PHOENIX LEGAL

MONTHLY NEWSLETTER

MAY 2026

TABLE OF CONTENTS:

ARBITRATION

Date: 27 May 2026

Case Name: Tarini Prasad Mohanty v. Sunflag Iron and Steel Company Limited, Civil Appeal No. 8218 of 2026 (Arising out of SLP (C) No. 27534 of 2025)

Forum: Supreme Court

The appeal arose from an arbitral dispute in which the appellant challenged an order of the Arbitral Tribunal rejecting an objection under Section 16 of the Arbitration and Conciliation Act, 1996. The appellant contended that various agreements executed between the parties were insufficiently stamped and, being in the nature of "conveyance", ought to have been impounded before arbitration could proceed. While the Arbitrator rejected the objection and held that the agreements were merely agreements to sell, a Single Judge of the Orissa High Court entertained a writ petition under Articles 226 and 227 of the Constitution and directed impounding of the documents. The Division Bench subsequently reversed the decision, leading to the present appeal.

Issues:

1. Whether a writ petition challenging an order passed by an Arbitral Tribunal under Section 16 of the Arbitration and Conciliation Act ought to be entertained during the pendency of arbitral proceedings?

2. Whether the High Court was justified in re-examining the nature of the agreements and directing their impounding?

3. Whether the agreements in question were insufficiently stamped so as to affect the jurisdiction of the Arbitral Tribunal?

Submissions of the Parties:

The appellant contended that the writ appeal filed before the Division Bench was itself not maintainable since the Single Judge had exercised supervisory jurisdiction under Article 227 of the Constitution. On merits, it was submitted that the agreements executed between the parties were in substance conveyances and not mere agreements to sell. Consequently, the agreements were insufficiently stamped and ought to have been impounded before the arbitral proceedings could continue. The appellant further argued that the Arbitrator's failure to impound the documents amounted to a jurisdictional error warranting interference by the High Court in exercise of its writ jurisdiction.

Per contra, the respondent submitted that the writ appeal was maintainable since the writ petition had invoked both Articles 226 and 227 of the Constitution and sought substantive writ reliefs. It was further contended that an order rejecting a jurisdictional objection under Section 16 of the Arbitration and Conciliation Act, 1996 could not ordinarily be challenged during the pendency of arbitral proceedings, particularly when a statutory remedy under Section 34 was available after the final award. The respondent also argued that the agreements merely contemplated future sales of iron ore and did not amount to conveyances requiring additional stamp duty. Accordingly, no exceptional circumstance existed to justify writ interference.

Observations of the Court:

The Supreme Court emphasised the settled legislative scheme under the Arbitration and Conciliation Act, whereby a challenge to an order rejecting a jurisdictional objection under Section 16 must ordinarily await the final arbitral award and be raised in proceedings under Section 34 of the Act.

The Court observed that the Arbitrator had considered the agreements and prima facie concluded that they constituted agreements to sell rather than conveyances. By re-examining the agreements and independently determining their true nature, the Single Judge effectively entered into the merits of the dispute and substituted the Arbitrator's findings with his own conclusions.

Relying upon earlier precedents including **SBP & Co. v. Patel Engineering Ltd.** and **Deep Industries Ltd. v. ONGC Ltd.,** the Court reiterated that supervisory jurisdiction under Articles 226 and 227 should be exercised sparingly in arbitration matters and only in cases involving patent lack of inherent jurisdiction or other exceptional circumstances. Mere disagreement with an arbitral determination does not justify writ interference.

Held:

The Supreme Court upheld the judgment of the Division Bench and held that the Single Judge had exceeded the permissible limits of judicial review by interfering with the Arbitrator's order under Section 16. The Court ruled that the arbitral proceedings ought to continue and that any challenge to the Arbitrator's determination could be raised in accordance with the statutory remedies available under the Arbitration and Conciliation Act.

The judgment serves as a significant reaffirmation of the principle of minimal judicial intervention in arbitral proceedings. It reinforces the doctrine of kompetenz-kompetenz and clarifies that High Courts should not routinely entertain writ petitions against interlocutory orders of arbitral tribunals, particularly where the statute provides an effective post-award remedy.

