Lexport Interpreting India for commerce

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LEXPORT NEWSLETTER

SEPTEMBER 2025 | Week 4

Dear Readers,

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

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

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

Feedback and suggestions will be much appreciated. Please feel free to write to us at mail@lexport.in.

Regards,
Team Lexport

Indirect Tax

Karnataka HC: Incorrect GST Valuation or Rate Not 'Suppression' Under Section 74

Case Title: M/s NCS Pearson INC. v. Union of India The Karnataka High Court has clarified that mere errors in declaring service values or applying GST rates in returns do not constitute "wilful suppression" under Section 74 of the CGST Act.

Justice S.R. Krishna Kumar made this observation while hearing a writ petition filed by an assessee engaged in conducting GMAT tests in India through its Pearson Vue division. The assessee had sought clarity through the AAR on whether certain services involving human scorers fell under OIDAR services. While the AAR held Type-III tests outside OIDAR due to significant human involvement, the AAAR later reversed this finding.

Despite these conflicting rulings, the Directorate General of GST Intelligence issued a show cause notice under Section 74, alleging wilful suppression and demanding tax for 2017–2021.

The Court held that the revenue was fully aware of the assessee's activities and that the taxpayer had voluntarily approached authorities for an advance ruling with full disclosure. Given such transparency and the conflicting departmental views, the allegation of suppression could not be sustained.

Accordingly, the High Court partly allowed the writ petition and quashed the show cause notice.

Shelley Singh

The Delhi High Court has held that a civil suit is maintainable by a spouse claiming damages from their partner's lover for "alienation of affection"—wrongful interference in a marriage.

Justice Purushaindra Kumar Kaurav clarified that:

A spouse has a protectable interest in marital companionship and consotium.

A third party cannot intentionally and wrongfully interfere to alienate a spouse's affection.

However, if the spouse's conduct is voluntary and uncoerced, no liability arises.

The Court overruled objections to maintainability, holding that such a claim belongs to civil courts, not family courts, since it is a tort action and not strictly a marital dispute.

It stressed that though Indian law does not formally recognise "Alienation of Affection" as a tort, the concept is acknowledged in principle and can ground a civil claim for damages, distinct from matrimonial remedies.

Case: Shelly Mahajan v. Ms. Bhanushree Bahl & Anr.

Siddharth Dewalwar

Indirect Tax

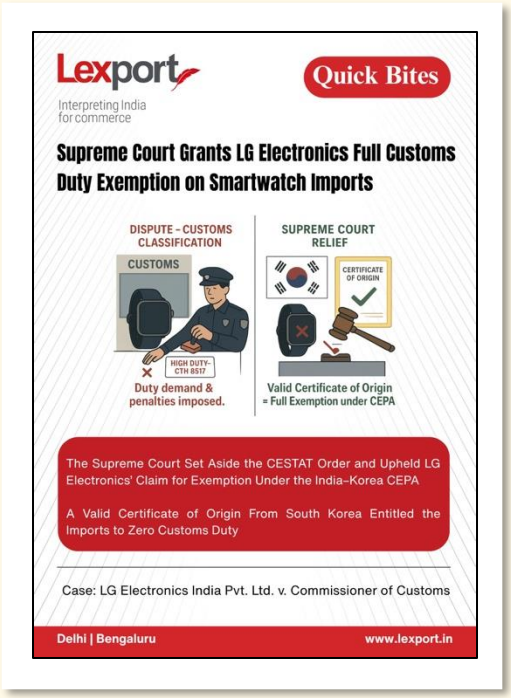
Supreme Court Grants LG Electronics Customs Duty Exemption on Smartwatch Imports

Cause Title: M/S L.G. ELECTRONICS INDIA PRIVATE LIMITED VERSUS COMMISSIONER OF CUSTOMS
The Supreme Court has granted relief to LG Electronics India in a dispute over customs duty on the import of 'G Watch W7' smartwatches from South Korea. A bench of Justices JB Pardiwala and Sandeep Mehta set aside the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) order, which had earlier denied LG's plea for exemption.

The dispute arose after customs authorities classified the imported watches under CTH 8517, attracting higher duty, and imposed a demand with penalties. LG argued that even if the goods fell under this category, they were still eligible for complete exemption under Notification No. 151/2009, applicable to South Korean goods under the India-Korea Comprehensive Economic Partnership Agreement (CEPA).

