

LEXPORT NEWSLETTER

SEPTEMBER 2026 | WEEK 3

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

Unsigned SCN and adjudication order lacking statutory authentication under Rule 26(3) quashed along with consequential recovery: Rajasthan High Court

The petitioner, Star Raison Landmarks, a real estate developer, challenged a show cause notice dated 23.09.2023 issued under Section 73 of the CGST/SGST Acts, the consequential Order-in-Original dated 19.12.2023 and recovery proceedings under Section 79, principally on the ground that the statutory documents uploaded on the GST portal bore neither a physical nor a digital signature. The proceedings originated from scrutiny under Form ASMT-10, followed by the petitioner's reply in Form ASMT-11; thereafter, the SCN, Form DRC-01, Order-in-Original and Form DRC-07 were uploaded, followed by a Form DRC-13 recovery notice to the petitioner's banker and attachment of the bank account. The petitioner contended that the unsigned documents were non est in law and could not create liability or form the basis for recovery. The respondents, while objecting to the maintainability of the writ petition on the ground of the alternate appellate remedy under Section 107, contended that documents uploaded through the BOWEB/GSTN portal were digitally authenticated by the concerned officer and that the digital signature might not appear on the downloaded document; they also relied on the generation of an ARN and reference number as indicating authentication. The Court examined Rule 26(3) of the CGST Rules, 2017, which provides that notices, certificates and orders are to be issued electronically through a digital signature certificate, E-signature under the Information Technology Act, 2000, or another mode of signature or verification notified by the Board. The Court treated the use of the word "shall" in Rule 26(3) as mandatory and found that the statutory requirement of authentication could not be satisfied merely by an officer logging into the portal or by the generation of an ARN/reference number. The Court held that the absence of the prescribed authentication constituted a jurisdictional defect and that the unsigned statutory documents could not sustain the proceedings. Consequently, the show cause notice and Order-in-Original, as well as the consequential DRC-13 recovery and bank attachment, were quashed.

Star Raison Landmarks v. Chief Commissioner State Tax, Commercial Taxes Department, Jaipur, D.B. Civil Writ Petition No. 8893 of 2024, Rajasthan High Court, Jaipur.



Soumya Shrivastava

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**NO DIGITAL SIGNATURE.
NO VALID GST PROCEEDINGS.**



The Rajasthan High Court quashed an unsigned GST Show Cause Notice and consequential adjudication and recovery proceedings.

The Court held that Rule 26(3) mandates statutory authentication of notices and orders through a digital signature, e-signature, or other prescribed mode of verification. An ARN or portal-generated reference number, by itself, could not substitute the required authentication.

The SCN, Order-in-Original, DRC-13 recovery notice and bank attachment were consequently quashed.

Case Title: Star Raison Landmarks v. Chief Commissioner State Tax, Commercial Taxes Department, Jaipur, D.B. Civil Writ Petition No. 8893 of 2024, Rajasthan High Court, Jaipur.

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Indirect Tax

Writ petition declined where statutory appellate remedy under Section 107 was available against GST demand and rectification order: Rajasthan High Court

Innotex (India) Pvt. Ltd. challenged an Order-in-Original dated 03.12.2025 passed under Section 73 of the CGST/SGST Acts confirming tax of Rs. 2,58,55,445, interest of Rs. 1,69,26,223 and penalty, as well as the subsequent order dated 24.04.2026 rejecting its application for rectification under Section 161. The proceedings followed departmental audit of the petitioner's books, records and returns for FY 2021-22, issuance of Form GST ADT-02 and thereafter Form GST DRC-01. The petitioner contended that the Order-in-Original had not been manually served or supplied in hard copy and that it became aware of the demand only subsequently, after the accountant whose email ID and mobile number were registered on the GST portal had left its service. The petitioner thereafter sought rectification and specifically requested a personal hearing, but the rectification application was rejected without such hearing; meanwhile, the Electronic Credit Ledger was debited and blocked and DRC-13 notices were issued to the petitioner's bankers. The petitioner therefore invoked writ jurisdiction seeking, inter alia, quashing of the orders and removal of the consequential restrictions, while also stating that the statutory appeal could not be filed within the prescribed period because of the claimed delayed knowledge. The respondents objected to the writ petition on the ground that an alternative statutory remedy of appeal under Section 107 was available. The Court noted that Section 107 provides a statutory appeal before the Appellate Authority against an order passed by the adjudicating authority and held that it was not inclined to directly entertain the writ petition without exhaustion of the alternate statutory remedy. The writ petition was accordingly dismissed with liberty to the petitioner to avail the appellate remedy under Section 107; the Court directed that if the appeal was filed within 30 days, it would be entertained without an objection as to limitation and decided on merits in respect of the rectification order read with the Order-in-Original. All issues and contentions raised in the writ petition were left open for consideration by the appellate authority in accordance with law.

Innotex (India) Pvt. Ltd. v. State of Rajasthan, D.B. Civil Writ Petition No. 15049 of 2026, Rajasthan High Court, Jaipur.



Soumya Shrivastava



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WRIT OR APPEAL? THE ROUTE MATTERS.



The Rajasthan High Court declined to entertain a writ petition challenging a GST demand and rectification order, noting that a statutory appellate remedy under Section 107 was available.

