

LEXPORT NEWSLETTER

July 2026 | WEEK 1

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.

Regards,
Team Lexport



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Indirect Tax

Gauhati High Court Allows Writ Petition Against Rejection of Appeal, Examines Applicability of Section 14 of Limitation Act in GST Proceedings

In a judgment dated June 30, 2026, the Gauhati High Court considered a writ petition filed by Debabrata Bhowmick challenging the rejection of an appeal under the CGST Act, 2017 on the ground of limitation. The petitioner had filed a rectification application under Section 161 of the CGST Act against the Order-in-Original dated January 3, 2025, which was rejected, and thereafter the appeal filed before the appellate authority was dismissed as time-barred.

The Court examined the maintainability of the writ petition in view of the availability of a statutory remedy under Section 112 of the CGST Act. The Court noted that though an alternative statutory remedy was available, the writ petition was filed within the prescribed period of limitation for approaching the Appellate Tribunal under Section 112 of the CGST Act. The Court further considered the issue of exclusion of time spent in pursuing prior proceedings under the principle contained in Section 14 of the Limitation Act, 1963.

The Court referred to judicial precedents on the applicability of Section 14 of the Limitation Act and observed that the provision is intended to exclude time spent in bona fide and diligent prosecution of proceedings which could not result in a decision on merits due to jurisdictional or similar defects. The Court examined the petitioner's proceedings under Section 161 of the CGST Act in this context.

The Court accordingly set aside the order rejecting the appeal on the ground of limitation and directed consideration of the matter in accordance with law. The Court clarified that the issue before it was limited to the rejection of the appeal on limitation and not the merits of the underlying tax dispute.

Debabrata Bhowmick Versus The Union of India, Office of the Commissioner of Central Tax & Others, 2026 (6) TMI 1494 - Gauhati High Court



LIMITATION ISN'T ALWAYS ABSOLUTE



The Gauhati High Court held that time spent in bona fide proceedings may be excluded while computing limitation under the principles of Section 14 of the Limitation Act. It set aside the rejection of the GST appeal as time-barred and directed fresh consideration in accordance with law.

Case Title: Debabrata Bhowmick Versus The Union of India, Office of the Commissioner of Central Tax & Others, 2026 (6) TMI 1494 - Gauhati High Court



Soumya Shrivastava



Indirect Tax

CBIC Clarifies Jurisdiction in GST Proceedings After Migration/Transfer of Taxable Persons

Vide Circular No. 255/01/2026-GST dated June 25, 2026, the Central Board of Indirect Taxes and Customs (CBIC) issued clarification regarding jurisdiction in cases involving migration or transfer of taxable persons from one GST jurisdiction to another jurisdiction. The clarification was issued in response to references received from field formations regarding validity of actions taken by the transferor jurisdictional authority and the authority competent to continue proceedings after migration or transfer of the taxable person.

The Circular clarifies that jurisdiction to exercise statutory powers is required to be determined as on the date on which such power is invoked. A subsequent migration or transfer of the taxable person to another jurisdiction does not invalidate any proceeding already validly initiated or concluded by the erstwhile jurisdictional authority.

The Circular further provides that where any action or proceeding under the CGST Act and rules has been validly undertaken by the transferor jurisdictional authority while it had jurisdiction over the registered taxpayer, such action shall remain valid even after subsequent migration or transfer. However, the conduct of subsequent stages of proceedings and implementation of directions arising from such proceedings shall be undertaken by the transferee jurisdictional authority having present jurisdiction over the taxable person.

It has also been clarified that the transferor jurisdictional authority shall not initiate any fresh action or proceedings after the taxable person has migrated to another jurisdiction. Any issue coming to the notice of the transferor authority shall be communicated to the transferee jurisdictional authority for further action. Where proceedings are pending at the time of migration or transfer, the transferee jurisdictional authority shall take over and conclude such proceedings from the stage at which they stand.

Circular No. 255/01/2026-GST dated June 25, 2026 – Clarification regarding jurisdiction in cases involving migration/transfer of taxable persons from one jurisdiction to another jurisdiction



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**GST JURISDICTION
FOLLOWS TAXPAYER MIGRATION**



The CBIC has clarified that GST proceedings validly initiated by the original jurisdictional authority remain legally valid even after a taxpayer migrates to another jurisdiction. However, all subsequent proceedings and implementation must be carried forward by the transferee jurisdictional authority in accordance with law.