CESTAT had rejected this claim, citing LG's failure to provide the required Certificate of Origin during the assessment stage. Challenging this, LG produced the certificate, duly issued by Korean authorities, before the Supreme Court.

The Court held that the valid Certificate of Origin established the South Korean origin of the goods, making them eligible for full exemption under the notification. Convinced by the certificate's authenticity, the Court ruled in LG's favor, allowing the appeal and granting complete relief from customs duty.



Shelley Singh

The NCLT Chennai Bench has clarified that while it has limited discretion under Section 7(5)(a) of the IBC, this power cannot be used to force a financial creditor to accept a settlement proposal from the corporate debtor.

In this case, Punjab National Bank filed a Section 7 petition against the debtor, who argued that its OTS (One-Time Settlement) offer and solvency should be considered.

The Tribunal held that factors like solvency, profitability, or temporary stress are irrelevant at the admission stage.

Relying on E.S. Krishnamurthy v. Bharath Hi-Tecch Builders (2022), it stressed that settlement cannot be compelled by the adjudicating authority.

Acknowledgements in balance sheets and OTS letters were found sufficient to keep the claim within limitation.

Order: CIRP of the corporate debtor was admitted.

Siddharth Dewalwar

Indirect Tax

Supreme Court Upholds Service Tax on Export Cargo Handling by AAI Case

Airports Authority of India v. Commissioner of Service Tax The Supreme Court has dismissed an appeal by the Airports Authority of India (AAI) challenging the levy of service tax on services related to handling export cargo. A Bench of Justice Pankaj Mithal and Justice Prasanna B. Varale ruled that such services fall under "taxable services" as per the Finance Act, 1994.

AAI had argued that services like unloading, carting, X-ray scanning, and export packing were exempt since "handling of export cargo" was excluded from the definition of "cargo handling service" under Section 65(23). The Court clarified that Section 65 merely defines services, while Section 66 is the charging provision, explicitly covering services rendered by airport authorities.

The Bench observed that sub-clause (zzm) of Section 65(105), introduced on September 10, 2004, is broad enough to include "any service provided to any person by the Airport Authority in any airport or civil enclave." Therefore, all services rendered by AAI, including those linked to export cargo, qualify as taxable.

Rejecting AAI's reliance on departmental circulars, the Court emphasized that statutory provisions prevail. Upholding the CESTAT order, it confirmed AAI's service tax liability post-2004 under "Airport Services." The appeal was dismissed as devoid of merit.

Shelley Singh

The Supreme Court struck down a 2007 Rajasthan VAT exemption that favoured local asbestos sheet manufacturers over out-of-state manufacturers. The Court held the notification "discriminatory and unconstitutional", as it created a fiscal barrier violating Articles 301 and 304(a) of the Constitution.

The bench of Justices BV Nagarathna and KV Viswanathan observed that taxation cannot be used as a weapon to discriminate against goods imported from other states. States may design tax laws to impose equal burdens but cannot grant unconditional exemptions to local goods alone.

Relying on Jindal Stainless Ltd. v. State of Haryana (2017) and Shree Mahavir Oil Mills v. State of J&K (1996), the Court found the Rajasthan notification hostile and protectionist, lacking any valid justification such as mandatory use of Rajasthan-sourced fly ash.
Result: The notification was struck down, and the appeals were allowed.

Case: M/s U.P. Asbestos Ltd. v. State of Rajasthan & Ors.

Citation: 2025 LiveLaw (SC) 946

Siddharth Dewalwar

Indirect Tax

Delhi HC: One Rolex Watch Cannot Be Treated as 'Commercial Quantity'

Case title: Mahesh Malkani v. Commissioner Of Customs

The Delhi High Court has clarified that a single Rolex watch seized by the Customs Department cannot be treated as a "commercial quantity." The Court, while cautioning the Adjudicating Authority against such errors, emphasized that one luxury watch can very well be for personal use.

A division bench of Justices Prathiba M. Singh and Shail Jain was hearing a petition filed by a Dubai resident whose Rolex watch had been detained at the airport for alleged non-declaration. The Customs Department allowed him to redeem the watch on payment of a fine of ₹1.8 lakh, but while reviewing the order, the Court noted a flaw. The Adjudicating Authority had wrongly declared the seized article as "clearly in commercial quantity and cannot possibly be for personal use."

Rejecting this reasoning, the High Court observed: "Clearly, this Court is of the view that one Rolex watch cannot be held to be a commercial quantity and there is no reason as to why the same cannot be kept for personal use."