CIVIL LAW

Date: 15 May 2026

Case Name: State of Uttar Pradesh and Ors. v. Reliance Industries Limited and Ors., Civil Appeal Nos. 3910, 3913, 3914 and 3915 of 2016

Forum: Supreme Court

The present batch of civil appeals arose from the judgment dated 07.09.2012 passed by the Division Bench of the Allahabad High Court (Lucknow Bench), which had allowed writ petitions preferred by the respondent companies, quashed the assessment order dated 11.06.2010 passed by the Additional Commissioner Grade-II, Commercial Tax, Lucknow, and directed the State of Uttar Pradesh to refund the tax realised thereunder. The respondent No. 1 i.e., Reliance Industries Limited, as part of an international consortium, was engaged in extracting natural gas from the KG-D6 deep-water block under a Production Sharing Contract with the Government of India. Pursuant thereto, Gas Sales and Purchase Agreements **("GSPAs")** were executed with buyers in various States, including Uttar Pradesh, under which natural gas was delivered at Gadimoga, Andhra Pradesh. The gas was thereafter transported through pipelines operated by RGTIL and GAIL to Auraiya District, Uttar Pradesh. The State of Uttar Pradesh levied Value Added Tax on the transaction, treating it as an intra-State sale, which was challenged before the High Court.

Issues:

1. Whether the sale of natural gas by the respondent was an inter-State sale under Section 3 of the Central Sales Tax Act, 1956 ("CST Act") or an intra-State sale?

2. Whether the State of Uttar Pradesh had jurisdiction to impose VAT on the subject transaction?

3. Whether co-mingling of gas in the common carrier pipeline changed the character of the sale from inter-State to intra-State?

4. Whether Section 4 of the CST Act could override Section 3 to fix the situs of an inter-State sale within Uttar Pradesh?

Submission of the Parties:

The appellant State contended that the natural gas, being a fungible good transported in a common carrier pipeline, remained unascertained until appropriated at the buyers' factories in Uttar Pradesh, and that the sale was therefore intra-State. It was further argued that Section 4 of the CST Act governed the determination of the situs of the sale, and that the public trust doctrine mandated that the sale be treated as concluding in Uttar Pradesh.

Per contra, the respondent contended that the GSPA stipulated the delivery point at Gadimoga, Andhra Pradesh, where title, risk, and possession of the gas passed to the buyers, and that the inter-State movement of gas was directly occasioned by the contract of sale, satisfying all requirements of an inter-State sale under Section 3(a) of the CST Act. It was further submitted that the State of Uttar Pradesh itself had acknowledged the transaction as inter-State by issuing Form-C to the buyers.

Observations of the Court:

The Supreme Court undertook a detailed analysis of the constitutional scheme governing inter-State trade and the interplay between Sections 3 and 4 of the CST Act. The Court held that Section 3 defines when a sale takes place in the course of inter-State trade, and Section 4 is expressly made subject to Section 3; accordingly, where a sale satisfies the conditions of an inter-State sale under Section 3, Section 4 has no application. The Court further held that, under the GSPA read with the GTA, the delivery point was at Gadimoga in Andhra Pradesh, where title, risk, and possession were transferred to the buyers, and that the sale stood concluded at that point. On the issue of co-mingling, the Court observed that subsequent transportation through a common carrier pipeline, and any re-processing or commingling of gas, did not alter the inter-State character of the original sale, applying the principle laid down in **Peoples Natural Gas Co. v. Public Service Commission.** The Court also rejected the public trust doctrine argument, holding that it is rooted in environmental jurisprudence and cannot serve to override the constitutional scheme of legislative competence or create taxing jurisdiction where none is conferred..

Held:

The Court did not find any valid reason to interfere with the well-reasoned judgment of the High Court, holding that the sale of natural gas by the respondent was an inter-state sale under Section 3 of the CST Act, and the State of Uttar Pradesh had no jurisdiction to impose VAT on such transaction. Accordingly, all four civil appeals were dismissed.