The Court granted liberty to the petitioner to pursue the appeal and directed that, if filed within 30 days, it would be entertained without objection as to limitation.

CASE TITLE: Innotex (India) Pvt. Ltd. v. State of Rajasthan, D.B. Civil Writ Petition No. 15049 of 2026, Rajasthan High Court, Jaipur.

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Indirect Tax

DRC-01 cannot substitute a statutory SCN; ITC denial solely on GSTR-2A mismatch unsustainable without prescribed verification: GSTAT

M/s Sakhsham Knowledge Services Private Limited, an Information Technology services provider registered in Uttar Pradesh, challenged the order upholding demands arising for FY 2018-19, principally contending that only Form DRC-01 had been uploaded to its GST portal account and that the substantive show cause notice was addressed to another taxpayer, M/s Sai Kripa Medical Store. The dispute involved, inter alia, the requirement of a show cause notice under Section 73 of the CGST/UPGST Acts and the sustainability of reversal of CGST and SGST input tax credit merely on account of a mismatch between GSTR-2A and GSTR-3B. The Tribunal noted that Rule 142(1)(a) contemplates DRC-01 as a summary accompanying the substantive SCN and that DRC-01 cannot independently substitute the statutory notice. Since the SCN attached to the DRC-01 was addressed to a different taxpayer and the DRC-01 contained only tabulated dues without the substantive allegations and evidentiary basis, the appellant was deprived of an effective opportunity to understand and contest the proposed liability. The Tribunal therefore held that the statutory requirement of issuance and service of an SCN could not be diluted and that the absence of a proper SCN vitiated the proceedings ab initio. In relation to ITC, the appellant had produced a supplier certificate under Circular No. 183/15/2022-GST dated 27.12.2022 and contended that the supplier had inadvertently reported the relevant invoice against another GSTIN. The Tribunal noted that the adjudicating authority had denied the ITC without verifying possession of invoices, receipt of supplies or payment of tax by the supplier as contemplated under Section 16 and the procedure prescribed in paragraph 4 of the Circular, while the First Appellate Authority had likewise not undertaken the requisite verification. The Tribunal observed that non-reflection of an invoice in GSTR-2A alone could not defeat the ITC claim, and that the denial based merely on the mismatch was therefore unsustainable; however, it ultimately found that the absence of a valid SCN had already vitiated the proceedings ab initio. Accordingly, the adjudication and appellate orders, including the tax, interest and penalty demands, were set aside and the appeal was allowed.

Sakhsham Knowledge Services Pvt. Ltd. v. Nitin Bansal, Commissioner State Tax, Lucknow, APL/54/LCK/2026, GSTAT, Division Bench, Lucknow.



Soumya Shrivastava



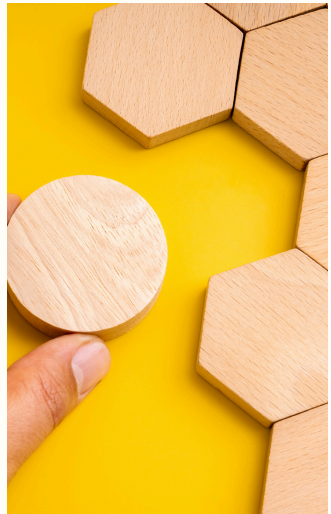
GSTAT, Lucknow clarified that a DRC-01 is only a summary of demand and cannot replace the statutory SCN required under Section 73.

The Tribunal further held that a GSTR-2A mismatch, by itself, cannot justify ITC reversal without the prescribed verification.

Case Title: Sakhsham Knowledge Services Pvt. Ltd. v. Nitin Bansal, Commissioner State Tax, Lucknow, APL/54/LCK/2026, GSTAT, Division Bench, Lucknow.

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Indirect Tax

Refund cannot be withheld merely because Department proposes to challenge an operative appellate order; Section 54(11) conditions must be satisfied: Telangana High Court

The petitioner, a company engaged in renting and leasing pre-fabricated warehouse buildings, had reversed/paid Rs.19,33,34,320/- under Form GST DRC-03 during investigation in respect of alleged ineligible ITC on works contract services, following which the adjudicating authority confirmed the demand along with applicable interest and penalty and appropriated the amount already paid. The petitioner's appeal against the adjudication order was subsequently allowed in entirety by the appellate authority, which set aside the Order-in-Original. Thereafter, the petitioner filed a refund application under Section 54 of the CGST Act seeking refund of the amount paid/reversed pursuant to the demand. The refund authority rejected the claim, inter alia, on the ground that the appellate order had not attained finality since the Department had reviewed the order and decided to challenge it before the GSTAT, and also relied upon capitalization/depreciation entries in the petitioner's books. The High Court held that under Section 107(16) of the CGST Act, an appellate order remains final and binding upon the parties subject to the statutory remedies contemplated under Sections 108, 113, 117 and 118, and merely because a further appeal is contemplated or subsequently filed, the appellate order does not cease to operate unless it is stayed, modified or set aside by a competent forum. Since, as on the date of rejection of the refund claim, no appeal was pending against the appellate order and no order had been passed staying, modifying or setting it aside, the refund authority could not disregard or indirectly reopen the substantive findings of the operative appellate order while processing the consequential refund claim. The Court further held that setting aside the underlying demand gave rise to a consequential refund claim, subject to compliance with the statutory requirements under Section 54, and the absence of an express direction for refund in the appellate order did not extinguish the petitioner's right to seek such consequential refund. Where the Department intended to withhold the refund on account of further proceedings, it was required to invoke and comply with the specific mechanism under Section 54(11), including pendency of the relevant appeal or proceedings, the Commissioner's opinion that grant of refund was likely to adversely affect the revenue on account of malfeasance or fraud, and an opportunity of hearing to the taxable person. As none of these statutory requirements had been satisfied on the date of the refund rejection order, and the Department's appeal before the GSTAT was filed only subsequently, the Court held that the subsequent appeal could not retrospectively validate the rejection. The impugned refund rejection order was accordingly quashed and set aside, and the