While permitting the petitioner to redeem the watch as per the original order, the Court sternly cautioned the Authority to ensure such mistakes are not repeated in future adjudications.

Shelley Singh

Supreme Court: No Export Duty on Goods Moved from Domestic Tariff Area (DTA) to Special Economic Zone (SEZ) Cause Title: UNION OF INDIA THROUGH SECRETARY & OTHER VERSUS M/S ADANI POWER LTD.

The Supreme Court has ruled that the movement of goods from a Domestic Tariff Area (DTA) to a Special Economic Zone (SEZ) does not attract export duty under the Customs Act, 1962, providing relief to Adani Power Ltd. and other companies.

A Bench of Justice BV Nagarathna and Justice R Mahadevan dismissed the Union of India's appeal against the Gujarat High Court's judgment, which held that such transfers are domestic supplies, not exports outside India. The Court clarified that while the Special Economic Zone (SEZ) Act, 2005 deems DTA-to-SEZ supplies as "exports" for availing benefits and entitlements, they cannot be treated as exports under the Customs Act for the purpose of levying duties.

The Union had argued that SEZs are treated as foreign territory for trade, and thus supplies to them constitute exports. Rejecting this, the Court stressed that Section 12 of the Customs Act, the charging provision, applies only when goods are physically taken out of India. Imposing export duty on domestic transfers would defeat the SEZ scheme's purpose of creating duty-free enclaves to boost exports.

Upholding the Gujarat High Court, the Court concluded that levy of export duty on goods supplied from DTA to SEZ is unjustified. The Union's appeals were accordingly dismissed.

Shelley Singh

Indirect Tax

The Delhi High Court has issued strong privacy safeguards in GST search proceedings.

The Court (Justices Prathiba M. Singh & Shail Jain) ruled that family-related CCTV footage seized during a GST raid cannot be accessed, used, or disseminated if it violates family privacy.

Directions issued:

- GST officials may access residential CCTV footage only in the presence of a family member and their representative.
- Only relevant footage can be copied; the rest must be returned.
- Emails from GST officials must include name/designation.
- WhatsApp communication with parties under investigation is discouraged, except in emergencies.

The Court emphasized that CrPC/BNSS safeguards for search & seizure apply to GST cases too, ensuring "reasons to believe" and proper documentation.

Case: Genesis Enterprises v. Principal Commissioner CGST Delhi East

Case No.: W.P.(C) 13821/2025

This ruling reinforces the right to privacy during tax enforcement proceedings and places checks on misuse of seized personal data.

Siddharth Dewalwar

The NCLAT (New Delhi Principal Bench) has ruled that insolvency proceedings can be revived even if the settlement agreement does not contain a revival clause.
The case arose after the NCLT dismissed a restoration plea, citing absence of such a clause.

NCLAT observed that since the NCLT itself had granted liberty to revive proceedings in case of breach, dismissal was an error.

The Tribunal criticised the debtor for using settlement as a tool to avoid CIRP admission and later defaulting.
It relied on its earlier ruling in Archangels Distributors Pvt. Ltd. v. Ideal Financing Corporation Ltd. (2024).

Case: Dnyaneshwar Shankar Unde v. Shukla Dairy Pvt. Ltd.

Case No.: Comp. App. (AT) (Ins) No. 1269 of 2024
Decision: Revival of CIRP application restored.

This reinforces that settlement misuse won't shield debtors, and revival of insolvency is permissible even without an explicit clause.

Siddharth Dewalwar

Indirect Tax

In Tax Matters, Strict Letter Of Law Must Be Followed; No Tax Can Be Imposed By Inference Or Analogy : Supreme Court Cause Title: M/S. SHIV STEELS VERSUS THE STATE OF ASSAM & ORS.

