Interpreting India for commerce

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LEXPORT NEWSLETTER

August 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

Indirect Tax

Supreme Court upholds validity of Section 16(2)(c) of the CGST Act; ITC can be denied where supplier fails to deposit tax

The Supreme Court dismissed the Special Leave Petitions challenging the Gujarat High Court's judgment upholding the constitutional validity of Section 16(2)(c) of the Central Goods and Services Tax Act, 2017. The Court observed that the Gujarat High Court had undertaken a detailed analysis of the distinction between the provisions of the Delhi Value Added Tax Act, 2004 and the CGST Act, 2017, as well as the statutory scheme governing availment of input tax credit under the GST regime. It held that there was no basis for treating a purchasing dealer under the CGST Act on par with a bona fide purchasing dealer under the Delhi VAT Act where the supplier fails to discharge the tax liability. The Court further noted the Gujarat High Court's analysis of Sections 41, 73 and 74 of the CGST Act, under which a purchasing dealer is entitled to re-avail the reversed input tax credit after the supplier discharges the tax liability. Agreeing with the reasoning of the Gujarat High Court, the Supreme Court held that no grounds existed to declare Section 16(2)(c) unconstitutional or to read down its provisions and accordingly affirmed the impugned judgment while dismissing the Special Leave Petitions.

Bhandari Scrap Traders Versus Union of India & Ors., SLP (C) No. 23931 of 2026 & connected matters (Supreme Court)

Soumya Shrivastava

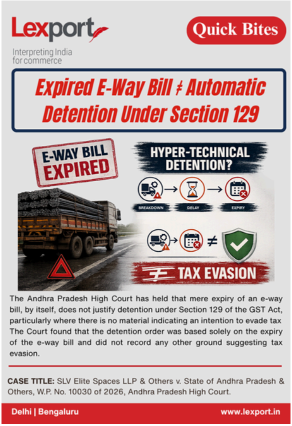
Indirect Tax

Detention under Section 129 not justified solely on expiry of e-way bill where there is no intention to evade tax

The Andhra Pradesh High Court allowed the writ petition filed by M/s. SLV Elite Spaces LLP and others challenging the detention of goods and vehicle under Section 129 of the GST Act. The vehicle carrying TMT boxes had reached Vijayawada within the validity period of the e-way bill but could not reach its destination due to a breakdown. The detention order in Form GST MOV-06 was issued solely on the ground that the e-way bill had expired, without recording any other reason. The Court observed that there was no material to indicate any intention to evade tax and that the vehicle had already reached the destination city, with only a short distance remaining to be covered. Holding that invocation of Section 129 in such circumstances was hyper-technical and unwarranted, the Court directed the authorities to drop all further proceedings against the petitioners, particularly as the vehicle and goods had already been released pursuant to the interim order.

SLV Elite Spaces LLP & Others Versus State of Andhra Pradesh & Others, W.P. No. 10030 of 2026 (Andhra Pradesh High Court)

Soumya Shrivastava



Indirect Tax

Delhi High Court relegates challenge to GST demand under Sections 74 and 76 to appellate remedy; Appellate Authority can decide reasonable period for issuing Show Cause Notice

The Delhi High Courthas held that GST Appellate Authority is competent to decide what constitutes a "reasonable period" for issuance of show cause notice under Section 76 of the Central Goods and Services Tax (CGST) Act, 2017. The Court declined to entertain the writ petition filed by Armour Security India Limited challenging the show cause notice dated 30.09.2025 and the Order-in-Original dated 30.03.2026 issued under Sections 74 and 76 of the CGST Act. The petitioner contended that the proceedings raised a jurisdictional issue, including the question of what constitutes a "reasonable period" for issuance of a notice under Section 76, and relied upon the Supreme Court's decision in the State of Punjab v. Bhatinda District Cooperative Milk Producers Union Ltd. The Court observed that the show cause notice was a detailed notice relating to the financial years 2017-18, 2018-19 and 2019-20, alleging wrongful availment of input tax credit, and that the Order-in-Original had been passed after considering the petitioner's reply and granting an opportunity of hearing. It held that the statutory appellate remedy under Section 107 of the CGST Act was comprehensive enough to examine questions relating to the interpretation of "reasonable period", the applicability of Sections 74 and 76, and other factual and legal issues arising in the matter. Accordingly, the Court relegated the petitioner to the appellate remedy and directed that all questions raised by the petitioner be decided by the Appellate Authority in accordance with law.

