

# LEXPORT NEWSLETTER

## JUNE 2026 | WEEK 4

Dear Readers,

This weekly newsletter offers you a concise analysis of important developments, notable judgments, and noteworthy regulatory amendments and developments in the corporate and financial sectors.

This newsletter will cover updates inter alia from **Banking Laws & FEMA, Corporate Laws, Securities Laws and Capital Markets, Competition Laws, Indirect Taxes, Customs and Foreign Trade, Intellectual Property Laws, and Arbitration Laws.**

Acknowledging the significance of these updates and the need to stay informed, this newsletter provides a concise overview of the various changes brought in by our proactive regulatory authorities and the courts.

Feedback and suggestions will be much appreciated. Please feel free to write to us at [mail@lexport.in](mailto:mail@lexport.in).

Regards,  
Team Lexport



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## Indirect Tax


**Defective show-cause notice and natural justice breach led to GST registration cancellation being set aside and restored by Bombay High Court**

In a judgment dated June 17, 2026, the Bombay High Court set aside the order cancelling the petitioner's GST registration on the ground that the cancellation proceedings were initiated pursuant to a defective show cause notice. The Court noted that the cancellation order referred to allegations of fraud, wilful misstatement and suppression of facts; however, the show cause notice only referred to statutory provisions and did not disclose specific allegations, facts or particulars enabling the petitioner to submit an effective reply.

The Court held that the absence of specific allegations in the show cause notice prevented the petitioner from responding effectively and resulted in violation of principles of natural justice. Relying upon the decision in *Nirakar Ramchandra Pradhan v. Union of India & Ors.*, the Court held that the cancellation order was unsustainable.

The Court accordingly set aside the cancellation order dated November 17, 2025, directed restoration of the petitioner's GST registration with immediate effect, and granted liberty to the authority to issue a fresh show cause notice in accordance with law within the stipulated period.

Case Title: *Hanumant Baburao Ekwade v. Union of India & Ors.* WRIT PETITION NO. 427 OF 2026



**NO VALID CANCELLATION  
WITHOUT PROPER NOTICE.**

The Bombay High Court held that GST registration cannot be cancelled through vague allegations. A show cause notice must disclose clear facts and specific grounds to enable an effective response, failing which the action would violate principles of natural justice.

**CASE TITLE:** Hanumant Baburao Ekwade v. Union of India & Ors. WRIT PETITION NO. 427 OF 2026



Soumya Shrivastava



# Indirect Tax

**Customs show cause notice challenge rejected where classification is disputed and statutory adjudication remains available**

In a judgment dated June 19, 2026, the Bombay High Court declined to interfere with a customs show cause notice issued under Sections 124 and 28 of the Customs Act, 1962, in a writ petition filed by Mahindra & Mahindra Ltd. The Court noted that the dispute involved classification of imported goods under the Customs Tariff Act, 1975, where the petitioner claimed classification under various chapters while the respondents proposed classification under Chapter 87 for the purpose of levy of customs duty.

The Court held that the classification issue required adjudication by the statutory authority and did not warrant interference at the stage of issuance of the show cause notice. The Court observed that although writ jurisdiction may be exercised at the show cause notice stage in cases involving lack of jurisdiction or abuse of process, the present case did not fall within such exceptions.

The Court also noted that there was no specific pleading regarding non-grant of hearing at the pre-consultation stage and therefore declined to entertain the challenge on the ground of violation of natural justice. The petitioner was directed to submit its reply to the show cause notice, and the competent authority was directed to adjudicate the matter after providing an opportunity of hearing.

Case Title: Mahindra & Mahindra Ltd. v. Union of India & Ors. WRIT PETITION NO. 2320 OF 2026

## DISPUTED CLASSIFICATION?

### FOLLOW THE PROCESS.



The Bombay High Court held that disputes involving customs classification should ordinarily proceed through statutory adjudication. A writ challenge at the show cause notice stage will not be entertained where an effective adjudicatory mechanism remains available.

Case Title: Mahindra & Mahindra Ltd. v. Union of India & Ors. WRIT PETITION NO. 2320 OF 2026

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**Soumya Shrivastava**



# Indirect Tax

**Natural Justice breach in tax adjudication led to setting aside the order and remand for fresh hearing**

In a judgment dated June 22, 2026, the Bombay High Court set aside the Order-in-Original dated November 13, 2025, after finding that the show cause reply filed by the petitioner through the departmental portal was not considered by the adjudicating authority before passing the order. The Court noted that the petitioner had filed its reply to the show cause notice dated June 20, 2025 through the portal, but the same was not brought to the notice of the adjudicating authority due to a communication gap.