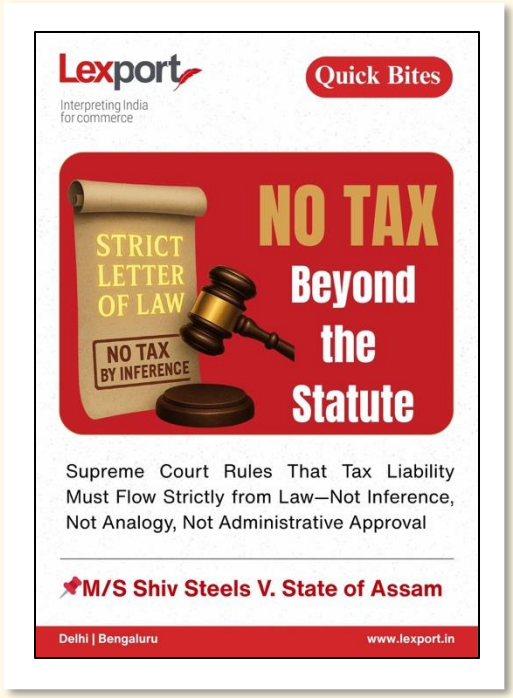
The Supreme Court has reiterated that tax liability must strictly flow from statute and cannot be imposed by inference, analogy, or administrative sanction. A bench of Justices JB Pardiwala and Sandeep Mehta delivered this ruling while examining reassessment orders under the Assam General Sales Tax Act, 1993.

The Sales Tax Department had sought to reopen assessments for 2003–2006 under Section 21 of the Act after those assessments were already held time-barred under Section 19. To justify reassessment, the Department relied on the Commissioner's sanction.

The Court clarified that Section 21 can only be invoked when no assessment at all has been carried out within the limitation prescribed under Section 19. It cannot be used to revive assessments that were already completed but declared invalid due to limitation. The High Court, in upholding the reassessment, was held to have misinterpreted the interplay of Sections 19 and 21.

Stressing strict interpretation of fiscal statutes, the Court ruled that once an assessment becomes time-barred under Section 19, it cannot be resurrected under Section 21 by Commissioner's approval. Accordingly, the reassessment orders were quashed, and the appeal was allowed.

Shelley Singh



Intellectual Property Rights

Hon'ble Delhi HC Grants Interim Injunction to Novartis Against Deceptively Similar Marks

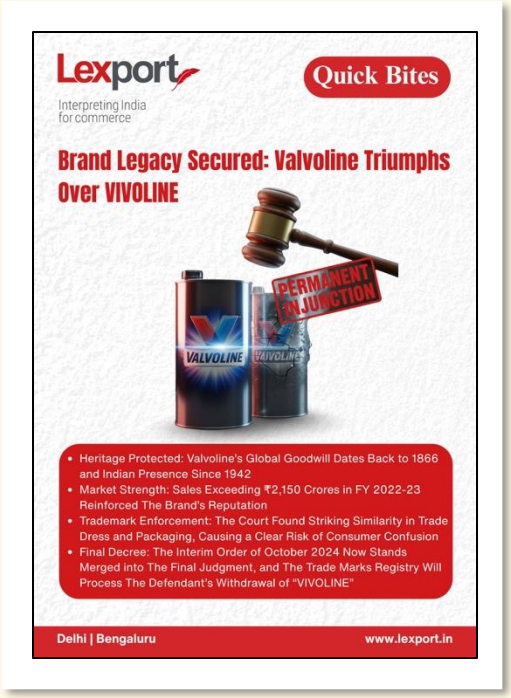
The Hon'ble Delhi High Court granted an ad-interim injunction in favour of Novartis, restraining the defendants from using marks such as NOVASIS, NOVASYS, and NOVATICS. Novartis, proprietor of the well-known trademark NOVARTIS registered in India since 1996, argued that the defendants' marks were visually, phonetically, and structurally similar, amounting to infringement and passing off. The Hon'ble Court noted this as a "triple identity" case, with similarity in marks, product category, and trade channels, creating a high risk of confusion among consumers. Finding a strong prima facie case, balance of convenience, and risk of irreparable harm in Novartis' favour, the Hon'ble Court restrained the defendants and their affiliates from manufacturing, selling, or advertising under the impugned marks. [Novartis Ag & Anr vs Novasis Healthcare Private Limited and Anr. CS(COMM) 892/2025]

Ananya Singh

Delhi High Court Grants Permanent Injunction to Valvoline Against 'VIVOLINE' Lubricants

The Delhi High Court permanently restrained the Defendants from manufacturing, marketing, or selling engine oils under the marks "VIVOLINE" and related packaging, holding them deceptively similar to the Plaintiff's registered "VALVOLINE" mark. Justice Manmeet Pritam Singh Arora noted that the defendants had replicated Valvoline's trade dress and overall get-up, causing a likelihood of consumer confusion. The Court relied on Valvoline's longstanding goodwill, dating back to 1866 globally and 1942 in India and sales exceeding ₹2,150 crores in FY 2022-23. The interim injunction of October 2024 was merged into the decree, and the Trade Marks Registry was directed to process the Defendant's pending withdrawal application for "VIVOLINE." [VGP IPCO LLC & Anr. v. Suresh Kumar & Ors., CS(COMM) 821/2024]

Anushka Tripathi



Intellectual Property Rights

Hon'ble Delhi High Court Grants Injunction in Karan Rajesh Dattani Sole Proprietor Of Dnyanada v. Fashnear Technologies Pvt Ltd & Ors.