The judgment is a significant reaffirmation of the constitutional scheme ensuring free flow of inter-State trade and commerce, holding that where a contract of sale occasions the movement of goods from one State to another, the sale falls under Section 3 of the CST Act and is beyond the taxing jurisdiction of the destination State; the Court further clarified that co-mingling of fungible goods in a common carrier pipeline, mandated by regulatory requirements, does not alter the inter-State character of the transaction, and that neither Section 4 of the CST Act, nor the Sales of Goods Act, nor the public trust doctrine can be invoked to convert an inter-State sale into an intra-State sale so as to attract State VAT.

Date: 08 May 2026

Case Name: Manjula and Ors. v. D.A. Srinivas, Civil Appeal No. 7370 of 2026 (Arising out of SLP (C) No. 7924 of 2024)
Forum: Supreme Court

The instant civil appeal was directed against a judgment of the High Court of Karnataka at Bengaluru, which had set aside the trial Court's order rejecting the plaint under Order VII Rule 11(a) and (d) of the Code of Civil Procedure, 1908 and restored the suit for adjudication on merits. The respondent had instituted the suit claiming ownership of suit schedule properties on the strength of a Will dated 20.04.2018 allegedly executed by the deceased K. Raghunath, the husband of Appellant No. 1 and father of Appellant Nos. 2 and 3. According to the respondent's own pleadings, the properties had been purchased with funds provided by him in the name of the deceased, who was his employee, owing to statutory restrictions under the Karnataka Land Reforms Act prohibiting the respondent from purchasing agricultural land. Criminal proceedings were pending against the respondent, who was accused of the murder of the deceased.

Issues:

1. Whether the plaint, on a meaningful reading, disclosed an underlying benami transaction barred under the Prohibition of Benami Property Transactions Act, 1988 **("Benami Act")**?

2. Whether the employer-employee relationship constituted a fiduciary relationship within the meaning of Section 2(9)(A)(ii) of the Benami Act?

3. Whether the 2016 Amendment to the Benami Act, introducing the fiduciary exception, operated retrospectively?

4. Whether a suit founded on a Will could circumvent the statutory bar under the Benami Act?

5. Whether Order VII Rule 11 CPC and a preliminary issue on a pure question of law may be considered together?

Submission of the Parties:

The appellants contended that a meaningful and substantive reading of the plaint, read with the documents annexed thereto, unmistakably disclosed a benami transaction, as the respondent claimed to have provided the consideration for the purchase of properties in the name of the deceased, who was merely a name-lender. It was further submitted that the fiduciary exception under the amended Act could not apply, as the employer-employee relationship was not fiduciary in nature, the exception was not pleaded, and the 2016 Amendment was not retrospective.

Per contra, the respondent submitted that the suit was founded solely on the Will and not on any benami transaction, and that the question of whether the transaction was benami required evidence and could not be decided at the Order VII Rule 11 stage. It was further argued that the relationship was fiduciary and fell within the statutory exception under Section 2(9)(A)(ii).

Observations of the Court:

The Supreme Court undertook an exhaustive exposition of the principles governing rejection of plaints under Order VII Rule 11 CPC, holding that the Court is duty-bound to undertake a meaningful and substantive reading of the plaint and that clever drafting cannot create an illusion of a cause of action. The Court further held that an application under Order VII Rule 11 and a preliminary issue on a pure question of law under Order XIV Rule 2 may be decided together. On the substantive issue, the Court held that the transaction bore all the indicia of a benami arrangement and that the respondent's attempt to portray the suit as founded solely on the Will could not mask the underlying illegality. The Court further observed that the respondent had suppressed material facts, including pending criminal proceedings in which he was the principal accused. Once the transaction was held benami, the properties became liable to confiscation in accordance with law.

Held:

The Court allowed the civil appeal, set aside the impugned judgment of the High Court of Karnataka, and restored the order of the trial Court rejecting the plaint under Order VII Rule 11(a) and (d) CPC. The Court also directed that the matter be referred to the appropriate Adjudicating Authority under the Benami Act for further proceedings.