matter was remanded to the refund authority for fresh consideration of the refund application in accordance with law, with a direction that any withholding of refund on the ground of pending or further proceedings must strictly comply with Section 54(11), including the requirement of hearing, and that a fresh reasoned order be passed within four weeks.

ADV Industrial Services Pvt. Ltd. v. Union of India, Writ Petition No. 3663 of 2026, High Court for the State of Telangana at Hyderabad.



Soumya Shrivastava

CAN THE REFUND BE STOPPED JUST BECAUSE AN APPEAL IS PROPOSED?



The Telangana High Court held that an operative appellate order cannot simply be disregarded because the Department proposes to challenge it.

Since the original demand had been set aside and no stay, modification or reversal was in place, the consequential refund claim could not be rejected on that basis alone.

The Court further clarified that withholding a refund under Section 54(11) requires compliance with its specific statutory conditions, including the relevant pending proceedings, the prescribed Commissioner's opinion and an opportunity of hearing.

CASE TITLE: ADV Industrial Services Pvt. Ltd. v. Union of India, Writ Petition No. 3663 of 2026, High Court for the State of Telangana at Hyderabad.

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Intellectual Property Right

Bombay High Court Upholds Refusal to Register "ICE CREAM ROCKS"

The Bombay High Court upheld the Registrar's rejection of Graviss Foods Pvt. Ltd.'s applications to register "ICE CREAM ROCKS" in Classes 29 and 35. The Court held that the mark was generic, descriptive and laudatory, and therefore lacked inherent distinctiveness under Sections 9(1)(a) and 9(1)(b) of the Trade Marks Act. The Court noted that the mark was actually used as "BR ICE CREAM ROCKS" or with the "Baskin Robbins" house mark, which provided the distinguishing element. However, the Applicant sought registration of "ICE CREAM ROCKS" alone. The Court held that merely adding "ROCKS" to "ICE CREAM" did not make the expression distinctive. The claim of acquired distinctiveness was also rejected, as the applications were filed only seven months after the claimed commencement of use, and the evidence did not establish exclusive public association with the Applicant. The Court also held that the cited Section 11 objection became irrelevant once the mark was found unregistrable under Section 9.

Graviss Foods Private Limited v. Registrar of Trade Marks, Commercial Miscellaneous Petition No. 20 of 2026



Anushka Tripathi



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"ICE CREAM ROCKS" - DESCRIPTIVE MARK, REGISTRATION REFUSED



The Bombay High Court upheld refusal to register "ICE CREAM ROCKS", holding that the expression was generic, descriptive and laudatory and lacked inherent distinctiveness under Sections 9(1)(a) and 9(1)(b) of the Trade Marks Act. The Court also rejected acquired distinctiveness, noting insufficient evidence of exclusive public association with the Applicant.

Case Title: Graviss Foods Private Limited v. Registrar of Trade Marks, Commercial Miscellaneous Petition No. 20 of 2026

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Intellectual Property Right

Calcutta High Court Upholds Injunction Against “IJM GOLD STAG” in “GOLD FLAKE” Dispute

The Calcutta High Court dismissed the appeal filed by the defendants and upheld the temporary injunction protecting ITC Limited's “GOLD FLAKE” cigarette mark and trade dress against “IJM GOLD STAG”. The Court held that ITC had made out a sufficient prima facie case of infringement and passing off. The Court found that “GOLD” had acquired secondary meaning in relation to ITC's products through continuous and extensive use since 1905, notwithstanding the disclaimer appearing against the term in one of the registrations. It also rejected the defendants' reliance on the mandatory 85% statutory health warning on cigarette packaging, holding that the overall appearance of the package remains relevant and that the limited 15% space available for branding can actually heighten the likelihood of confusion. The Court further found serious doubts regarding the defendants' alleged licence/permitted use of “IJM GOLD STAG”, noting the absence of reliable evidence establishing a valid right of use. The appeal and ITC's cross-objection were both dismissed, with no order as to costs.

Pravin Kumar v. ITC Limited & Ors., TEMPAPO-
IPD No. 6 of 2025 and OCOT No. 7 of 2025



Anushka Tripathi



Quick Bites

TRADEMARK PROTECTION BEYOND THE WORD “GOLD”



The Calcutta High Court upheld an injunction protecting ITC's “GOLD FLAKE” mark and trade dress against “IJM GOLD STAG”. The Court held that “GOLD” had acquired secondary meaning through extensive use since 1905. It also found that limited branding space on cigarette packaging does not eliminate the possibility of confusion.