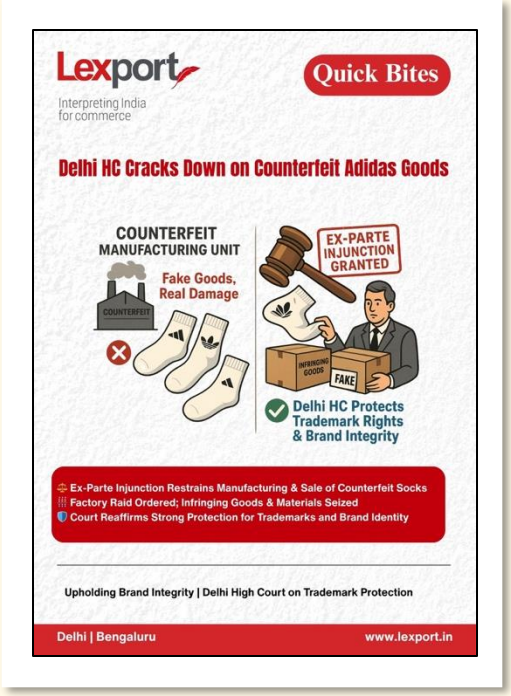
The Hon'ble Delhi High Court modified its earlier order of 07.08.2025 in Karan Rajesh Dattani v. Fashnear Technologies Pvt. Ltd. & Ors. after applications were filed by both Plaintiff and Defendant No. 1. The Plaintiff highlighted an incorrect reference to a non-existent 2024 injunction, while Defendant No. 1 (Fashnear/Meesho) pointed out that some URLs related to parties who had already settled the dispute under a 17.04.2025 agreement. The Hon'ble Court clarified that Defendants 3, 6–8, 10–12 (and ex-parte Defendant 9) remain restrained from using the Plaintiff's copyrighted "Hathi Saree" photographs, noting their affidavits of compliance. Defendant No. 1 was directed to remove infringing URLs within 72 hours of notification, except those of settled parties, and to share seller details of the impugned listings in a sealed cover within four weeks, Defendant No. 1 must also block any future infringing URLs within 72 hours of being notified. [Karan Rajesh Dattani Sole Proprietor Of Dnyanada v. Fashnear Technologies Pvt Ltd & Ors. (CS(COMM) 437/2024)]

Ananya Singh

Hon'ble Delhi HC Grants Ex-Parte Injunction to Adidas in Counterfeit Goods Case

The Hon'ble Delhi High Court restrained an unidentified defendant from manufacturing and selling counterfeit socks bearing Adidas' registered marks, including "Adidas," the performance logo, trefoil, and three stripes. The Hon'ble Court found the counterfeit goods to be exact replicas, even falsely naming "Adidas India Marketing Pvt. Ltd." as the manufacturer. Holding this to be a clear case of trademark infringement and passing off, the Court granted an ex-parte ad-interim injunction. A Local Commissioner was appointed to inspect the defendant's identified manufacturing unit and warehouse, seize infringing goods, packaging, promotional materials, and account records, and prevent further production. [Adidas Ag vs Ashok Kumar Unkown (CS(COMM) 868/2025)]

Ananya Singh



Intellectual Property Rights

Landmark $1.5 Billion Copyright Settlement: A Turning Point for AI Ethics

In a groundbreaking development, a U.S. District Judge has preliminarily approved a $1.5 billion settlement between AI company Anthropic and a group of authors. This settlement addresses allegations that Anthropic used pirated books to train its Claude AI models without authorization. The proposed deal is the first of its kind in a series of lawsuits against tech giants over the use of copyrighted material in AI training. The settlement includes a plan to compensate authors and publishers whose works were used in training the AI models. The compensation is based on the number of works involved, with a minimum payment of $1.5 billion, plus interest. If the final list of affected works exceeds 500,000, Anthropic will pay an additional $3,000 per work. As AI continues to evolve, this settlement serves as a reminder of the balance that must be struck between innovation and the protection of creators' rights.