The judgment is a significant exposition of the interplay between Order VII Rule 11 CPC and the Prohibition of Benami Property Transactions Act, 1988, clarifying that where a meaningful reading of the plaint discloses a benami transaction, the plaint is liable to be rejected at the threshold notwithstanding clever drafting; the Court further held that an application under Order VII Rule 11 and a preliminary issue under Order XIV Rule 2 may be decided together, and that substance must prevail over form in determining whether litgation is founded on a transaction prohibited by law.

CRIMINAL LAW

Date: 29 May 2026

Case Name: Pila Pahan and Ors. v. State of Jharkhand and Ors. Writ Petition (Crl.) No. 169/2025, Writ Petition (Crl.) No. 252/2025, Writ Petition (C) No. 489/2025, Writ Petition (C) No. 482/2025, Writ Petition (C) No. 492/2025, Writ Petition (C) No. 519/2025, Writ Petition (C) No. 506/2025 and Writ Petition (C) No. 508/2025

Forum: Supreme Court

The present batch of writ petitions was initiated by litigants whose matters had been reserved for judgment by various High Courts for prolonged periods without pronouncement. Although the individual grievances were subsequently resolved, the Supreme Court expanded the scope of the proceedings to examine the broader constitutional issue concerning delays in the pronouncement and uploading of judgments by High Courts across the country.
Extensive reports were called from all High Courts, revealing a significant number of cases in which judgments had remained reserved for months and, in certain instances, years. The Court also examined delays in uploading reasoned judgments after pronouncement of operative orders.

Issues:

1. Whether uniform guidelines were required to address delays in the pronouncement of reserved judgments by High Courts?

2. Whether mechanisms should be established for monitoring reserved judgments and delayed uploads of reasoned orders?

3. What remedies should be available to litigants affected by prolonged delays in pronouncement of judgments?

Observations of the Court:

The Supreme Court observed that delayed pronouncement of judgments undermines public confidence in the administration of justice and may render substantive reliefs ineffective. The Court noted that while previous decisions had issued directions on timely pronouncement of judgments, the absence of a comprehensive framework had resulted in inconsistent compliance across jurisdictions.
After considering suggestions received from various High Courts and the recommendations of the Amicus Curiae, the Court found it necessary to formulate uniform nationwide guidelines. The Court emphasised that matters concerning personal liberty, including bail applications, criminal appeals involving incarcerated convicts and death reference cases, require particular urgency.
The Court also recognised the need for institutional mechanisms to monitor reserved judgments, provide transparency regarding delayed decisions and ensure timely uploading of reasoned judgments.

Held:

Invoking its powers under Article 142 of the Constitution, the Supreme Court issued comprehensive and binding guidelines applicable to all High Courts. The Court directed that reserved judgments should ordinarily be pronounced within three months, established monitoring mechanisms through Registrars General and Chief Justices, prescribed timelines for uploading reasoned judgments, and provided litigants with procedural remedies where judgments remain pending beyond stipulated periods.

The judgment constitutes a landmark intervention aimed at strengthening judicial accountability and transparency. By prescribing uniform timelines and monitoring mechanisms for reserved judgments, the Supreme Court has sought to ensure timely delivery of justice and prevent litigants from being prejudiced by prolonged judicial delays.

INSOLVENCY AND BANKRUPTCY LAW

Date: 27 May 2026

Case Name: Sanjay Dave v. Andhra Bank Ltd. and Ors., Civil Appeal Nos. 12264-12266 of 2024

Forum: Supreme Court

The present appeals arose from a judgment of the National Company Law Appellate Tribunal ("**NCLAT**") affirming orders passed by the National Company Law Tribunal ("**NCLT**") in relation to the Corporate Insolvency Resolution Process ("**CIRP**") of Oracle Home Textiles Limited. The appellant, a promoter and director of the corporate debtor, had submitted a resolution plan which was approved by the Committee of Creditors ("**CoC**") with an overwhelming majority. Subsequently, Letters of Intent ("**LOIs**") were issued by the Resolution Professional ("**RP**"), which the appellant refused to accept on the ground that they were conditional, particularly because they were subject to the outcome of pending applications filed by prospective resolution applicants and certain employee-related claims. Upon the appellant's continued refusal to accept the LOIs and furnish the requisite performance guarantee, the CoC forfeited the Earnest Money Deposit ("EMD") and eventually resolved to liquidate the corporate debtor.