Circular No. 255/01/2026-GST dated June 25, 2026 – Clarification regarding jurisdiction in cases involving migration/transfer of taxable persons from one jurisdiction to another jurisdiction

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Indirect Tax

Gauhati High Court Sets Aside Additional Security Deposit Condition for Provisional Release of Seized Vehicle under Customs Act

In a judgment dated June 19, 2026, the Gauhati High Court considered a petition filed by Rajpal Singh challenging the order passed by the Superintendent, Customs Preventive Force, Badarpur, imposing a condition of additional security deposit for provisional release of a seized vehicle under Section 110A of the Customs Act, 1962. The vehicle bearing Registration No. JK-08M-8700 was seized in connection with a customs case, following which the petitioner, being the registered owner, approached the Chief Judicial Magistrate, Silchar, seeking custody of the vehicle.

The Court noted that the Chief Judicial Magistrate had directed release of the vehicle on execution of a bond of ₹30,00,000 and had directed the petitioner to approach the customs authority for release under Section 110A of the Customs Act. Subsequently, the customs authority imposed an additional condition requiring a security deposit equivalent to not less than 30% of the value of the vehicle.

The Court examined Section 110A of the Customs Act and observed that the customs authority is empowered to impose conditions for release of seized goods or things. However, the Court held that such conditions cannot be imposed in a manner that frustrates a lawful order passed by a criminal court. The Court accordingly set aside the condition requiring security deposit equivalent to 30% of the value of the vehicle.

The Court directed that the seized vehicle be released upon execution of the bond of ₹30,00,000 as directed by the Chief Judicial Magistrate and disposed of the petition accordingly.

Rajpal Singh Versus Union of India, The Director General Directorate of Revenue Intelligence, New Delhi & Ors., CrI. Pet/692/2026, 2026 (6) TMI 1481 - Gauhati High Court



Excessive Conditions

Cannot Stand



The Gauhati High Court held that customs authorities cannot impose additional security conditions that effectively defeat a lawful court order granting provisional release of a seized vehicle. The Court set aside the 30% security deposit requirement and directed release of the vehicle on the bond already ordered by the Chief Judicial Magistrate.

Case Title: Rajpal Singh Versus Union of India, The Director General Directorate of Revenue Intelligence, New Delhi & Ors., CrI. Pet/692/2026, 2026 (6) TMI 1481 - Gauhati High Court



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Indirect Tax

State Bank of India Versus The Commercial Central Goods and Service Tax and Central Excise, SLG Commissionerate & Ors. WPA 433 of 2026 (Calcutta High Court)

In a judgment dated June 30, 2026, the Calcutta High Court set aside a composite show cause notice issued under Section 74 of the CGST Act, 2017 and the consequential Order-in-Original against State Bank of India. The notice covered multiple financial years from FY 2018-19 to FY 2023-24 and culminated in confirmation of a tax demand of ₹5.48 crore, along with an equivalent penalty and applicable interest. The petitioner contended that the CGST Act treats each financial year as a separate unit for assessment and limitation, and therefore a single show cause notice covering multiple financial years was without jurisdiction.

The Court held that the writ petition was maintainable notwithstanding the availability of an alternative remedy under Section 107, as the challenge pertained to the jurisdictional validity of the notice itself. Examining Sections 74 and 2(106) of the CGST Act, the Court held that the Act does not contemplate issuance of a consolidated show cause notice covering multiple financial years. It observed that each financial year constitutes a separate tax period and that clubbing multiple years in a single notice would defeat the statutory limitation prescribed under Section 74. Accordingly, the Court quashed the show cause notice and the consequential Order-in-Original, while granting liberty to the department to initiate fresh proceedings in accordance with law.

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SEPARATE YEARS SEPARATE PROCEEDINGS



The Calcutta High Court held that the CGST Act treats each financial year as a separate tax period, making a composite show cause notice covering multiple financial years unsustainable. Accordingly, the Court quashed the notice and the consequential order, while permitting the department to initiate fresh proceedings in accordance with law.

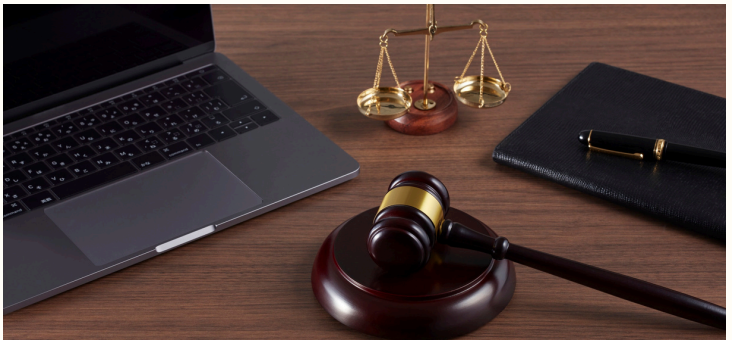
Case Title: State Bank of India Versus The Commercial Central Goods and Service Tax and Central Excise, SLG Commissionerate & Ors. WPA 433 of 2026 (Calcutta High Court)