The Court held that once the show cause reply had been filed, the adjudicating authority was required to take the same into consideration before deciding the proceedings. The Court observed that non-consideration of the petitioner's reply resulted in violation of principles of natural justice.

The Court accordingly set aside the impugned Order-in-Original and remanded the matter back to the adjudicating authority for fresh consideration after taking note of the show cause reply filed by the petitioner and after granting an opportunity of hearing. The Court clarified that it had not expressed any opinion on the merits of the claims and counter-claims of the parties.

Case Title: Golden Bullion v. Union of India & Ors.  
WRIT PETITION NO. 1111 OF 2026

## SCN Reply Filed But Not Considered



The Bombay High Court held that a show cause reply filed through the departmental portal cannot be ignored during adjudication. Non-consideration of the reply amounted to a breach of natural justice, leading the Court to set aside the order and remand the matter for fresh hearing.

CASE TITLE: Golden Bullion v. Union of India & Ors. WRIT PETITION NO. 1111 OF 2026

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# Indirect Tax

**Provisional attachment under GST requires prior recorded opinion; mechanical freezing of bank account set aside**

In a judgment dated June 22, 2026, the Gauhati High Court set aside the provisional attachment order issued under Section 83 of the Central Goods and Services Tax Act, 2017 attaching the petitioner's bank account. The Court noted that the attachment order only stated that the bank account was being attached to protect the interest of revenue under Section 83 of the Act and did not disclose any formation of opinion by the competent authority before exercising the power of provisional attachment.

The Court referred to the judgment of the Supreme Court in *Radha Krishan Industries v. State of Himachal Pradesh & Ors.*, and observed that Section 83 requires prior formation of opinion by the competent authority before passing an order of provisional attachment. The Court noted that the power under Section 83 has serious consequences and the statutory requirements must be followed before such attachment is ordered.

The Court held that the impugned attachment order dated February 27, 2026 was not sustainable in law as it was passed without the required formation of opinion. Accordingly, the Court set aside the attachment order and directed the concerned bank to de-freeze the petitioner's bank account.

Case Title: *M/s. Shri Petro Chemical Mercantile Pvt. Ltd. v. Union of India & Ors.* No.- WP(C)/29/2026

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## **BANK ACCOUNTS CANNOT BE FROZEN MECHANICALLY**



The Gauhati High Court held that provisional attachment under Section 83 of the CGST Act cannot be exercised mechanically. Since no prior recorded opinion was reflected before freezing the bank account, the attachment order was set aside and the account was directed to be de-frozen.

Case Title: *M/s. Shri Petro Chemical Mercantile Pvt. Ltd. v. Union of India & Ors.* No.- WP(C)/29/2026

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# Indirect Tax

**Statutory GST appeal remedy directed, with interim protection against coercive action until the appeal is decided**

In a judgment dated June 19, 2026, the Bombay High Court disposed of a writ petition challenging an adjudication order dated April 8, 2024 passed by the Additional Commissioner of CGST and Central Excise, Navi Mumbai. The respondents raised a preliminary objection regarding maintainability of the writ petition on the ground that the impugned order was appealable under Section 107 of the CGST Act, 2017.

The Court observed that a statutory appellate remedy was available against the impugned order and found no reason to exercise writ jurisdiction under Article 226 of the Constitution of India. The Court noted the petitioner's submission that in similar matters, the authorities had accepted the methodology adopted by the petitioner for distribution of common input tax credit for other assessment years; however, the Court held that such contentions could be raised before the appellate authority.

The Court directed the petitioner to file an appeal before the appellate authority within two weeks and directed that the appeal be decided independently on merits and in accordance with law, after considering the submissions of the petitioner regarding similar orders passed in its favour. The Court further directed that the appellate authority pass a reasoned order within eight weeks from the date of filing of the appeal.

The Court also directed the respondents not to take coercive action against the petitioner until disposal of the appeal and for a period of two weeks thereafter. The Court clarified that all rights and contentions of the parties were kept open and no observations were made on the merits of the proceedings.