Armour Security India Limited Versus Union of India & Anr., W.P.(C) 10738/2026 (Delhi High Court)

Soumya Shrivastava

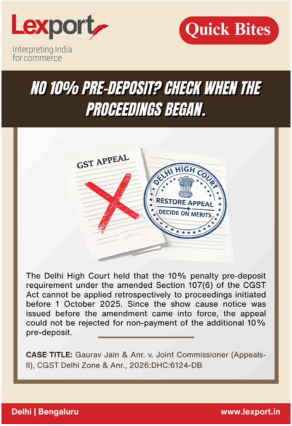
Indirect Tax

Mandatory 10% pre-deposit for GST penalty appeals not applicable to proceedings initiated before 1 October 2025: Delhi High Court

The Delhi High Court allowed the writ petition filed by the petitioner challenging the rejection of its appeal for non-payment of the mandatory 10% pre-deposit introduced by the Finance (No. 2) Act, 2024. The dispute arose from proceedings initiated by a show cause notice issued prior to 1 October 2025, whereas the appellate authority insisted on compliance with the amended proviso to Section 107(6) of the CGST Act requiring a pre-deposit of 10% of the penalty for appeals involving penalty-only demands. The Court held that the amendment, which came into force on 1 October 2025, operates prospectively and applies only to proceedings initiated on or after that date. Since the show cause notice in the present case had been issued before the amendment came into effect, the petitioner could not be compelled to comply with the amended pre-deposit requirement. Accordingly, the Court set aside the order rejecting the appeal and directed the appellate authority to restore and decide the appeal on merits in accordance with law.

Gaurav Jain & Anr. v. Joint Commissioner (Appeals-II), CGST Delhi Zone & Anr., 2026:DHC:6124-DB

Soumya Shrivastava



Intellectual Property Right

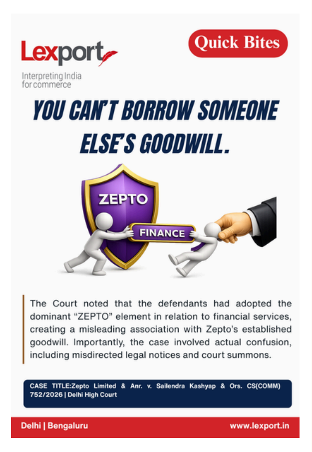
Delhi High Court Grants Injunction Against "ZEPTO FINANCE" for Trademark Infringement and Passing Off

The Delhi High Court granted an ex parte ad interim injunction in favour of Zepto Limited, restraining the defendants from using the marks "ZEPTO FINANCE" and other deceptively similar variants in relation to financial and loan services. The Court noted that Zepto had established extensive goodwill through its rapid commerce platform, registrations across multiple classes, and expansion into financial services under ZEPTO CASH and ZEPTO PAY LATER. The defendants had adopted the identical dominant element "ZEPTO" along with the descriptive word "Finance", creating a misleading association with the plaintiffs' business. The Court found that the plaintiffs had demonstrated not merely a likelihood of confusion, but actual confusion, as consumers, legal notices, and even court summons intended for the defendants had been wrongly addressed to the plaintiffs due to the deceptive use of the impugned marks.

Holding that the defendants had dishonestly attempted to ride upon the plaintiffs' goodwill and reputation, the Court observed that the deceptive similarity of the rival marks and the overlap in financial services amounted to trademark infringement and passing off. Since the defendants' activities had caused actual public confusion and reputational harm, the Court restrained them from using "ZEPTO FINANCE" or any identical or deceptively similar mark pending adjudication of the suit.

Zepto Limited & Anr. v. Sailendra Kashyap & Ors., CS(COMM) 752/2026

Anushka Tripathi



Intellectual Property Right

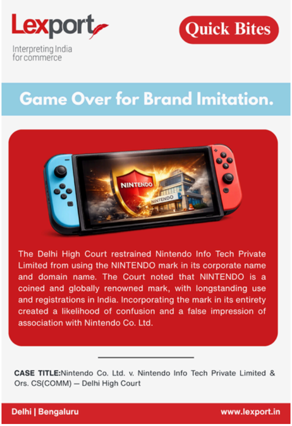
Delhi High Court Restrains "Nintendo Info Tech" from Using NINTENDO Name, Protects Global Gaming Brand

The Delhi High Court granted an ex parte ad interim injunction in favour of Nintendo Co. Ltd., restraining Nintendo Info Tech Private Limited from using the trade name "NINTENDO" in connection with its digital marketing services. The Court noted that NINTENDO is a coined and globally renowned mark that has been in use since 1889, enjoys registrations in India since 1983, and has acquired immense goodwill through decades of use in the gaming and entertainment industry.