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Indirect Tax

Certificate of Origin authenticity prevails over customs challenge; Section 108 statements cannot displace duly authenticated origin evidence

In a judgment dated June 24, 2026, the Bombay High Court dismissed the Revenue's appeal against the order of the CESTAT concerning the eligibility of importers to claim concessional customs duty under the Indo-Thai Free Trade Agreement. The dispute arose after the Directorate of Revenue Intelligence questioned the validity of Certificates of Origin issued by the designated authority in Thailand on the ground that the imported goods did not satisfy the prescribed local value addition requirement. The Revenue also relied upon statements recorded under Section 108 of the Customs Act, 1962 and the results of a retroactive verification conducted by the Department of Foreign Trade, Thailand. The Court noted that the CESTAT had found no allegation of non-compliance with the relevant Rules of Origin except with respect to local value addition and had held that the authenticity of the Certificates of Origin, once confirmed by the designated authority in Thailand, could not be questioned by the Indian authorities. Upholding the Tribunal's findings, the Court held that the Indian authorities could not go behind the authenticated Certificates of Origin to deny the concessional rate of duty and that statements recorded under Section 108 could not affect the authenticity of such certificates. Holding that the findings of the Tribunal were fact-based and disclosed no substantial question of law, the Court dismissed the Revenue's appeal.

Case Title: Commissioner of Customs, Airport Special Cargo, Mumbai Versus Romil Jewelry & Ors., Customs Appeal No. 16 of 2024 (Bombay High Court)

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Certificate of Origin Prevails Over Customs Objections



The Bombay High Court held that authenticated Certificates of Origin issued under the Indo-Thai Free Trade Agreement cannot be disregarded by Indian Customs. The Court further ruled that statements recorded under Section 108 cannot override duly authenticated origin evidence for concessional duty claims.

Case Title: Commissioner of Customs, Airport Special Cargo, Mumbai Versus Romil Jewelry & Ors., Customs Appeal No. 16 of 2024 (Bombay High Court)

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Indirect Tax

Prospective operation of customs exemption notification barred countervailing duty on pre-2012 vessel imports later converted to coastal run status

In a judgment dated June 30, 2026, the Gujarat High Court allowed the writ petition filed by Great Eastern Shipping Company Ltd. challenging the insistence of the Customs authorities on payment of Countervailing Duty (CVD) for conversion of its vessels from foreign-going vessels to coastal run vessels. The vessels had been imported into India in 2003, 2007 and 2011, when they were exempt from customs duty. The respondents sought to levy CVD by relying upon Notification No. 21/2012-Cus. dated March 17, 2012 at the time of conversion of the vessels to coastal run status.

The Court held that Notification No. 21/2012-Cus. operates prospectively and does not apply to vessels that had already been imported into India prior to March 17, 2012. Relying on the decisions of the Orissa High Court, the Madras High Court and the Andhra Pradesh High Court, the Court held that Customs authorities could not insist on payment of CVD at the time of conversion of vessels that had been imported when the applicable rate of duty was nil. Accordingly, the Court allowed the writ petition and directed the respondents to discontinue the bank guarantees furnished by the petitioner within three months.

Case Title: Great Eastern Shipping Company Ltd. Versus Union of India & Ors., 2026 (7) TMI 115 - Gujarat High Court



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**GUJARAT HIGH COURT BARS CVD
ON PRE-2012 VESSEL IMPORTS**



The Gujarat High Court held that Notification No. 21/2012-Cus. applies prospectively, preventing the levy of Countervailing Duty (CVD) on vessels imported before 17 March 2012 upon their conversion to coastal run status.

Case Title: Great Eastern Shipping Company Ltd. v. Union of India & Ors., 2026 (7) TMI 115 - Gujarat High Court

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Indirect Tax

Limitation and parallel GST proceedings bar Central action on same input tax credit issues, but distinct allegations may continue

In a judgment dated June 27, 2026, the Tripura High Court partly allowed the writ petition challenging a demand-cum-show cause notice dated July 22, 2024 and the consequential Order-in-Original passed under Section 74 of the CGST Act, 2017. The petitioner contended that the proceedings were without jurisdiction as they were initiated after proceedings by the State GST authorities on the same subject matter and, for FY 2017-18, were beyond the prescribed period of limitation. The Court held that the notice dated March 22, 2021 issued by the CGST authorities was only a scrutiny notice and did not amount to initiation of proceedings under Section 74, as allegations of fraud, wilful misstatement or suppression were made for the first time only in the show cause notice dated July 22, 2024. The Court further held that, in view of Section 6(2)(b) of the CGST Act and the Supreme Court's decision in M/s Armour Security (India) Ltd., the respondent could not initiate parallel proceedings for excess availment of ITC for FYs 2018-19 and 2019-20, as that subject matter was already covered by proceedings initiated by the State GST authorities. However, the Court held that the proceedings relating to short payment of GST for FYs 2018-19 and 2019-20 and the proceedings for FY 2020-21 did not involve the same subject matter and could validly continue. Accordingly, the Court set aside the show cause notice to the extent it lacked jurisdiction, quashed the Order-in-Original in its entirety, and remanded the matter to the adjudicating authority to pass a fresh order after granting the petitioner an opportunity of hearing.