Case Title: Future General India Insurance Company Limited v. Union of India WRIT PETITION NO. 304 OF 2025



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**BOMBAY HC SAYS:  
FILE THE GST APPEAL FIRST  
INTERIM PROTECTION REMAINS**



The Bombay High Court held that where a statutory appeal under the CGST Act is available, writ jurisdiction should not ordinarily be invoked. However, it protected the taxpayer by restraining coercive action until the appeal is decided.

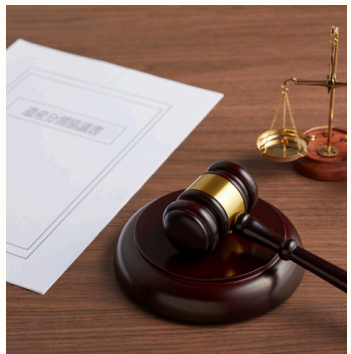
**CASE TITLE:** Future General India Insurance Company Limited v. Union of India WRIT PETITION NO. 304 OF 2025

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# Direct Tax

**Condonation of delay for Form 10-IC requires merits-based consideration under Section 119(2) (b) when no applicable circular exists**

In a judgment dated June 19, 2026, the Calcutta High Court considered a writ petition challenging the order dated February 18, 2026 passed under Section 119(2)(b) of the Income Tax Act, 1961 for Assessment Year 2024-25, whereby the petitioner's application for condonation of delay in filing Form 10-IC was rejected. The issue before the Court was whether the Principal Commissioner of Income Tax was the authorised authority to consider such an application for Assessment Year 2024-25 in the absence of a specific CBDT circular authorising such power for that year.

The Court noted that CBDT Circular No. 17/2024 dated November 18, 2024 authorised the Principal Commissioner to condone delay in filing Form 10-IC only for Assessment Years 2020-21, 2021-22 and 2022-23. The Court observed that no corresponding authorisation existed for Assessment Year 2024-25 and held that the Board was the competent authority to consider the application under Section 119(2)(b) of the Act.

The Court accordingly quashed and set aside the order passed under Section 119(2)(b) and directed the petitioner to file an appropriate application before the Board. The Board was directed to consider the application on merits, after providing an opportunity of hearing to the petitioner, and pass a reasoned order in accordance with law.

The writ petition was disposed of without examining the merits of the petitioner's underlying claim.

Case Title: Nilgiri Vanija Private Limited v. Principal Commissioner of Income Tax, Kolkata-2 & Ors. WPO/251/2026



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## DELAY IN FORM 10-IC FILING MUST BE CONSIDERED ON MERITS

**PRINCIPAL COMMISSIONER** VS **CBDT BOARD**

**NO POWER FOR AY 2024-25** VS **SECTION 119(2)(b) CONSIDER ON MERITS**

The Calcutta High Court held that, in the absence of an applicable CBDT circular, the competent authority must decide applications for condonation of delay under Section 119(2)(b) on their merits after giving the taxpayer an opportunity of hearing.

**CASE TITLE:** Nilgiri Vanija Private Limited v. Principal Commissioner of Income Tax, Kolkata-2 & Ors. WPO/251/2026

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**Soumya Shrivastava**



# Direct Tax

**Ms. Sophia Rick v. ITO Ward 42(1)(5),  
Maharashtra ITA No. 3362/MUM/2026**

In an order dated June 18, 2026, the ITAT Mumbai considered an appeal filed by the assessee for Assessment Year 2019-20 against the order of the CIT(A) dismissing the appeal on the ground of delay. The Tribunal noted that the assessee had been pursuing rectification proceedings before the Central Processing Centre (CPC), which were ultimately rejected, following which the assessee filed the appeal.

The Tribunal held that, considering the facts, the assessee had been continuously pursuing the rectification remedy before CPC and, after failure of such proceedings, filed the appeal. Accordingly, the Tribunal held that the delay in filing the appeal ought to have been condoned and the dismissal of the appeal as time-barred was not sustainable.

On the issue of TDS credit, the Tribunal noted that the assessee's employer had deducted tax from salary payments but had not deposited the same with the Government, due to which full TDS credit was not reflected in Form 26AS. The Tribunal considered the salary slips, Form 16, bank statements and other documents submitted by the assessee and observed that the documents established deduction of TDS by the employer and payment of net salary to the assessee.

