



The Indian Journal for Research in Law and Management

Open Access Law Journal – Copyright © 2025

Editor-in-Chief – Dr. Muktai Deb Chavan; Publisher – Alden Vas; ISSN: 2583-9896

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POOJA RAMESH SINGH V. JAMMU & KASHMIR BANK LTD.: JUDICIAL INTEGRITY, AI-GENERATED AUTHORITIES AND THE LIMITS OF TECHNOLOGY IN ADJUDICATION

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Court: Supreme Court of India

Bench: Justice Pamidighantam Sri Narasimha and Justice Alok Aradhe

Date of Judgment: July 2, 2026

INTRODUCTION

Artificial Intelligence has become an increasingly common tool in legal research. Lawyers use AI to locate cases, understand unfamiliar areas of law and manage large volumes of legal material. The convenience is clear. Problems arise, however, when an AI system produces authorities that appear genuine but do not actually exist.

That problem came before the Supreme Court in *Pooja Ramesh Singh v. Jammu & Kashmir Bank Ltd.*¹ The case arose from insolvency proceedings concerning the enforcement of a corporate guarantee, but its significance extends far beyond the underlying insolvency dispute. The Supreme Court found that the National Company Law Tribunal (NCLT) had relied upon fake and hallucinated material generated through Artificial Intelligence as if it were judicial precedent.

The Court treated the issue as one affecting the integrity of adjudication itself. The judgment therefore raises an important question for modern legal practice: what happens when technology produces legal sources that look authoritative but have no existence in law?

FACTS OF THE CASE

The appellant, Pooja Ramesh Singh, was a suspended director of Essel Infraprojects Ltd. (“EIL”), the corporate debtor and corporate guarantor of Pan India Utilities Distribution Company Ltd. (“PIUDCL”), the original borrower. PIUDCL had obtained loan facilities from Jammu & Kashmir Bank Ltd., and EIL had executed a corporate guarantee to secure those

¹ *Pooja Ramesh Singh v. Jammu & Kashmir Bank Ltd. & Anr.*, **2026 INSC 668**

facilities. PIUDCL later experienced severe financial stress, failed to maintain its repayment schedules and its loan accounts were classified as non-performing assets.²

Following the defaults, the Bank filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, before the NCLT, Mumbai, seeking initiation of the Corporate Insolvency Resolution Process against EIL. On August 28, 2024, the NCLT admitted the application, appointed an Interim Resolution Professional and declared a moratorium under Section 14 of the Code.³

Singh appealed to the National Company Law Appellate Tribunal (NCLAT). She argued that EIL's liabilities had been transferred to another company through a scheme of demerger and subsequent amalgamation. She also contended that a renewed sanction letter dated November 18, 2017 did not mention the guarantee and that the guarantee should therefore be treated as relinquished.⁴

The NCLAT rejected these arguments on September 11, 2025. It relied, among other things, on Clause 8 of the guarantee deed, which provided that the guarantee would not be affected by the absorption or amalgamation of the guarantor company with another company.⁵

The matter then reached the Supreme Court. At the hearing, the appellant's senior counsel, Ms. Madhavi Divan, pointed out that several authorities relied upon by the NCLT could not be verified. The Supreme Court independently examined those authorities and confirmed that they contained serious defects.⁶

THE CENTRAL LEGAL ISSUE

The underlying dispute concerned the continuing enforceability of the corporate guarantee. The Supreme Court, however, had to address a broader question:

Whether a decision of a court or adjudicating authority based on fake, non-existent or AI-hallucinated legal material can constitute a valid judicial decision.

The question matters because courts depend upon authentic legal sources when determining disputes. A fabricated precedent is not simply a weak authority. It has no legal existence and therefore cannot legitimately support a judicial determination.

THE SUPREME COURT'S DECISION

The Supreme Court's examination revealed problems with all six authorities relied upon by the NCLT. *State Bank of India v. M/s Shree Ram Urban Infrastructure Ltd.* was cited using the wrong citation and contained a non-existent paragraph. *Everest Kento Cylinders Ltd. v.*

² *Id.* ¶ 10

³ . *Id.* ¶ 12; Insolvency and Bankruptcy Code, No. 31 of 2016, §§ 7, 14 (India).

⁴ *Pooja Ramesh Singh*, 2026 INSC 668, ¶ 12

⁵ *Id.* ¶ 13

⁶ *Id.* ¶ 14

Union of India had a correct citation, but the paragraph attributed to it did not exist. The citations to *ICICI Bank Ltd. v. Urban Infrastructure Real Estate Ltd.*, *V.S. Dempo & Co. Ltd. v. Reliance Communications Ltd.*, and *Sarbjit Singh v. Union Bank of India* were non-existent. The citation to *Canara Bank v. N.G. Subbaraya Setty & Anr.* was correct, but the paragraph attributed to it was not found in the judgment.⁷

The Court did not treat these errors as harmless. It held that a decision based on fake or hallucinated material is no decision in the eyes of law and amounts to a subversion of the rule of law. The Court went further, stating that such a decision must be set aside even if only an “iota” of fake or hallucinated material enters the decision-making process, irrespective of whether the material had a direct or indirect bearing on the outcome.⁸

The Supreme Court therefore set aside the NCLT order dated August 28, 2024 and the NCLAT judgment dated September 11, 2025. It restored RCP (IB) No. 6/MB/2023 to its original number and directed the NCLT to decide the Section 7 application in accordance with law. The Court expressly stated that it had expressed no opinion on the merits of the insolvency dispute and directed that the application be disposed of expeditiously, preferably within two weeks, while the parties maintained the status quo as of July 2, 2026.⁹

AI AND LEGAL RESEARCH

The judgment does not reject the rightful use of Artificial Intelligence in legal work. The Court expressly distinguished between legitimate technological assistance and presenting or relying upon fake or hallucinated material as judicial precedent.¹⁰

That distinction is important. AI can help lawyers locate material and organise legal research, but its output cannot automatically be treated as a source of law. A system may generate a case name, citation, paragraph number and apparently convincing quotation even when none of these corresponds to an actual judgment.