CASE TITLE: Pravin Kumar v. ITC Limited & Ors., TEMPAPO-IPD No. 6 of 2025 & OCOT No. 7 of 2025

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Intellectual Property Right

Delhi High Court Cancels “LNK” Registration for Sanitary Products

The Delhi High Court ordered cancellation of the Respondent's registration for the word mark “LNK” in Class 11, covering sanitary products. The Petitioner had been using and had registrations for device marks featuring “L&K” since 1948 and 2005 respectively. The Court held that although the Petitioner did not have a standalone word mark registration for “L&K”, the letters “L&K” constituted the dominant part of its registered device marks. Applying the dominant mark test alongside the anti-dissection principle, the Court found “LNK” visually and phonetically deceptively similar to “L&K”, particularly since the rival goods were identical. Accordingly, the Court held that registration of “LNK” violated Section 11(1)(b) of the Trade Marks Act, 1999, owing to the likelihood of confusion and association with the Petitioner's earlier mark. The registration was cancelled and the Registrar was directed to rectify the Register within 8 weeks.

Basant Lal v. Shakti Hydraulic Engineers & Anr.,
C.O. (COMM.IPD-TM) 190/2024



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REMOVING “&” DOESN'T ESCAPE TRADEMARK SIMILARITY

The Delhi High Court cancelled the “LNK” registration for sanitary products, finding it deceptively similar to the petitioner's earlier “L&K” marks. Applying the dominant mark test and anti-dissection principle, the Court held that visual and phonetic similarity, coupled with identical goods, created a likelihood of confusion under Section 11(1)(b).

Case Title: Basant Lal v. Shakti Hydraulic Engineers & Anr., C.O. (COMM.IPD-TM) 190/2024

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Intellectual Property Right

Kerala High Court Holds District Court Must Try Trademark Suits Irrespective of Pecuniary Valuation

The Kerala High Court dismissed a revision challenging the maintainability of a trademark infringement suit before the Additional District Court, Kozhikode. The suit sought prohibitory injunction and damages of ₹5 lakh, with a total valuation of ₹5.10 lakh. The defendants argued that, based on the pecuniary value, the suit could only be tried by a Munsiff Court. The Court held that Section 134 of the Trade Marks Act, 1999 expressly requires a trademark infringement suit to be instituted before a District Court and does not contemplate its subsequent transfer to an inferior court merely because of the suit's pecuniary value. The District Court is therefore the lowest competent court to try such suits, irrespective of ordinary pecuniary jurisdiction under the CPC. The Court further noted that District and Additional District Courts in Kerala are designated Commercial Courts at the District Judge level for specified commercial disputes, but the relevant commercial-dispute threshold did not affect the statutory requirement under Section 134. The revision was accordingly dismissed.

M/s. Cutis International Cosmetics Clinic Ltd. & Ors. v. M/s. Cutis Institute of Medicine and Surgery Pvt. Ltd., CRP No. 284 of 2025



Anushka Tripathi



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PECUNIARY VALUE ≠ FORUM FOR TRADEMARK SUITS



The Kerala High Court held that a trademark infringement suit must be instituted before a District Court under Section 134 of the Trade Marks Act, 1999, irrespective of its pecuniary valuation. The Court clarified that a suit cannot be transferred to a Munsiff Court merely because the claim falls within its ordinary pecuniary jurisdiction.

CASE TITLE: M/s. Cutis International Cosmetics Clinic Ltd. & Ors. v. M/s. Cutis Institute of Medicine and Surgery Pvt. Ltd., CRP No. 284 of 2025

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Litigation

ITSC's Settlement Order under Section 245D(4) is conclusive; AO cannot invoke Section 148 to reassess a deduction the Settlement Order encompassed: Supreme Court

M/s Omaxe Limited, a real estate company, had filed a Settlement Application under Section 245C for AY 2000-01 to 2006-07 following a search under Section 132, and the Income Tax Settlement Commission (ITSC) passed a final Order under Section 245D(4) on 17.03.2008 accepting additional disclosed income and computing the Assessee's net taxable income for AY 2006-07, inclusive of the deduction claimed under Section 80IB(10). Subsequently, following a fresh survey under Section 133A in December 2009, the Revenue issued a Notice under Section 148 proposing to disallow the Section 80IB(10) deduction on the ground that the commercial area in several housing projects exceeded the statutory limit under Section 80IB(10) (vi), resulting in a reassessment addition of Rs. 65,65,17,999/-. The Assessee contended that the ITSC's Order was conclusive under Section 245-I and barred reopening; the Delhi High Court agreed and quashed the reassessment Notice and Order, holding that the ITSC's jurisdiction under Section 245F(2) is exclusive once a Settlement Application is admitted and displaces the regular assessment machinery until abatement.

Before the Supreme Court, the Revenue argued that the Section 80IB(10) claim was never specifically adjudicated by the ITSC since it was not part of the "undisclosed income" disclosed under Section 245C, and that Section 245F(4) preserved the Revenue's right to reassess matters not brought before the ITSC. The Court rejected this, holding that Section 245C requires disclosure of both the undisclosed income and the manner of its derivation, and that once the ITSC admits an Application, it examines the Assessee's return as a whole, including claimed deductions, based on the Commissioner's Report. The ITSC's computation of Rs. 89,38,76,630/- as final taxable income reflected the deduction claimed in the original return, showing the deduction was in fact covered by the Settlement Order.