Justice Jyoti Singh held that the defendants had incorporated "NINTENDO" in its entirety into their corporate name and domain name (www.nintendotec.in), creating a clear likelihood of confusion and a false impression of association with Nintendo. The Court rejected any plausible justification for adopting such a distinctive mark and observed that the defendants had prima facie sought to exploit Nintendo's longstanding reputation and goodwill. Finding a strong prima facie case of trademark infringement and passing off, the Court restrained the defendants from using the impugned trade name or the NINTENDO mark in any manner pending the suit.

Nintendo Co. Ltd. v. Nintendo Info Tech Private Limited & Ors., CS(COMM) 748/2026

Anushka Tripathi



Intellectual Property Right

Bombay High Court Grants Search and Seizure Order Against “LAVIE LUXURY” Perfume Brand

The Bombay High Court granted an ad interim injunction in favour of Bagzone Lifestyles Pvt. Ltd., the proprietor of the LAVIE trademark, restraining the defendant from using the mark “LAVIE LUXURY” for perfumes and colognes. The Court found that the impugned mark was prima facie identical and deceptively similar to Bagzone’s registered LAVIE, LAVIE LUXE, LAVIE SPORT, and related formative marks. The defendant had marketed the infringing products through its website lavieluxury.in, e-commerce platforms, and social media, despite the plaintiff's long-standing use and registrations of the LAVIE family of marks.

Observing that the defendant had failed to appear despite service, Justice Madhav J. Jamdar granted wide-ranging interim relief, including appointment of the Court Receiver and an Additional Special Receiver to conduct search and seizure operations, with authority to break open locks, take police assistance, seize and seal infringing goods, and prepare an inventory. The defendant was also directed to disclose revenues earned under the impugned mark.

Bagzone Lifestyles Pvt. Ltd. v. Shweta Agrawal, Commercial IP Suit (L) No. 20200 of 2026

Anushka Tripathi

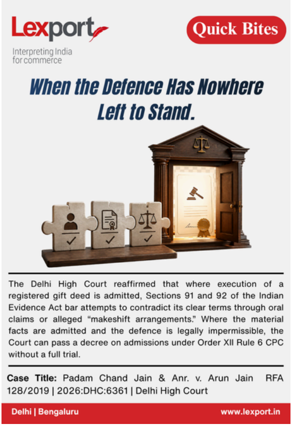
Litigation

In the matter of Padam Chand Jain & Anr. v. Arun Jain (RFA 128/2019), the High Court of Delhi, in a judgment delivered by Hon'ble Mr. Justice Amit Bansal (2026:DHC:6361), reaffirmed pivotal legal principles governing registered gift deeds, evidentiary bars under the Indian Evidence Act, and the applicability of the Senior Citizens Act.

The Court held that under Section 123 of the Transfer of Property Act, 1882, the execution and registration of a gift deed signed by the donor and attested by two witnesses fully completes the transfer of immovable property, making physical delivery of possession or handing over original title deeds legally unnecessary. It further ruled that under Section 126 of the Act, an unconditional registered gift deed cannot be unilaterally revoked by the donor unless a specific right of revocation was expressly reserved in the deed itself, remaining valid and binding until formally set aside by a competent court.

Additionally, the Court emphasized that once execution is admitted, Sections 91 and 92 of the Indian Evidence Act, 1872, strictly bar oral evidence or claims of underlying "makeshift arrangements" to contradict the clear terms of the written document. Furthermore, Section 23 of the Maintenance and Welfare of Parents and Senior Citizens Act, 2007, does not operate retrospectively to divest rights already validly created and vested prior to its commencement. Consequently, where admissions exist and defences are legally impermissible, courts can rightfully pass a decree on admissions under Order XII Rule 6 of the CPC without subjecting parties to a trial.

