supreme Court Registry was directed to communicate this order to the Chief Justice of the Allahabad High Court.

RATIO DECIDENDI

- Civil disputes, even where default is alleged, cannot be converted into criminal proceedings simply for expedience or to pressure the debtor; the essential ingredients of criminal offence (like entrustment for Section 406 IPC) must strictly be satisfied.
- Judicial orders cannot be justified on grounds of convenience, cost, or inefficiency of civil remedies; to do so would be to subvert the rule of law and promote misuse of criminal process.
- The Supreme Court possesses both corrective and administrative powers to safeguard legal standards and institutional credibility, and may direct remedial action where patterns of egregious error are observed in lower courts.



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