Following the decision of the Gujarat High Court in Gayatri Snehal Rao and noting that the same had been affirmed by the Supreme Court, the Tribunal held that the assessee was entitled to full TDS credit for the tax deducted by the employer, subject to verification by the Assessing Officer. The appeal was accordingly allowed.

**ITAT: TDS CREDIT CANNOT BE DENIED  
TO EMPLOYEE IF EMPLOYER DOESN'T DEPOSIT**



The Tribunal held that TDS credit cannot be denied merely because the employer failed to deposit the deducted tax with the Government. Where salary slips, Form 16, bank records and supporting documents establish deduction of tax, the employee remains entitled to claim TDS credit, subject to verification.

CASE TITLE: Ms. Sophia Rick v. ITO Ward 42(1)(5), Maharashtra  
ITA No. 3362/MUM/2026

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# Indirect Tax

**GST Council recommendations bind notification-making; unauthorized expansion and retrospective ratification of excess held invalid**

In a judgment dated June 25, 2026, the Madras High Court considered challenges to the notifications issued by the Central Government and the State Government relating to GST exemption for goods packed in unit containers and bearing a brand name. The petitioners challenged the inclusion of the expression “enforceable right in a court of law” in the notifications, contending that the same was beyond the recommendations made by the GST Council.

The Court examined the GST Council recommendations and the subsequent notifications and observed that the notifications included the additional expression “enforceable right in a court of law” along with provisions relating to voluntary foregoing of actionable claims or enforceable rights. The Court held that the addition of the expression “enforceable right in a court of law” was not based on any recommendation of the GST Council and declared the notifications to that extent as ultra vires the parent statute. The notifications were held valid to the extent the said expression was excluded.

The Court further considered whether the GST Council could ratify the notifications issued by the Central Government. It held that the GST Council did not have the power of ratification under Article 279A of the Constitution and that such ratification could not validate an action taken without the required statutory foundation.

The Court accordingly set aside the impugned show cause notices issued pursuant to the notifications and allowed the writ petitions. The Court granted liberty to the Department to issue fresh show cause notices, if permissible, in terms of the notifications to the extent they were held valid.

Case Title: M/s. Guru and Co., M/s. Jayabalan and Co. and Others v. Union of India & Ors. No.- W. P(MD)Nos. 14115, 14116, 14117, 14118, 14119, 14120, 14208, 18602 and 26403 of 2022 and W. M. P. (MD)Nos. 10083, 10084, 10082, 10086, 10087, 10085, 10153, 13530 and 20583 of 2022



**Quick Bites**

The Madras High Court held that government notifications must strictly follow GST Council recommendations. Unauthorized additions and subsequent ratification cannot validate actions taken without statutory authority.

CASE TITLE: M/s. Guru and Co., M/s. Jayabalan and Co. and Others v. Union of India & Ors. No.- W. P(MD)Nos. 14115, 14116, 14117, 14118, 14119, 14120, 14208, 18602 and 26403 of 2022 and W. M. P. (MD)Nos. 10083, 10084, 10082, 10086, 10087, 10085, 10153, 13530 and 20583 of 2022

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# Indirect Tax

**Customs seizure needs concrete reasons to believe; absence of material showing foreign origin led to quashing of seizure**

In a judgment dated June 25, 2026, the Gauhati High Court considered a writ petition challenging the seizure of areca nuts and a vehicle by the Customs authorities under Section 110(1) of the Customs Act, 1962. The seizure was carried out on the basis that there was an attempt of smuggling/illegal import of areca nuts into India through a route other than the prescribed route and without valid documents supporting legal possession, transportation, or importation.

The Court examined whether the Customs Officer had the required "reason to believe" under Section 110(1) of the Customs Act before effecting seizure. Referring to the judgments of the Supreme Court, the Court observed that "reason to believe" requires a rational connection or live link between the material available and the belief formed by the officer and cannot be based merely on suspicion.

The Court noted that the seizure documents did not mention any material showing why the officer believed that the areca nuts were of foreign origin. The Court further observed that the documents produced by the petitioner, including tax invoices, GST payment details and e-way bills, showed movement of goods pursuant to a sale transaction. The Court also noted that the laboratory report confirmed that the goods were fit for human consumption, but no material was produced to establish that the areca nuts were of foreign origin.

The Court held that the seizure was based on suspicion and not on "reason to believe" as required under Section 110 of the Customs Act. Accordingly, the seizure of the areca nuts and the truck was set aside and quashed, and the Customs authorities were directed to release the seized goods and vehicle.