On the scope of reopening, the Court traced the statutory scheme of Chapter XIX-A, holding that once an Application is admitted under Section 245D(1), exclusive jurisdiction vests in the ITSC under Section 245F(2), displacing the AO's powers under Sections 142 to 156 until the Application abates under Section 245HA. A final Settlement Order under Section 245D(4) is conclusive under Section 245-I and can be reopened only by the ITSC itself under Section 245D(6) on grounds of fraud or misrepresentation — a remedy the Revenue had in fact invoked and which the ITSC rejected by Order dated 16.12.2011, finding no misrepresentation. The Court held that permitting the AO to independently reassess a settled matter under Section 148 would defeat the finality Parliament intended for settlement proceedings and would result in impermissible piecemeal determination of income by two different authorities for the same assessment year.

Accordingly, the Civil Appeal filed by the Revenue was dismissed, and the High Court's Judgment quashing the reassessment proceedings was upheld.

Assistant Commissioner of Income Tax & Another v. M/s. Omaxe Limited, Civil Appeal No. 9190 of 2013, Supreme Court of India, decided on 16.09.2026.



Maitreya Mahale



Quick Bites

**SETTLED MEANS SETTLED.
SECTION 148 CANNOT REOPEN AN ITSC SETTLEMENT**



The Supreme Court held that a final settlement order passed by the Income Tax Settlement Commission under Section 245D(4) is conclusive under Section 245-I and cannot be reopened by the Assessing Officer under Section 148. Where the settlement order has already encompassed the assessment, the AO cannot undertake a fresh assessment on the same issue. Reopening on grounds of fraud or misrepresentation can be pursued only through the mechanism provided under Section 245D(6).

CASE TITLE: Assistant Commissioner of Income Tax & Another v. M/s. Omaxe Limited | Civil Appeal No. 9190 of 2013 | 2026 INSC 1000 | Supreme Court of India | 16 September 2026

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Litigation

"Equal pay for equal work" requires complete parity in recruitment source, qualifications and mode of appointment, not mere sameness of duties; experience differential between promotees and direct recruits justifies differential pay: Supreme Court

The appellants, Higher Secondary School Teachers, Junior (HSST Jr.) in Government-aided schools in Kerala, were appointed through direct recruitment under a Government Order dated 13.05.1998. They claimed parity in full-time pay scale with HSST Jr. teachers who had been appointed by transfer or promotion from lower/high schools, contending that both categories performed identical duties and responsibilities. The Single Judge of the Kerala High Court accepted this claim, relying on a line of older decisions applying the doctrine of equal pay for equal work expansively. On intra-court appeal, the Division Bench reversed, holding that promoted teachers — who came from full-time permanent posts in lower/high schools with long service — retained a pre-existing status and benefit through promotion, which was not comparable to that of direct recruits entering as freshers, and that Article 14 applies only among equals.

The Supreme Court traced the evolution of the equal pay for equal work doctrine, noting that while decisions of the last century, following *Randhir Singh v. Union of India* (1982) 1 SCC 618, treated mere sameness of designation as sufficient to claim parity, the doctrine has since been recast — beginning with *State Bank of India v. M.R. Ganesh Babu* (2002) 4 SCC 556 through *State of Bihar v. Bihar Secondary Teachers Struggle Committee* (2019) 18 SCC 301 — into a stricter test requiring complete parity in source of recruitment, educational qualifications and experience, mode of appointment, and nature of responsibilities. Mere functional similarity of work was held to be insufficient. The Court also noted *Government of West Bengal v. Tarun Kumar Roy* (2004) 1 SCC 347 and *State of Haryana v. Charanjit Singh* (2006) 9 SCC 321, both holding that differences in source of recruitment or qualifications can justify differential treatment even where the nature of work performed is the same.

The appellants sought to distinguish *Bihar Secondary Teachers Struggle Committee* by relying on *State of West Bengal v. Anirban Ghosh*, a Calcutta High Court decision whose special leave petition was dismissed by the Supreme Court. The Court declined to follow *Anirban Ghosh*, holding it was rendered without considering the binding precedents on the doctrine and was, to that extent, per incuriam; the mere dismissal of the SLP against it did not warrant a different conclusion.

The Court held that the experience of transferee/promotee HSST Jr. teachers, built up through prior full-time service, as compared to direct recruits, constitutes a valid and intelligible differentia with a rational nexus to the object of differentiation, justifying the grant of higher pay to promotees. Accordingly, the impugned Judgment of the Division Bench was upheld and the Appeals were dismissed.

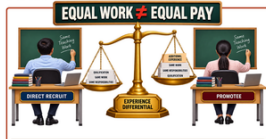
G.P. Sangeetha and Ors. Etc. v. State of Kerala and Ors. (with Sharafuddin. M. v. Indu T.K. and Ors.), Civil Appeal Nos. 7565-7567 of 2011 with Civil Appeal No. 9060 of 2011, Supreme Court of India, decided on 08.09.2026.