Case Title: Sri Shekhar Chandra Podder, Prop. of M/s Shekhar Chandra Podder v. Union of India & Ors., 2026 (7) TMI 223 - Tripura High Court



Soumya Shrivastava



Direct Tax

Natural justice bars short notice and unannounced additions in income-tax assessments, leading to quashing and remand.

In a judgment dated June 30, 2026, the Gujarat High Court quashed an assessment order passed under Sections 143(3) read with 144B of the Income-tax Act, 1961 and the consequential demand notice on the ground of breach of principles of natural justice. The Court noted that the show cause notice was issued at 11:23 p.m. on March 6, 2026, requiring the petitioner to respond by 11:25 a.m. on March 9, 2026, thereby granting less than two clear days, including Saturday and Sunday, to furnish a reply. The respondents were unable to dispute this factual position, and the Court held that the time granted could not be regarded as a reasonable opportunity of hearing.

The Court further observed that while the show cause notice proposed an addition of ₹1,07,34,941 by estimating profits at 8% of the turnover, the assessment order ultimately made an addition of ₹13,30,61,622 under Section 69A of the Act without any such proposal in the show cause notice or affording the petitioner an opportunity to respond on that issue. Holding that the assessment order travelled beyond the scope of the show cause notice and violated the principles of natural justice, the Court quashed the assessment order and the consequential demand notice. The matter was remanded to the assessing authority to pass a fresh assessment order, if permissible in law and within the period of limitation, after granting the petitioner an adequate opportunity of hearing.

Case Title: Vaishali Bhavin Shah Versus Additional/Joint/Deputy/Assistant Commissioner of Income Tax/Income-Tax Officer & Ors. No.-R/SPECIAL CIVIL APPLICATION NO. 7966 of 2026

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GUJARAT HIGH COURT UPHOLDS NATURAL JUSTICE IN INCOME-TAX ASSESSMENTS



The Gujarat High Court quashed an assessment order passed without adequate opportunity of hearing and beyond the show cause notice, reaffirming that procedural fairness is essential to valid tax assessments.

Case Title: Vaishali Bhavin Shah Versus Additional/Joint/Deputy/Assistant Commissioner of Income Tax/Income-Tax Officer & Ors. No.-R/SPECIAL CIVIL APPLICATION NO. 7966 of 2026

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Direct Tax

Gujarat High Court Holds No Addition Under Section 14A Disallowance Permissible While Computing Book Profit Under Section 115JB

In a judgment dated June 16, 2026, the Gujarat High Court considered an appeal filed by the Revenue against the order of the Income Tax Appellate Tribunal, Ahmedabad, relating to the computation of book profit under Section 115JB of the Income Tax Act, 1961 for Assessment Year 2020-21. The issue before the Court was whether disallowance computed under Section 14A read with Rule 8D could be added while computing book profit under Section 115JB.

The Court noted that the issue was already considered in earlier decisions of the Gujarat High Court, including *Principal Commissioner of Income Tax v. Gujarat Fluorochemicals Ltd.*, wherein it was held that no addition to book profit under Section 115JB could be made on the basis of disallowance computed under Section 14A of the Act. The Court also noted that the said view was followed in the respondent's own case.

The Court observed that the Tribunal had relied upon the binding precedents while deciding the issue and held that the controversy stood concluded. Accordingly, the Court held that no error was committed by the Tribunal in holding that additions in book profit could not be made on the basis of calculations under Section 14A.

The Court dismissed the tax appeal filed by the Revenue, holding that the questions raised did not give rise to any substantial question of law.

Pr. Commissioner of Income Tax-1 Vadodra Versus Gujarat Urja Vikas Nigam Ltd., Tax Appeal No. 21 of 2025, 2026 (6) TMI 1487 - Gujarat High Court

Section 14A can't be used to inflate book profit



The Gujarat High Court reaffirmed that disallowance computed under Section 14A read with Rule 8D cannot be added while computing book profit under Section 115JB. The Court upheld the Tribunal's view, holding that MAT computation is governed by its own statutory framework and dismissed the Revenue's appeal.