Hardik Jain



Litigation

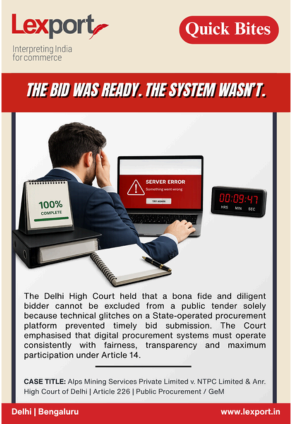
Alps Mining Services Private Limited v. NTPC Limited & Anr.

In a batch of writ petitions preferred under Article 226 of the Constitution of India, the High Court of Delhi adjudicated upon the petitioner's plea seeking an extension of time to submit its techno-commercial bids on the Government e-Marketplace (GeM) portal or, in the alternative, the re-issuance of tenders for the procurement of domestic coal across four thermal power stations of NTPC Limited. The core legal controversy before the Division Bench centered upon whether a bona fide and diligent bidder can be deprived of its constitutional right to participate in a public tender on account of technical glitches and server inaccessibility on an electronic procurement platform operated by state instrumentalities.

Demonstrating utmost due diligence, the petitioner had deposited its Earnest Money Deposit and Power of Attorney in physical form well prior to the deadline. However, on the final day of bid submission, repeated attempts to upload the bid documents were thwarted by persistent server errors on the GeM portal, which were immediately flagged to the authorities alongside screen recordings and contemporaneously generated emails. While NTPC resisted the grant of relief on the grounds that several other bidders had successfully uploaded their submissions and that depleting coal stocks required urgent tender finalization, GeM conceded through a public ticker and sworn affidavit that intermittent system glitches had indeed impacted portal operations during the relevant window, generating over 500 complaints across the platform.

Reiterating the settled jurisprudence on digital public procurement, the High Court distinguished cases where submission delays were attributable to a bidder's own technical infrastructure and emphasized that digital platforms adopted by the State—while designed to foster transparency and efficiency—cannot possess rigid, inbuilt limitations that lack the flexibility to address exceptional situations. The Court held that state authorities, bound by the mandate of fairness under Article 14 of the Constitution, must ensure maximum participation and competitive bidding in public procurement. Consequently, excluding a fully prepared bidder due to platform failures attributable to the procuring authority's system was held to be arbitrary and legally impermissible.

Balancing the fundamental right of a citizen to participate in state largesse with the compelling public interest of maintaining uninterrupted thermal power generation, the High Court allowed the writ petitions and issued strict operational directions. GeM was directed to temporarily reopen its portal and issue a new login ID enabling the petitioner to submit its bids within a specified timeframe, failing which the petitioner was permitted to hand over its technical and financial bid documents in a physical sealed cover to the Deputy CEO of GeM, with NTPC directed to process and evaluate the bid in accordance with the Request for Proposal upon receipt.



Hardik Jain

Corporate

Supreme Court Clarifies Treatment of EPF Interest and Damages Under the IBC

The Supreme Court has clarified the treatment of provident fund (PF) dues under the Insolvency and Bankruptcy Code, 2016 (IBC), holding that while crystallised PF dues remain protected, unadjudicated claims for interest under Section 7Q and damages under Section 14B of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, may be excluded from an approved resolution plan if they were not determined before the commencement of the Corporate Insolvency Resolution Process (CIRP). Dismissing the EPFO's appeal, the Court held that such undetermined liabilities constitute contingent liabilities and need not be mandatorily provided for in a resolution plan. Although the Committee of Creditors (CoC) may, in its commercial wisdom, allocate a lump sum towards such contingent liabilities, failure to do so does not invalidate the plan. The Court emphasized that requiring resolution applicants to account for uncertain liabilities would undermine the IBC's objective of ensuring certainty, adherence to timelines, and successful resolution. Relying on Tata Steel Ltd. v. Varsha and Essar Steel India Ltd. v. Satish Kumar Gupta, the Court reaffirmed the "clean slate" principle, under which successful resolution applicants should inherit only known and crystallised liabilities. Since the resolution plan had provided for the admitted PF dues while excluding only uncrystallised interest and damages, the Court upheld the plan and dismissed the EPFO's appeal.