**Case Title:** M/s. Aliya Enterprise v. The Commissioner of Customs (Preventive), Guwahati & Ors., 2026 (6) TMI 1250 - Gauhati High Court



## **GAUHATI HIGH COURT:** SUSPICION ALONE CANNOT JUSTIFY CUSTOMS SEIZURE



Customs authorities must have a credible "reason to believe" before seizing goods under the Customs Act. In the absence of evidence establishing foreign origin, supported by valid invoices, GST records, and e-way bills, seizure based merely on suspicion cannot stand.

**Case Title:** M/s. Aliya Enterprise v. The Commissioner of Customs (Preventive), Guwahati & Ors., 2026 (6) TMI 1250 - Gauhati High Court

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# Indirect Tax

## Establishment of Green Channel for Customs Clearance of Pollution Response Equipment and Materials during Oil and Hazardous and Noxious Substances (HNS) Spill Emergencies – Instruction No. 11/2026-Customs

The Central Board of Indirect Taxes and Customs (CBIC), vide Instruction No. 11/2026-Customs dated June 23, 2026, established a Green Channel mechanism for expeditious Customs clearance of pollution response equipment, materials and associated resources required during oil and Hazardous and Noxious Substances (HNS) spill emergencies at sea. The instruction was issued pursuant to a request received from Coast Guard Headquarters for facilitating timely import, export, temporary import, temporary export, re-import and re-export of such equipment and materials during emergency response operations.

The instruction provides for establishment of the Green Channel facility at specified locations, including Jamnagar/Vadinar, Mumbai, Kochi, Chennai, Paradip and Sri Vijay Puram, covering the concerned airports and seaports identified for handling such consignments.

The Customs Zones have been directed to designate a senior officer, not below the rank of Additional Commissioner/Joint Commissioner, as the Nodal Officer for coordination with the Indian Coast Guard and other stakeholders. The Nodal Officer shall facilitate coordination, ensure expeditious Customs clearance of consignments related to pollution response operations, maintain stakeholder contact details and provide priority processing during emergency situations, wherever required.

The instruction clarifies that the Green Channel mechanism shall operate within the framework of the Customs Act, 1962 and other applicable laws and shall not dispense with any statutory requirement unless specifically exempted under law.



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## CBIC LAUNCHES GREEN CHANNEL FOR EMERGENCY CUSTOMS CLEARANCE

  
OIL / HNS SPILL

  
CBIC

  
GREEN CHANNEL

  
EMERGENCY RESPONSE

  
FAST CUSTOMS CLEARANCE

CBIC has introduced a Green Channel to enable priority customs clearance of pollution response equipment during oil and HNS spill emergencies, ensuring faster response while complying with the Customs Act, 1962.

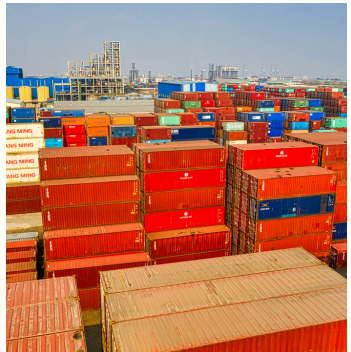
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CASE TITLE: Union of India & Ors. v. Indian Oil Corporation Ltd. & Ors., W.P. (MD) Nos. 14115, 14116, 14117, 14118, 14119, 14120, 14208, 18602 & 26403 of 2022 (Madras High Court, Judgment dated 25 June 2026).

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**Soumya Shrivastava**



# Intellectual Property Rights

## Delhi High Court Allows AmbitionBox to Restore Company Page, Balances Anonymous Employee Reviews with Platform Accountability

The Delhi High Court disposed of a dispute between Info Edge (AmbitionBox) and SynapseIndia through a consent decree, setting aside an interim injunction that had restrained AmbitionBox from hosting employee reviews relating to SynapseIndia. The Court permitted AmbitionBox to restore a fresh company page, allowing users to post reviews while ensuring compliance with its community guidelines and the Information Technology Rules, 2021. Under the undertakings recorded by the Court, AmbitionBox agreed to review reported content within 48 hours, remove content upon receipt of a court order or government direction, and take down facially fake reviews or disclosures of confidential information without requiring judicial intervention. The platform also agreed to disclose user credentials, including IP addresses and timestamps, pursuant to a court order. Importantly, the Court clarified that the issue of whether AmbitionBox qualifies as an "intermediary" entitled to safe harbour under Section 79 of the Information Technology Act was left open for determination in future proceedings.