CASE TITLE: Pr. Commissioner of Income Tax-1 Vadodra Versus Gujarat Urja Vikas Nigam Ltd., Tax Appeal No. 21 of 2025, 2026 (6) TMI 1487 - Gujarat High Court

**Soumya Shrivastava**

Direct Tax

Tax effect monetary limits apply to pending appeals, and later CBDT exceptions do not operate retrospectively

In a judgment dated June 25, 2026, the Bombay High Court disposed of the Revenue's appeal on the ground that the tax effect of ₹10,21,276 was below the monetary limit prescribed under the CBDT Circular dated July 11, 2018. The Revenue contended that the appeal was covered by the exceptions introduced through the CBDT letter dated August 20, 2018. The Court, however, held that the modifying letter itself provided that the newly introduced exceptions would operate from the date of its issuance and could not be applied retrospectively to appeals instituted before August 20, 2018. Relying on its earlier decisions in Commissioner of Income Tax v. V.M. Salgaonkar and Brothers (P.) Ltd., Pr. Commissioner of Income Tax v. IPL Loan Trust and Pr. Commissioner of Income Tax v. Axis AD Print Media (India) Ltd., the Court held that while the revised monetary limits would apply to pending appeals, the subsequently introduced exceptions would operate only prospectively. Since the present appeal had been instituted prior to August 20, 2018 and the tax effect was below the prescribed monetary limit, the Court disposed of the appeal as not maintainable on the ground of low tax effect and therefore left the substantial question of law open.

Case Title: Pr. Commissioner of Income Tax-2, Thane Versus Arvind Dworkadas Purohit Prop. M/s. Soham Enterprises No.- INCOME TAX APPEAL(IT) NO. 2354 OF 2019

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BOMBAY HIGH COURT CLARIFIES PROSPECTIVE APPLICATION OF CBDT EXCEPTIONS



The Bombay High Court held that CBDT monetary limits apply to pending appeals, while exceptions introduced through the 20 August 2018 CBDT letter operate only prospectively. Appeals filed earlier with low tax effect remain not maintainable under the applicable litigation policy.

Case Title: Pr. Commissioner of Income Tax-2, Thane v. Arvind Dworkadas Purohit, Proprietor of M/s. Soham Enterprises – Income Tax Appeal (IT) No. 2354 of 2019 | Judgment dated 25 June 2026 | Bombay High Court

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Soumya Shrivastava



Intellectual Property Rights

Delhi High Court Cracks Down on Flipkart 'Latching On' Abuse, Protects SHAPERMEN Brand

The Delhi High Court granted an ex parte interim injunction in favour of SHAPERMEN, holding that several third-party sellers had misused Flipkart's "latching on" feature to piggyback on the plaintiffs' product listings. The plaintiffs alleged that the sellers exploited Flipkart's system by attaching themselves to genuine SHAPERMEN listings, thereby using the plaintiffs' trademark, copyrighted product images, descriptions, customer reviews and Flipkart Serial Numbers (FSNs) to sell counterfeit and inferior products at heavily discounted prices. Test purchases revealed that the delivered products carried no SHAPERMEN branding at all. Observing a prima facie case of passing off, Justice Tejas Karia restrained the infringing sellers from using the SHAPERMEN/SHAPER MEN marks or the plaintiffs' copyrighted content. The Court also directed Flipkart to immediately delist the identified listings and, upon receiving notice of any future infringing listings, remove them within 72 hours and disclose the identities, contact details, GST information, and sales records of the concerned sellers within seven days.

Piyush Sapra & Anr. v. Flipkart Internet Pvt. Ltd. & Ors., CS(COMM) 643/2026 (Delhi High Court).



Anushka Tripathi

Trademark

Intellectual Property Rights

Bombay High Court Holds Rule 45 Deadline in Trademark Rectification Proceedings is Directory, Not Mandatory

In a landmark ruling on trademark procedure, the Bombay High Court held that the two-month timeline under Rule 45 of the Trade Marks Rules, 2017 for filing evidence in rectification proceedings is directory and not mandatory. The case arose after the Registrar permitted the filing of an evidence affidavit more than three years beyond the prescribed period by invoking Section 131 of the Trade Marks Act, 1999.

Justice Somasekhar Sundaresan disagreed with the Delhi High Court's decisions in *Sun Pharma Laboratories Ltd. v. Dabur India Ltd.* (2024 SCC OnLine Del 813) and *Mahesh Gupta v. Registrar of Trademarks* (2024 SCC OnLine Del 1750), holding that Rule 45 is a procedural provision intended to facilitate adjudication rather than extinguish substantive rights. The Court emphasized that Rule 48 empowers the Registrar to admit further evidence where necessary and that procedural timelines should not defeat justice. It also clarified that Section 131 permits the Registrar to extend timelines prescribed under the Rules, even after their expiry, provided sufficient cause is shown. Accordingly, the Court upheld the Registrar's decision to accept the delayed evidence affidavit and dismissed the appeal.