Maitreya Mahaley



Quick Bites



The Supreme Court held that equal pay requires more than identical duties. Parity must consider recruitment source, qualifications, experience and mode of appointment. Prior full-time service of promotee teachers constituted a valid distinction from direct recruits, justifying differential pay despite similar duties and responsibilities performed by both categories.

Case Title: G.P. Sangeetha & Ors. v. State of Kerala & Ors., Civil Appeal Nos. 7565-7567 of 2011 & 9060 of 2011, 2026

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Litigation

Shri Krishna Industries v. Commissioner of Central Goods and Services Tax, W.P.(C) 4897/2025

The Delhi High Court examined whether subsequent proceedings under Section 74 of the CGST Act were barred by Section 6(2)(b) where earlier proceedings under Section 73 had been initiated by the State GST authorities concerning the same assessee, financial year and ITC. The Court held that the expression "same subject matter" refers to the particular liability, deficiency or contravention sought to be adjudicated. Proceedings do not become identical merely because they concern the same assessee, period, supplier or similar tax liability. The bar under Section 6(2)(b) applies only where the subsequent proceedings concern the same liability or contravention.

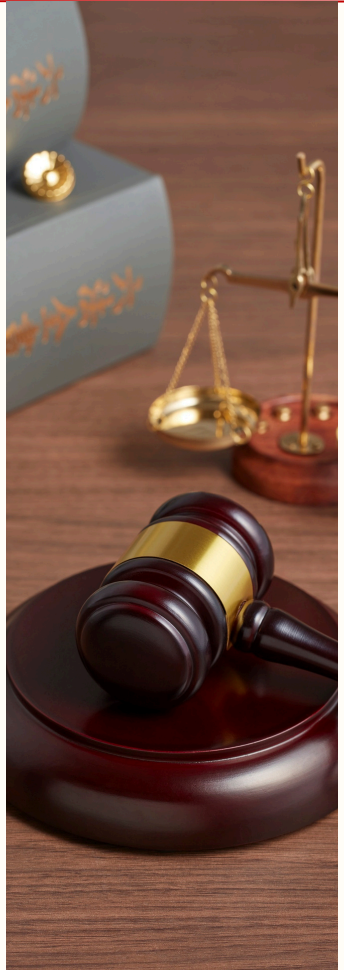
In the present case, although both proceedings concerned ITC claimed from M.R. Enterprises, the earlier Section 73 proceedings and subsequent Section 74 proceedings were founded on materially different allegations. The latter arose from DGGI investigation alleging fraudulent availment of ITC through invoices not accompanied by actual supply of goods. Since the Petitioner could not establish that this specific contravention had already been adjudicated, Section 6(2)(b) was held inapplicable.

The Court further held that objections concerning non consideration of replies, non supply of relied upon documents, genuineness of transactions, receipt of goods and invocation of Section 74 involved factual and adjudicatory issues which could be examined in the statutory appeal under Section 107. The existence of an appellate remedy, though not an absolute bar to writ jurisdiction, is a relevant consideration where disputed facts require examination.

Law: Section 6(2)(b) bars proceedings only where the same liability or contravention is involved; common facts or overlapping periods are insufficient.



Hardik Jain



Litigation

**Prem Mehani & Anr. v. Harish Batra & Ors.,
RFA 277/2019 & EX.F.A. 12/2019**

The Delhi High Court upheld rejection of the plaint under Order VII Rule 11 CPC, holding that a plaintiff cannot circumvent limitation by cleverly framing a subsequent event as the cause of action when the substantive right had accrued much earlier. The appellants claimed rights in the suit property on the basis of a family settlement and sought to challenge a consent decree concerning its sale. However, they had knowledge of the Agreement to Sell since 2006 and of the specific performance proceedings since 2008, yet took no steps to assert their alleged rights or seek impleadment. The Court held that the consent decree passed in 2012 could not furnish a fresh cause of action so as to revive claims that had already become time barred.

The Court reiterated the settled principles governing Order VII Rule 11 CPC, particularly that the plaint must be read meaningfully and as a whole, along with the documents relied upon by the plaintiff. The Court is not required to accept a cleverly drafted plaint at face value where its substance reveals that the suit is vexatious, meritless or barred by law. Relying on *T. Arivandandam and Dahiben*, the Court held that where the plaint itself discloses that the underlying cause of action is barred by limitation, the plaint must be rejected at the threshold.

The Court also dismissed the execution appeal, holding that the appellants could not raise substantially the same claim regarding ownership at the execution stage after the suit asserting those rights had already been rejected as time barred.

Law: Clever drafting cannot create a fresh cause of action or revive a time-barred claim. Under Order VII Rule 11, courts must examine the plaint meaningfully and reject it where, on its own averments, the underlying claim is barred by limitation.



Hardik Jain



**Delhi Transport Corporation v. Balwan Singh, W.P.(C)
1239/2017**

The Delhi High Court held that in a departmental enquiry, strict rules of evidence do not apply and misconduct is to be established on the touchstone of preponderance of probabilities. Relying on *State of Haryana v. Rattan Singh*, the Court held that non examination of passengers does not, by itself, vitiate an enquiry where there is other credible material supporting the charge. The relevant test is whether there is "some evidence" having a reasonable nexus with the misconduct, and not whether the evidence satisfies the technical standards applicable to a civil or criminal trial.