Issues:

1. Whether the LOIs issued by the RP were conditional in nature and contrary to the approved resolution plan?

2. Whether the appellant was justified in refusing to accept the LOIs and furnish the performance guarantee?

3. Whether the forfeiture of the EMD and the subsequent decision of the CoC to liquidate the corporate debtor were legally sustainable?

Submission by the Parties:

The appellant contended that the LOIs issued by the Resolution Professional were conditional and materially deviated from the resolution plan approved by the CoC. It was argued that making the LOIs subject to the outcome of pending proceedings initiated by prospective resolution applicants and employee-related claims imposed additional obligations that were never contemplated under the approved plan. The appellant further submitted that the reduction of the time period for furnishing the performance guarantee from forty-five days to seven days was arbitrary and contrary to the CoC's earlier decision. Consequently, the forfeiture of the Earnest Money Deposit ("EMD") and the subsequent liquidation of the corporate debtor were challenged as illegal and unjustified.

Per contra, the respondent banks and the Resolution Professional submitted that the appellant had participated in various CoC meetings and was fully aware of the pending proceedings and employee claims. It was contended that the impugned stipulations merely reflected existing legal contingencies and did not alter the approved resolution plan. The respondents further argued that the appellant had acquiesced to the relevant terms, repeatedly failed to comply with his obligations, and neglected to furnish the performance guarantee despite multiple opportunities. Accordingly, the forfeiture of the EMD and the CoC's decision to liquidate the corporate debtor were stated to be in accordance with the Insolvency and Bankruptcy Code, 2016 and the RFRP.

Observations of the Court:

The Supreme Court held that the stipulations contained in the LOIs did not render them conditional. The Court observed that making the LOI subject to the outcome of pending judicial proceedings merely reflected the legal reality that any order ultimately passed by the adjudicating authority would bind the parties. Such stipulations could not be treated as additional conditions enabling a successful resolution applicant to withdraw from the process.

The Court further noted that the appellant was fully aware of the pending proceedings and employee-related claims, which had been repeatedly discussed in various CoC meetings in which he had participated. The appellant had also acquiesced to these terms during the CIRP process and could not subsequently challenge them after approval of the resolution plan.

On the issue of the performance guarantee, the Court held that although the CoC had temporarily relaxed the timeline owing to the COVID-19 pandemic, the appellant had subsequently agreed to furnish the guarantee within seven days as prescribed under the Request for Resolution Plan ("RFRP"). Having failed to comply with these obligations, the appellant could not avoid the consequences stipulated under the RFRP.

Held:

The Supreme Court dismissed the appeals and upheld the decisions of the NCLT and NCLAT. It held that the LOIs were not conditional, the forfeiture of the EMD was justified under the terms of the RFRP, and the CoC was fully entitled to exercise its commercial wisdom in deciding to liquidate the corporate debtor after the appellant failed to fulfil his obligations as a successful resolution applicant.

The judgment reiterates that a successful resolution applicant cannot evade obligations arising from an approved resolution plan by subsequently characterising agreed terms as "conditional". It reinforces the primacy of the commercial wisdom of the CoC and underscores that resolution applicants must strictly adhere to the commitments undertaken during the CIRP process.