Black Diamond Motors Pvt. Ltd. v. Registrar of Trade Marks & Anr., Commercial Miscellaneous Petition No. 23 of 2026 (Bombay High Court).



Anushka Tripathi



Litigation

In the judgment of Dr. Sanjay Tewari v. Indian Sociological Society and Ors., the Delhi High Court reaffirmed that a writ petition under Article 226 of the Constitution against a private autonomous society is not maintainable unless a distinct public law element is present in its governance. The Court established that merely promoting a field of study, holding lectures, or organizing conferences to disseminate knowledge does not amount to performing a public function or engaging in teaching activities. Furthermore, receiving minor government grants, which amounted to roughly 7.92% of the society's total funds in the present case, does not satisfy the requirement of being substantially financed by the Government so as to render the society an instrumentality of the State under Article 12. The Court also reiterated that disputes relating exclusively to the internal management of a private society, including elections, constitution of committees, appointments, and disciplinary proceedings against its members, do not involve any public law element so as to attract the writ jurisdiction of the High Court. Consequently, the appropriate remedy for an aggrieved person in such cases lies before the competent civil court or the statutory authority, where available, and not by invoking the extraordinary jurisdiction under Article 226 of the Constitution. The Court further clarified that the mere registration of a society under the Societies Registration Act, 1860 or the Maharashtra Public Trusts Act, 1950 does not, by itself, make the society amenable to writ jurisdiction. Accordingly, holding that the respondent society neither discharged any public function nor was substantially financed or controlled by the Government, and that the dispute pertained purely to the society's internal electoral and disciplinary affairs, the Delhi High Court dismissed the writ petition both on the ground of maintainability as well as on merits.



Hardik Jain



Litigation

In the judgment of Kaveri Infrastructure Pvt. Ltd. v. Delhi Jal Board, the Delhi High Court articulated several key legal principles governing the debarment and blacklisting of commercial entities. First, the Court reaffirmed that an order of blacklisting or debarment can never be permanent or open ended. Placing reliance on the landmark decision of the Supreme Court in Kulja Industries Ltd. v. Chief General Manager, BSNL, the Court held that although blacklisting is a legitimate administrative tool to discipline errant contractors, a permanent or indefinite prohibition from participating in public tenders is manifestly arbitrary. The duration of any debarment must necessarily be determined with reference to the gravity and nature of the misconduct alleged and cannot continue indefinitely merely because criminal proceedings or appeals remain pending.

Secondly, the Court emphasized that blacklisting must strictly conform to the governing statutory or administrative framework and must satisfy the doctrine of proportionality. Under both the Rules for Enlistment of Contractors in Delhi Jal Board, 2023 and the CPWD Rules, 2022, the maximum permissible period of debarment is two years. Consequently, any order which debars a contractor without prescribing a definite period, or ties the duration of debarment to uncertain future contingencies such as completion of criminal investigations or exhaustion of appellate proceedings, is fundamentally unlawful as it effectively results in an impermissible indefinite blacklisting.

Thirdly, the Court held that a speaking order imposing blacklisting must independently evaluate all subsequent developments and cannot mechanically reiterate an earlier decision. In the present case, although the petitioner had been convicted in criminal proceedings after the original debarment order, the impugned order merely reproduced the earlier decision without considering these subsequent events or recording fresh reasons. Such an approach demonstrated a predetermined mindset and failed to satisfy the requirement of reasoned administrative decision making.

The Court further reiterated that although the State possesses the inherent authority to decide with whom it will enter into contractual relations, that discretion is not absolute and remains subject to judicial review on the grounds of arbitrariness, proportionality, fairness, and compliance with applicable rules. Blacklisting, being a measure with severe civil and commercial consequences affecting a person's right to carry on business, must therefore be exercised with restraint and only for a definite and reasonable period.



Hardik Jain

The Court also held that the petition challenging the continuing debarment was maintainable notwithstanding earlier litigation, observing that the continued operation of an unlawful blacklisting order constitutes a recurring cause of action. Moreover, the legal position had materially evolved after the earlier proceedings through the Supreme Court's decision in Kulja Industries, which conclusively declared that permanent blacklisting is impermissible.

Applying these principles, the Delhi High Court found that the petitioner had remained under debarment since 2008, amounting to nearly eighteen years. Since the impugned order failed to prescribe any definite duration, was contrary to the respondent's own rules, and effectively imposed an indefinite blacklisting linked to uncertain future criminal proceedings, it was held to be arbitrary and unsustainable in law. While ordinarily the matter could have been remanded for determination of an appropriate period of debarment, the Court held that after eighteen years of continuous exclusion no useful purpose would be served by doing so. Accordingly, the impugned order was quashed and the petitioner was held entitled to participate in future tenders issued by the Delhi Jal Board, subject to fulfilment of the applicable eligibility conditions.