Rishav Sagar

Corporate

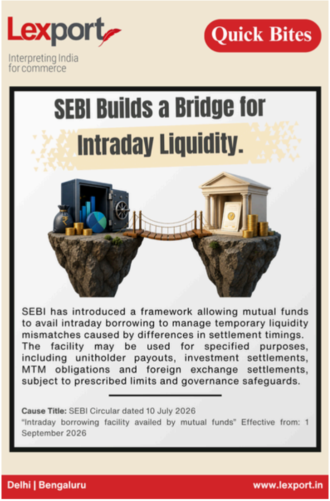
SEBI Permits Intraday Borrowing Facility for Mutual Funds to Address Liquidity Mismatches

The Securities and Exchange Board of India (SEBI), through its circular dated July 10, 2026, has introduced a framework permitting mutual funds to avail intraday borrowing facilities to manage temporary liquidity mismatches arising from differences in market settlement timings. The circular supersedes the earlier borrowing guidelines under the SEBI Master Circular for Mutual Funds and related circulars.

Under the revised framework, mutual funds may undertake intraday borrowings for specified purposes, including unitholder payouts such as redemptions and IDCW payments, settlement of investment transactions, mark-to-market (MTM) obligations, foreign exchange settlements, and repayment of existing borrowings. The borrowing amount is primarily restricted to guaranteed and identifiable receivables expected to be realised by the end of the day, with limited additional borrowing permitted solely to meet redemption and other unitholder payout obligations.

SEBI has also imposed robust governance requirements by mandating that the Boards of Asset Management Companies (AMCs) and Trustees approve a comprehensive intraday borrowing policy, maintain scheme-wise records of liquidity mismatches, and ensure repayment of borrowings by the end of the day. Importantly, any borrowing costs or losses arising from delays in receivables must be borne by the AMC and not the mutual fund schemes. The circular will come into force on September 1, 2026, with the objective of safeguarding investor interests while enhancing operational efficiency in the mutual fund industry.

Rishav Sagar



Corporate

SEBI Revises Certification Requirements for Distribution of Specialized Investment Funds

The Securities and Exchange Board of India (SEBI), through its circular dated July 21, 2026, has revised the certification framework applicable to entities engaged in the sale and distribution of Specialized Investment Funds (SIFs). The amendments modify Paragraph 21.10 of the SEBI Master Circular for Mutual Funds, following representations from industry participants and consultations with the National Institute of Securities Markets (NISM). The revised framework seeks to simplify certification requirements while ensuring that distributors possess adequate expertise for offering SIF products.

Under the revised regime, individuals engaged in the distribution of SIFs must hold the NISM Series V-D – Mutual Fund – Specialized Investment Fund Distributors Certification. Importantly, holders of this certification will also be eligible to distribute conventional mutual fund products without the need to separately obtain the NISM Series V-A certification. However, entities distributing only mutual fund products will continue to require the NISM Series V-A certification. Further, the existing requirement of holding the NISM Series XIII – Common Derivatives Certification for SIF distribution will cease to apply after September 21, 2026, with transitional provisions protecting existing certificate holders until the expiry of their current certification. AMFI and Asset Management Companies (AMCs) have been entrusted with ensuring compliance by distributors and agents. The circular comes into force with immediate effect.

Rishav Sagar

Corporate

Non-Signatory's Participation in Contract Performance Can Bind Them to Arbitration: Supreme Court

The Supreme Court has held that the participation of a non-signatory in the performance of an underlying contract is a significant factor in determining whether such a party can be bound by an arbitration agreement. Setting aside a Delhi High Court decision, the Court ruled that a non-signatory cannot be excluded from arbitration merely because they did not execute the principal agreement, particularly where their conduct demonstrates an intention to be bound by the transaction. The Court observed that the involvement of a non-signatory in performing obligations under the underlying contract is the strongest indicator of their consent to the arbitration agreement, alongside factors such as the composite nature of the transaction and the interlinked subject matter of the disputes.

The dispute arose from a Memorandum of Settlement (MoS) for the acquisition of a company and its sister concern, under which promoters, management personnel and shareholders were required to transfer their shares to complete the transaction. Although Respondent No. 1 was not a signatory to the MoS, he executed a contemporaneous Share Purchase Agreement (SPA) and agreed to transfer his shares as part of the overall acquisition. The Supreme Court held that his participation was indispensable to the completion of the transaction and that the High Court had erred in treating him differently from other similarly situated shareholders. Relying on Cox and Kings Ltd. v. SAP India Pvt. Ltd. and ONGC Ltd. v. Discovery Enterprises Pvt. Ltd., the Court held that non-signatories may be referred to arbitration where their conduct and role in a composite transaction demonstrate an intention to be bound by the arbitration agreement.

Rishav Sagar

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.

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