WHITE–COLLAR CRIMES

Date: 18 May 2026

Case Name: Amit Katyal & Anr. v. State of Haryana & Anr., Writ Petition (Crl.) No. 67/2025

Forum: High Court of Delhi

The present writ petition under Article 32 of the Constitution of India was filed by the petitioners, who were directors of M/s Krrish Realtech Pvt. Ltd., seeking clubbing and transfer of multiple FIRs registered against them across Delhi and Haryana arising out of the same set of transactions pertaining to the real estate project "Brahma City / Krrish World". The petitioners had launched several real estate projects, accepted bookings from homebuyers, but were unable to deliver possession, leading to registration of multiple FIRs under Sections 406, 409, 420 and 120B IPC at the Economic Offences Wing, Delhi and at Police Stations in Gurugram, Haryana. Notably, in FIR No. 30/2019 at EOW Delhi, complaints of 83 homebuyers had already been clubbed and a charge-sheet filed. Subsequently, FIR No. 439/2024 was registered at PS Sector-65, Gurugram on substantially the same allegations. The Directorate of Enforcement had also registered an ECIR based on the predicate offences in the multiple FIRs.

Issues:

1. Whether FIR No. 439/2024 registered at Gurugram, Haryana, arising from the same set of transactions and allegations, should be clubbed with FIR No. 30/2019 at EOW, Delhi?

2. Whether a blanket direction restraining coercive action in respect of future FIRs based on the same transactions could be granted?

Submission by the Parties:

The petitioners contended that multiple FIRs had been registered in Delhi and Haryana based on the same real estate project and identical allegations, and that the multiplicity of proceedings caused serious prejudice amounting to double jeopardy. It was further submitted that in one FIR (No. 52/2016), the investigating agency had filed a final report (cancellation) finding the transactions to be civil in nature.

Per contra, the State of Haryana submitted that the offences were committed across States, the scope of the alleged misdeeds was extensive, and that a Special Investigation Team had been constituted and had carried out extensive investigation. The ASG appearing for Delhi submitted that Delhi Police had no objection if the investigation was conducted through one agency as the Court deems fit.

Observations of the Court:

The Supreme Court relied upon the principle laid down in **T.T. Antony v. State of Kerala (2001) 6 SCC 181**, as reaffirmed in **Arnab Goswami v. Union of India, Amish Devgan v. Union of India,** and **Mohd. Zubair v. NCT Delhi,** holding that under the scheme of CrPC, there can be no second FIR in respect of the same cognizable offence or the same occurrence, and that the Code postulates a single, comprehensive investigation with liberty to file supplementary reports under Section 173(8). The Court observed that a common thread existed in the nature of grievances across all FIRs, and that the final report in one FIR had itself found the transactions to be civil in nature. The Court held that permitting multiple FIRs and parallel investigations on the same set of facts would result in avoidable multiplicity of proceedings, conflicting findings, and serious prejudice to the petitioners.

Held:

The Court partly allowed the writ petition and directed that FIR No. 30/2019 at PS Economic Offences Wing, Delhi shall stand transferred and clubbed with FIR No. 439/2024 at PS Sector-65, Gurugram, Haryana, to be investigated in accordance with law. However, the prayer for a blanket direction restraining coercive action in respect of future FIRs was declined, holding that it was neither appropriate nor permissible to grant such a prospective relief, while clarifying that the petitioners may avail such remedies as may be available to them in law in the event of any future FIR being registered on the same transactions.

The judgment reaffirms the settled principle that under the scheme of the Code of Criminal Procedure, there cannot be multiple FIRs in respect of the same occurrence or transaction, and that the appropriate course is a single comprehensive investigation with liberty to file supplementary reports, particularly in cases involving economic offences spanning multiple jurisdictions; while the Court consolidated the investigations to prevent multiplicity and prejudice, it rightly declined the prayer for a blanket injunction against future FIRs, preserving the State's investigative prerogative and the rights of future complainants.

NEW DELHI:

Phoenix House, 254,
Okhla Industrial Estate Phase III,
New Delhi - 110020

Tel: +91 (0) 11 4983 0000

Email: delhi@phoenixlegal.in

MUMBAI:

Vaswani Mansion, Office No. 17 & 18,
3rd floor, 120 Dinshaw Vachha Road
Churchgate, Mumbai – 400020

Tel:+91 (0) 22 4340 8500

Email: mumbai@phoenixlegal.in