Corporate

Government Notifies Employees' Deposit-Linked Insurance Scheme, 2026 Under Social Security Code

The Ministry of Labour and Employment has notified the Employees' Deposit-Linked Insurance (EDLI) Scheme, 2026 under the Code on Social Security, 2020, replacing the nearly five-decade-old Employees' Deposit-Linked Insurance Scheme, 1976. Effective from the date of its publication in the Official Gazette, the new Scheme modernises the statutory insurance framework while preserving rights, benefits, and actions accrued under the earlier regime.

The Scheme applies to employees covered under Chapter III of the Code on Social Security, 2020, including members of the Employees' Provident Fund Scheme, 2026 and certain exempted provident fund establishments. Employers are required to contribute to the Deposit-Linked Insurance Fund based on prescribed wages, deposit contributions electronically within stipulated timelines, maintain digital records, and assist in claim processing. Importantly, employers are prohibited from recovering their contribution from employees' wages.

The EDLI Scheme, 2026 continues to provide financial assistance to the nominees or eligible family members of employees who die while in service. Depending on the applicable calculation method and eligibility conditions, the assurance benefit ranges from ₹2.5 lakh to ₹7 lakh, with a minimum benefit of ₹50,000 under the average provident fund balance formula.

The Scheme also introduces structured timelines for claim settlement, requiring complete claims to be processed within 20 days, with unjustified delays attracting interest in specified cases. In addition, establishments offering superior group insurance benefits through IRDAI-approved policies may continue to seek exemptions, subject to prescribed conditions.

The notification aligns the deposit-linked insurance framework with the Code on Social Security, 2020, strengthening digital compliance, fund administration, and employee welfare while ensuring timely financial protection for the families of deceased employees.



Akshita Agarwal



Quick Bites

**A NEW ERA OF
Employee Insurance Protection**



The Employees' Deposit-Linked Insurance (EDLI) Scheme, 2026 introduces a digitally enabled insurance framework, ensuring efficient claim processing, improved compliance, and financial security for the families of employees covered under the scheme.

Source: Ministry of Labour & Employment | G.S.R. 526(E) | 29 June 2026.

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Corporate

SEBI Proposes Reforms for Debenture Trustees and Alternative Investment Funds

The Securities and Exchange Board of India (SEBI) has unveiled two significant initiatives aimed at strengthening India's capital markets: a comprehensive review of the regulatory framework governing Debenture Trustees and proposed reforms to the investor consent framework for Alternative Investment Funds (AIFs).

To enhance the governance of India's growing corporate bond market, SEBI has constituted an Expert Working Group to review the SEBI (Debenture Trustees) Regulations, 1993. Chaired by former SEBI Whole Time Member Ananta Barua, with former SBI Chairman Rajnish Kumar as Co-Chairperson, the committee will examine the existing regulatory framework, the role and responsibilities of debenture trustees, net worth requirements, and industry representations. SEBI has also invited public comments from stakeholders until July 15, 2026 to support the review process.

Separately, SEBI has issued a consultation paper proposing a more uniform and transparent investor consent mechanism under the SEBI (Alternative Investment Funds) Regulations, 2012. Among the key proposals is the introduction of a standardised approval threshold of 75% investor consent by value for material decisions and conflicted transactions, replacing the current framework of varying consent requirements.

The consultation paper also proposes greater clarity on transactions involving conflicts of interest by revisiting the scope of the term "associate" and standardising voting procedures, solicitation mechanisms, and the treatment of non-responses. These measures are intended to reduce interpretational uncertainty, promote consistency across AIFs, and improve investor participation.

Together, these initiatives reflect SEBI's continued efforts to modernise India's securities market framework by strengthening investor protection, enhancing governance standards, and simplifying regulatory compliance. The proposed reforms are expected to contribute to a more transparent, efficient, and resilient capital market ecosystem.



Akshita Agarwal

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SEBI PROPOSES KEY REFORMS FOR DEBENTURE TRUSTEES & AIFs

STRATEGY. GOVERNANCE. GROWTH.

SEBI has proposed reforms to strengthen debenture trustee regulations and standardise investor consent for AIFs, enhancing governance, investor protection, transparency, and regulatory consistency across India's capital markets.

Source: SEBI | Press Release No. 37/2026 & Consultation Paper dated 30 June 2026.

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Corporate

Government Notifies Employees' Provident Funds Scheme, 2026

The Ministry of Labour and Employment has notified the Employees' Provident Funds (EPF) Scheme, 2026 under the Code on Social Security, 2020, replacing the Employees' Provident Funds Scheme, 1952. Effective from its publication in the Official Gazette, the Scheme modernises India's provident fund framework while retaining its core social security benefits.