The responsibility therefore remains with the legal professional. An AI-generated citation must be checked against an authentic source before it is relied upon before a court. The lawyer must establish that the case exists, that the cited passage appears in the judgment and that the authority actually supports the proposition for which it is being cited.

This is not an entirely new professional obligation. Lawyers have long been expected to verify the authorities they place before courts. AI changes the scale and nature of the risk because fabricated material can now be produced quickly and in a form that resembles genuine legal writing.

RESPONSIBILITY OF THE BAR AND THE BENCH

⁷ *Id.* ¶ 15

⁸ *Id.* ¶ 17

⁹ *Id.* ¶¶ 18–20

¹⁰ *Id.* ¶ 7

The judgment addresses professional accountability. The Supreme Court held that it is misconduct for an advocate to cite AI-generated judgments as precedents without verification. It directed the Bar Council of India to constitute a committee to examine the issue, prescribe guiding principles to prevent such occurrences and determine the disciplinary action that should follow violations of those norms.¹¹

The Court's concern is easy to understand. Courts depend on advocates to present legal authorities accurately. If unverified AI-generated material enters legal submissions, courts may have to spend valuable judicial time determining whether apparently authoritative cases actually exist.

The present case also shows that the problem cannot be viewed solely as a matter concerning advocates. The Bank filed an affidavit stating that its counsel had not cited the authorities in question and that the NCLT had obtained them through its own research. The Supreme Court also noted that the fake authorities escaped scrutiny before the NCLAT.¹²

This places a responsibility on both sides of the adjudicatory process. Lawyers must verify AI-generated research before relying on it, while courts and tribunals must remain alert to authorities whose authenticity cannot be established.

The strongest feature of the judgment is its treatment of accuracy as an issue of judicial legitimacy. Courts derive authority not simply from the institution itself but from a decision-making process grounded in authentic facts and law. When a judgment relies upon sources that do not exist, the reliability of that process is placed in question.

A useful distinction can be drawn between an incorrect interpretation of an existing precedent and reliance upon a fabricated one. The first concerns disagreement about the meaning or application of law. The second introduces a source that has no place within the legal system.

The Court's strict approach is understandable because a tribunal cannot legitimately establish a proposition of law by relying on a judgment that was never delivered or on passages that do not appear in the cited decision.

At the same time, future rules governing AI-assisted legal research will need to recognise differences in professional fault. Deliberately presenting a fabricated authority is different from relying carelessly on an unchecked AI response, which is different again from an isolated mistake that is identified and corrected promptly. Any disciplinary framework developed in response to the judgment should account for these distinctions.

The Court's insistence on human control should also not be read as opposition to technology. The better reading is that AI can assist legal reasoning without becoming a substitute for human responsibility. The Court itself states that its judgment has no bearing on the rightful

¹¹ *Id.* ¶¶ 7–9

¹² *Id.* ¶ 16

use of AI, but concerns the presentation or reliance upon fake or hallucinated material as court precedent.¹³

WIDER SIGNIFICANCE

The significance of *Pooja Ramesh Singh* extends beyond insolvency law. Legal education will also have to respond to the increasing use of AI in research. Students and young lawyers who accept AI-generated answers without checking primary sources may be particularly vulnerable to fabricated authorities.

The basic research habit remains unchanged: locate the original judgment, read the relevant passage and confirm that the authority actually supports the proposition being advanced. AI can make that process faster, but it cannot remove the need for verification. The case also raises an institutional question for courts. As AI systems become more sophisticated, fabricated authorities may become increasingly difficult to detect from their appearance alone. Courts and tribunals may therefore need stronger research practices and appropriate technological safeguards, particularly when a decision relies upon numerous authorities.

CONCLUSION

Pooja Ramesh Singh v. Jammu & Kashmir Bank Ltd. brings a new technological problem within a longstanding legal principle: judicial decisions must rest upon genuine law.

The Supreme Court did not prohibit AI-assisted legal research. Instead, it drew a clear line between using AI as a research tool and treating unverified AI-generated material as legal authority. By setting aside the NCLT and NCLAT orders without deciding the merits of the insolvency dispute, the Court made clear that the legitimacy of adjudication cannot depend upon fabricated precedent¹⁴. For lawyers, the practical lesson is straightforward. An AI-generated citation is a starting point for research, not a substitute for verification.

The deeper issue is trust. Legal systems depend on judges, lawyers and litigants being able to identify the sources on which legal arguments and decisions are based. AI can make legal research faster, but speed cannot come at the expense of accuracy. The future of legal research will therefore depend less on choosing between lawyers and AI than on learning how to use AI without surrendering the professional responsibility to know what the law actually says.

¹³ *Id.* ¶ 7

¹⁴ *Id.* ¶¶ 17–20