The Court also reiterated that its jurisdiction under Article 226 is supervisory and not appellate. It cannot reappreciate evidence or substitute its own view for that of the Labour Court where the latter's conclusion is plausible and supported by material on record, unless the finding is arbitrary or perverse. In the present case, the evidence of the checking staff, corroborated by contemporaneous records, was sufficient to establish the misconduct on a preponderance of probabilities.

On punishment, the Court clarified the scope of Section 11A of the Industrial Disputes Act, holding that although the Labour Court has power to interfere with the punishment and impose a lesser penalty, that discretion is not unbridled and must be exercised where the punishment is disproportionate to the degree of guilt. Sympathy or length of service, by themselves, cannot justify reduction of punishment in cases involving serious misconduct. However, considering that the respondent had already been granted pensionary benefits and the matter had remained pending for nearly a decade, the Court did not disturb the relief already granted, but limited the total pensionary relief to Rs.5 lakhs.

Law: Departmental enquiries require some credible evidence, not proof beyond reasonable doubt; non examination of witnesses is not fatal where other evidence establishes misconduct. Section 11A permits modification of punishment only on a proper assessment of proportionality, and not merely on sympathetic considerations.



Hardik Jain

Litigation

Roshani & Ors. v. Union of India, FAO 228/2021

The Delhi High Court held that a claim for compensation under the beneficial provisions of the Railways Act cannot be rejected merely because the exact train or precise manner in which the passenger fell from the train cannot be established. In the present case, a valid journey ticket from Bijwasan to Jataula had been recovered from the deceased himself and its authenticity was also reflected in the DRM proceedings. The Court therefore held that the deceased was established to be a bona fide passenger, and the question of his bona fide status could not be conflated with the subsequent question of when or from which train he fell.

The Court further held that the Tribunal had proceeded on an assumption that the deceased must have completed his journey by 4:40 p.m. and that the body would necessarily have been noticed earlier if it had fallen from a train. There was, however, no evidence that the body was lying at the spot from that time or that the location had been inspected before it was discovered at 6:15 a.m. The mere delay in discovering the body, therefore, could not by itself disprove an accidental fall. The statements of the Driver and Guard that they had not noticed anyone falling from their train also did not establish that the deceased had not fallen from any train.

Keeping in view the beneficial nature of the legislation, the Court held that minor discrepancies regarding the manner of the incident cannot defeat a genuine compensation claim where the surrounding material supports the occurrence of an untoward incident. The Tribunal's judgment was accordingly set aside and the matter was remanded for assessment of compensation.

Law: In claims under the Railways Act, bona fide passenger status may be established through contemporaneous railway material, and absence of direct evidence regarding the exact manner of an accidental fall is not, by itself, sufficient to reject the claim.



Hardik Jain



Litigation

Arbitration / Incorporation by Reference

Arbitration Clause in One Agreement Can Bind Party to Another Instrument Forming Part of Composite Transaction: Supreme Court

The Supreme Court has held that an arbitration clause contained in one agreement can be incorporated into another instrument that does not independently contain an arbitration clause, where the documents are expressly integrated and form part of a single composite transaction. The Court applied Section 7(5) of the Arbitration and Conciliation Act, 1996.

The dispute arose from loan transactions between the National Skill Development Corporation and Surya Wires Private Limited. Alongside the Loan Agreements, the parties executed various Facility Agreements, including Personal Guarantees furnished by the company's Managing Director in his individual capacity. The Loan Agreements contained an arbitration clause, whereas the Personal Guarantees did not. Following default, the guarantor challenged his inclusion in the arbitration on the ground that he was not a personal signatory to the Loan Agreements.

The Court relied on *M.R. Engineers, Inox Wind and Cox and Kings*, holding that Section 7(5) requires the reference to another document to indicate an intention to incorporate its arbitration clause. On the facts, the Loan Agreements expressly defined the Facility Agreements to include the Personal Guarantees and provided that such agreements would be deemed to form part of the Loan Agreements "as if" their provisions were set out therein. The Personal Guarantees were also mandatory pre-disbursement conditions, executed contemporaneously with the Loan Agreements. The Court therefore found the instruments to be components of one composite transaction rather than independent contracts.

National Skill Development Corporation v. Surya Wires Private Limited & Ors.
2026 INSC 977



Meyank Pandey



Litigation

Consumer Protection / Deficiency in Service

**Air India Express Liable for Mishandling Bicycle
Despite Charging Special Equipment Handling Fee**

The District Consumer Disputes Redressal Commission, Dakshina Kannada, has held Air India Express guilty of deficiency in service for failing to provide the special handling promised for a passenger's high-value sports bicycle despite collecting a separate ₹2,000 special equipment handling fee.

The complainant had paid ₹2,000 for special handling of his racing bicycle, valued at approximately ₹3 lakh, while travelling from Chennai to Mangalore. Although the airline represented that delicate sporting equipment would be handled with special care and caution, the bicycle was placed on the regular baggage carousel at Mangalore Airport. The airline contended that the fee guaranteed additional care but not manual handling at every stage, and that the bicycle was promptly removed from the belt without suffering any physical damage.