Info Edge (India) Ltd. v SynapseIndia Outsourcing Pvt. Ltd. & Anr., FAO (COMM) 54/2026 (Delhi High Court).



The Delhi High Court allowed AmbitionBox to restore SynapseIndia's company page, permitting anonymous employee reviews while mandating compliance with platform guidelines, prompt content moderation, and legal accountability. The Court left the issue of intermediary safe harbour under the IT Act open for future determination.

**Case Title:** Info Edge (India) Ltd. v SynapseIndia Outsourcing Pvt. Ltd. & Anr., FAO (COMM) 54/2026 (Delhi High Court).



Anushka Tripathi

## REVIEWS



# Intellectual Property Rights

## Delhi High Court Upholds Injunction Against Flipkart's "MarQ" Brand in MARC Trademark Dispute

The Delhi High Court dismissed Flipkart's appeal and upheld the interim injunction restraining it from using the marks "MarQ" and its device mark for electronic appliances, holding them to be deceptively similar to Marc Enterprises' long-standing "MARC" trademark. The Court noted that Marc Enterprises had been using the coined mark since 1981 and held registrations dating back to 1984, whereas Flipkart adopted "MarQ" only in 2017 for allied goods such as televisions, washing machines and microwave ovens. Justice Tejas Karia held that "MARC" and "MarQ" are phonetically, visually and structurally similar, and that an average consumer with imperfect recollection was likely to be confused. The Court rejected Flipkart's contentions that its use of the house mark "Flipkart," online-only sales model, and subsequent registrations of "Flipkart MarQ" distinguished the competing marks. It further clarified that common to the register is not equivalent to common to the trade, and that later registrations obtained by Flipkart did not dilute Marc Enterprises' prior rights or affect the injunction. Finding no perversity in the Trial Court's order, the Court dismissed the appeal and vacated the stay on the injunction.

Flipkart India Pvt. Ltd. v. Marc Enterprises Pvt. Ltd., FAO-IPD 46/2021 (Delhi High Court).

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**A DIFFERENT LETTER DOESN'T CREATE A DIFFERENT BRAND**



Minor spelling or stylistic changes cannot overcome prior trademark rights where competing marks are phonetically, visually and structurally similar, creating a likelihood of consumer confusion.

CASE TITLE: Flipkart India Pvt. Ltd. v. Marc Enterprises Pvt. Ltd., FAO-IPD 46/2021 (Delhi High Court).

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Anushka Tripathi



# Corporate

## Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026

The Reserve Bank of India, on 25 June 2026, issued the "Master Direction Reserve Bank of India (Credit Derivatives) Directions, 2026", which provides a comprehensive regulatory framework governing the issuance, trading, settlement, and supervision of credit derivatives in India. Issued under Section 45W of the Reserve Bank of India Act, 1934, the Directions consolidate and replace the earlier 2022 framework while introducing a wider range of products, including Credit Default Swaps (CDS), Total Return Swaps (TRS), and exchange-traded futures on credit indices. The Directions prescribe eligibility criteria for market participants, classify users into retail and non-retail categories, and lay down rules relating to hedging, trading, settlement, reporting, valuation, and prudential requirements. They also establish a Credit Derivatives Determinations Committee to ensure consistency in determining credit events and settlement outcomes. Additionally, the framework introduces safeguards for customer protection, reporting obligations, and exchange-traded credit derivatives, while facilitating participation by eligible foreign investors subject to specified conditions. Overall, the Directions aim to deepen India's credit derivatives market, improve risk management, enhance market transparency, and strengthen financial market stability.



Quick Bites

### BUILDING A STRONGER CREDIT DERIVATIVES MARKET



The Reserve Bank of India has introduced a comprehensive regulatory framework for credit derivatives, expanding the market with Credit Default Swaps (CDS), Total Return Swaps (TRS), and Credit Index Futures. The Directions strengthen risk management, enhance transparency, and promote a more resilient and efficient financial ecosystem.