The Scheme clarifies that the mandatory EPF contribution is calculated only up to the statutory wage ceiling, which currently stands at ₹15,000 per month. Accordingly, the mandatory employee contribution remains 12% of ₹15,000 (₹1,800 per month), with employers continuing to make matching statutory contributions. Employees may continue to contribute beyond the statutory limit on a voluntary basis, although employers are not required to match such additional contributions unless otherwise agreed. The existing contribution rates of 12%, or 10% for eligible establishments, remain unchanged.

The Scheme also simplifies the framework for partial withdrawals, consolidating them into broader categories such as essential personal needs, housing, and specified special circumstances, subject to prescribed conditions.

In addition, the notification places significant emphasis on digital governance, providing for electronic maintenance of provident fund accounts, online filing of returns, digital claim processing, e-passbooks, UAN-based services, and electronic access to member account information. It also strengthens the regulatory framework for exempted establishments, international workers, and provident fund administration.

Overall, the EPF Scheme, 2026 aligns India's provident fund regime with the Code on Social Security, 2020, while promoting greater transparency, digitalisation, and ease of compliance for employers and employees alike.



Akshita Agarwal



Quick Bites

GOVERNMENT NOTIFIES EMPLOYEES' PROVIDENT FUNDS SCHEME, 2026



The Employees' Provident Funds Scheme, 2026 retains the statutory wage ceiling of ₹15,000, with mandatory EPF contributions continuing at 12% (₹1,800 per month) from both employer and employee. Employees may voluntarily contribute beyond this limit, while employers are not required to match the excess. The Scheme also enhances digital governance through online claims, e-passbooks, UAN-based services, and electronic record-keeping.

Source: Ministry of Labour & Employment, Govt. of India | G.S.R. 525(E), dated 29 June 2026

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Draft Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2026

The draft Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2026 consolidates and streamlines the regulatory framework governing unsecured money market transactions in India. It defines the scope of call, notice and term money markets, specifies the categories of eligible participants and prescribes their borrowing and lending permissions. The Direction lays down prudential borrowing limits for different entities, while requiring participants to establish Board-approved internal exposure limits within the prescribed regulatory framework. It permits market-determined interest rates and mandates that transactions be executed in over-the-counter markets, including authorised electronic trading platforms such as NDS-CALL. The Direction also prescribes market timings, standard market practices, reporting requirements, cancellation and termination procedures, and obligations to furnish information to the Reserve Bank. It further authorises dissemination of anonymised transaction data and empowers the Reserve Bank to impose regulatory or penal actions, including temporary market restrictions, for violations of the Directions.



Rishav Sagar



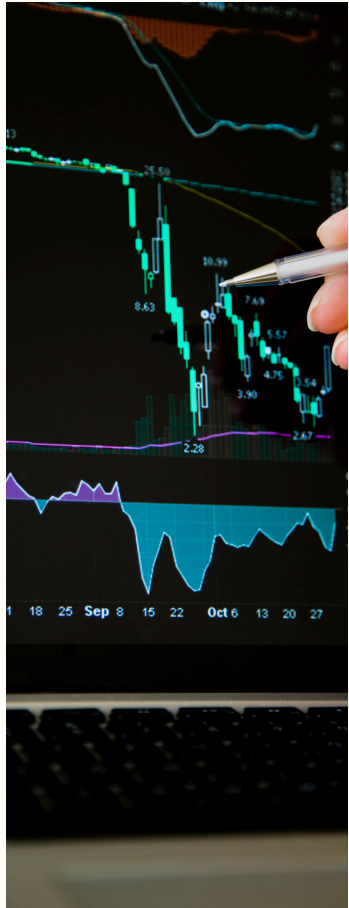
Corporate

Draft Reserve Bank of India (Secondary Market Transactions in Government Securities) Directions, 2026

The draft Reserve Bank of India (Secondary Market Transactions in Government Securities) Directions, 2026 consolidates and supersedes the existing regulatory framework governing secondary market transactions in Government securities. It prescribes a comprehensive framework for outright transactions, When Issued transactions, and short sale transactions undertaken in both the over-the-counter (OTC) market and on recognised stock exchanges. The Directions specify eligible participants, permissible trading platforms, transaction reporting requirements, settlement mechanisms, market timings, and operational procedures, while mandating settlement through Delivery versus Payment (DvP) and CCIL, except where otherwise permitted. It also prescribes eligibility conditions, position limits, reporting, accounting, and audit requirements for When Issued and short sale transactions to ensure market discipline. Additionally, the Directions impose obligations relating to information sharing, conduct, default handling, and compliance with market abuse norms, while empowering the Reserve Bank to enforce regulatory action for violations. Overall, the Directions seek to enhance transparency, efficiency, uniformity, and integrity in the secondary Government securities market.



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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.

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