The Commission relied on the airline's own special equipment handling terms and the video evidence showing the bicycle on the luggage belt. It held that actual physical damage was not necessary to establish deficiency in service where the service provider failed to perform the service in the manner expressly undertaken. The Commission specifically referred to Section 2(11) of the Consumer Protection Act, 2019, which covers shortcomings or inadequacy in the manner of performance of a contracted service.

Accordingly, the complaint was partly allowed and Air India Express was directed to refund ₹2,000, pay ₹20,000 as compensation for deficiency, mental agony and inconvenience, and ₹5,000 towards litigation costs. The amounts were directed to be paid within 45 days, failing which they would carry interest at 6% p.a. from the date of default.

Mr. Sushanth N.G. v. Air India Express Ltd. & Ors.
Consumer Complaint No. 234/2025



Meyank Pandey



Litigation

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Mr. Sushanth N.G. v. Air India Express Ltd. & Ors.
Consumer Complaint No. 234/2025



Meyank Pandey



Corporate

SEBI to Examine Stockbrokers' Concerns Over UPI MDR Framework

The Securities and Exchange Board of India (SEBI) is set to examine concerns raised by stockbrokers regarding the Merchant Discount Rate (MDR) applicable to UPI transactions involving capital-market payments. Under the new framework, effective from October 15, 2026, UPI payments to stockbrokers, dealers, mutual funds and investment platforms will attract an MDR of 0.02%, capped at ₹300 per transaction.

The principal concern of brokers is that the MDR may be incurred even where clients transfer funds into their trading accounts but subsequently do not execute any trades. Since the charge is linked to the payment transaction rather than the revenue generated from a trade, brokers contend that repeated fund transfers could increase their operating costs without corresponding revenue.

New-age brokers, including Groww, Zerodha, Upstox and Angel One, are reportedly planning to make a representation to SEBI. Among the proposals under consideration are reducing the MDR cap from ₹300 to ₹5 and increasing the threshold for zero-MDR transactions from ₹2,000 to ₹20,000. Brokers have also raised concerns regarding the periodic settlement of unused client funds.

SEBI Chairman Tuhin Kanta Pandey has stated that the regulator will examine the issues raised by brokers. The developments indicate that SEBI may assess whether the existing MDR structure appropriately accounts for the operational characteristics of digital stockbroking and client fund transfers.



Rishav Sagar



Corporate

Supreme Court Directs RBI to Ensure Compliance with Vehicle Repossession Guidelines

In *Hari Dutta Sharma v. State of U.P. & Ors.*, the Supreme Court directed the Reserve Bank of India (RBI) to take effective measures to ensure genuine compliance by Scheduled Commercial Banks and Non-Banking Financial Companies (NBFCs) with its Guidelines, Master Circulars and Clarifications governing loan recovery and vehicle repossession.

A Bench comprising Justice P.S. Narasimha and Justice Alok Aradhe observed that despite regulatory interventions spanning more than two decades, instances of forcible repossession continued. The Court reiterated that lenders cannot employ force or recovery agents to seize vehicles and that repossession must be undertaken through lawful means and in accordance with the contractual and regulatory framework.

The Court laid down ten guiding principles, including the prohibition of undue harassment, due diligence in appointing recovery agents, compliance of repossession clauses with the Indian Contract Act, 1872, adherence to RBI directions, and appropriate notice and procedure before repossession and sale. It further observed that RBI should take complaints regarding abusive recovery practices seriously and may impose restrictions on entities that persistently violate the applicable framework.

Applying these principles, the Court found the repossession of the appellant's truck at around 1:00 a.m., without the prescribed seven-day notice and by breaking its steering lock, to be unauthorised and arbitrary.

While declining to set aside the subsequent sale, the Court directed closure of the appellant's loan accounts, refund of ₹4.5 lakh with 6% interest, and payment of ₹10 lakh as compensation, along with ₹50,000 as costs.



Rishav Sagar



Corporate

SEBI Bars Prrsaar Sampada and Chaubara Eats Over Alleged F&O Price Manipulation

The Securities and Exchange Board of India (SEBI) has taken interim enforcement action against Prrsaar Sampada Private Limited, Chaubara Eats Private Limited and four individuals, alleging a cross-segment price manipulation strategy involving stock futures and options. In its ex-parte interim order dated September 16, 2026, SEBI directed the parties to deposit alleged wrongful gains of ₹28.12 crore in fixed deposits and restrained them from accessing the securities market, subject to the terms of the order.

According to SEBI's prima facie findings, the entities allegedly incurred losses in stock futures by executing trades that influenced futures prices, while taking positions in options on the same underlying stocks that generated disproportionately higher gains. The regulator stated that the strategy involved potentially deceptive orders, coordinated or synchronised trading and targeting of relatively smaller and less-liquid stocks.

SEBI's examination covered 23 scrip-days between December 2025 and June 2026, involving 13 instances concerning Prrsaar and 10 concerning Chaubara. The securities examined included Bharat Dynamics, KFin Technologies, Swiggy, Jio Financial Service

The proceedings arise from surveillance alerts concerning unusually high profits in options accompanied by losses in futures. SEBI noted that similar activity allegedly continued through the related entity after Prrsaar's proprietary trading activity declined following regulatory queries. The regulator has clarified that the findings are prima facie and that a detailed investigation, including examination of possible coordinated trading and other related transactions, remains underway.



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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