Reserve Bank of India  
Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026  
Issued on: 25 June 2026

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Rishav Sagar



# Corporate

## MCA Waives Additional Filing Fees for DPT-3 Till July 31, 2026

The Ministry of Corporate Affairs (MCA) has issued General Circular No. 02/2026, granting temporary relief to companies by waiving additional filing fees for Form DPT-3 (Return of Deposits) for the financial year ended March 31, 2026. Under the circular, companies may file Form DPT-3 up to July 31, 2026, without incurring additional fees.

The relief has been provided in view of operational disruptions caused by the fire incident at the MCA Data Centre on June 5, 2026, which affected system availability and necessitated restoration and capacity enhancement activities. The MCA has recognised that these technical issues may have hindered timely statutory filings by companies and professionals.

Form DPT-3 is an annual compliance requirement under the Companies Act, 2013, through which eligible companies report deposits and certain outstanding amounts that are not treated as deposits. While the original due date for filing the return for FY 2025–26 remains June 30, 2026, the circular provides a relaxation from the levy of additional filing fees for forms submitted by July 31, 2026.

Importantly, the circular does not extend the statutory due date for filing Form DPT-3. Instead, it grants a limited waiver of additional fees for filings made during the specified grace period, thereby providing practical relief without altering the underlying compliance requirement.

The relaxation is expected to benefit companies, compliance professionals, and other stakeholders affected by the temporary disruption of MCA portal services. It also reflects the Ministry's pragmatic approach in ensuring that businesses are not penalised for delays arising from circumstances beyond their control while maintaining the integrity of the corporate compliance framework.

Companies are nevertheless advised to complete their filings well before the expiry of the relaxation period to ensure timely compliance.



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## MORE TIME. SAME COMPLIANCE.

MCA has waived additional filing fees for Form DPT-3 filings made up to July 31, 2026, following disruption caused by the MCA Data Centre incident. While the statutory filing timeline remains unchanged, the relief provides temporary support to ensure smoother compliance.

MCA General Circular No. 02/2026 | June 16, 2026

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**Akshita Agarwal**



# Corporate

## SEBI Streamlines Winding-Up Process for Alternative Investment Funds

The Securities and Exchange Board of India (SEBI) has issued a circular dated June 16, 2026, introducing important changes to the winding-up framework for Alternative Investment Funds (AIFs). The revised guidelines seek to facilitate smoother closure of AIF schemes by providing clarity on the treatment of undistributed investor proceeds and introducing a new "Inoperative Fund" status.

One of the key changes addresses situations where distribution of proceeds is delayed due to reasons such as incomplete investor documentation, inactive bank accounts, or the inability to trace investors. Under the new framework, AIFs may retain such undistributed amounts under specified conditions instead of postponing the winding-up process indefinitely. This enables fund managers to complete the closure of schemes while ensuring that pending investor entitlements remain protected and can be distributed once the underlying issues are resolved.

SEBI has also introduced the concept of an Inoperative Fund, applicable to AIFs that have substantially completed the winding-up process but continue to hold undistributed proceeds for legitimate reasons. This status formally recognises funds that are no longer carrying out investment activities but remain operational solely to discharge residual distribution obligations.

The revised framework is expected to reduce unnecessary compliance burdens on fund managers after investment operations have ceased while maintaining appropriate safeguards for investor funds. It also helps prevent delays in formally winding up schemes due to a limited number of pending distributions.

The circular reflects SEBI's continued focus on strengthening the regulatory framework for AIFs by balancing operational efficiency with investor protection. By providing a structured mechanism for handling residual obligations and undistributed proceeds, the regulator aims to make the winding-up process more transparent, predictable, and efficient, while enhancing confidence in India's growing alternative investment ecosystem.



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SEBI INTRODUCES

**INOPERATIVE STATUS FOR SMOOTHER AIF CLOSURE**



SEBI introduces a pragmatic framework for winding-up Alternative Investment Funds (AIFs). The new "Inoperative Fund" status enables smoother closure of eligible AIFs while protecting pending investor distributions.

SEBI Circular dated June 16, 2026 | Revised Framework for Winding Up of Alternative Investment Funds (AIFs)

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**Akshita Agarwal**



## About Us

Lexport is a full-service Indian law firm offering consulting, litigation and representation services to a range of clients.

The core competencies of our firm's practice *inter alia* are Trade Laws (Customs, GST & Foreign Trade Policy), Corporate and Commercial Laws and Intellectual Property Rights.

The firm also provides Transaction, Regulatory and Compliance Services. Our detailed profile can be seen at our website [www.lexport.in](http://www.lexport.in).

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