Swagita Pandey

Delhi High Court Restrains Use of 'BARBIE' in Trademark Infringement Case

The Delhi High Court granted an ad interim injunction in favour of Mattel Inc., restraining Defendant from using marks such as BARBIE ENTERPRISES, BARBIE HOSPITALITY, BARBIE CATERING, and BARBIE KITCHEN MART. Justice Manmeet Pritam Singh Arora held that the defendant's adoption of the BARBIE mark which was visually, phonetically and conceptually identical to Mattel's well known registered trademark, was dishonest and intended to ride on its goodwill. The Court observed that such use would cause confusion, dilution and unfair association with Mattel's iconic brand. The impugned domain names barbieenterprise.com and barbieenterprise.in were also ordered to be suspended. [Mattel Inc. v. Padum Borah & Ors., CS(COMM) 948/2025]

Anushka Tripathi

Kapil Sharma's Netflix Show Faces ₹25 Crore Legal Notice Over 'Baburao' Act

Producer Firoz Nadiadwala has served a legal notice to Netflix and the makers of The Great Indian Kapil Show for allegedly infringing his intellectual property rights by using the character Baburao Ganpatrao Apte from the cult film Hera Pheri. The notice was triggered after comedian Kiku Sharda performed an act on the show imitating Baburao in one of the episodes. Nadiadwala, who holds copyright and trademark rights in the Hera Pheri franchise and its characters, has demanded ₹25 crore in damages, immediate removal of the concerned episode, a public apology within 24 hours, and an undertaking not to use the Baburao character in the future without consent.

Source- https://shorturl.at/juIQn

Anushka Tripathi

Intellectual Property Rights

Delhi High Court Grants Injunction to Sun Pharma in 'NAXDOM' Trademark Dispute

The Delhi High Court, in a suit filed by Sun Pharmaceutical Medicare Ltd., restrained Alenvision Pharma Pvt. Ltd. from manufacturing and selling pharmaceutical products under the mark 'NEXADOM', holding it deceptively similar to Sun Pharma's registered mark 'NAXDOM'. Justice Manmeet Pritam Singh Arora noted that both marks are visually and phonetically similar and relate to identical migraine medicines, creating a strong likelihood of confusion. The Court emphasized strict scrutiny in pharmaceutical trademark cases, relying on Cadila Healthcare Ltd. v. Cadila Pharmaceuticals Ltd. to prevent consumer harm. An ad-interim ex parte injunction was granted, alongside appointment of a Local Commissioner to seize infringing goods. [Sun Pharmaceutical Medicare Ltd. v. Alenvision Pharma Pvt. Ltd. & Anr., CS(COMM) 908/2025]

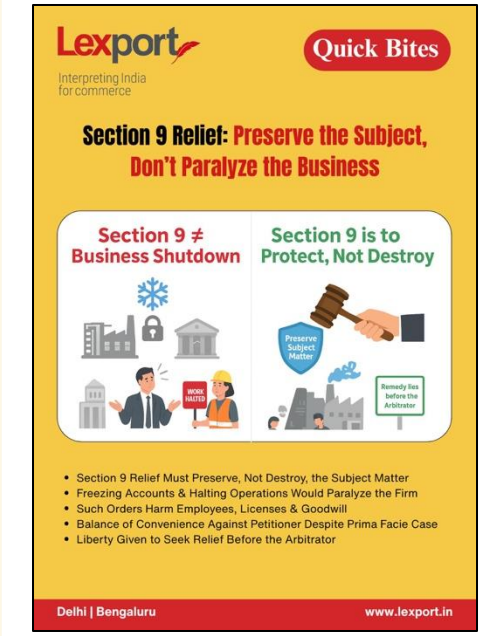
Anushka Tripathi

Litigation

Nitin Gupta Vs. Arrpit Aggarwal, Arb. Case No. 116 of 2025

The Hon'ble Himachal Pradesh High Court held that Section 9 of Arbitration Act aims to preserve the subject matter of arbitration and cannot be used to seek relief destructive of it. Although the partnership was described as "at will," the bar on unilateral transfer under Clause 8 required arbitral tribunal's consideration, and unilateral dissolution could not be presumed. Since only a prima facie case was established, while balance of convenience and irreparable loss weighed against the Petitioner, the Court found that freezing accounts and halting operations would paralyze the firm and harm employees, licenses, and goodwill, thus, the Section 9 petition was dismissed with liberty to seek relief before the arbitrator.

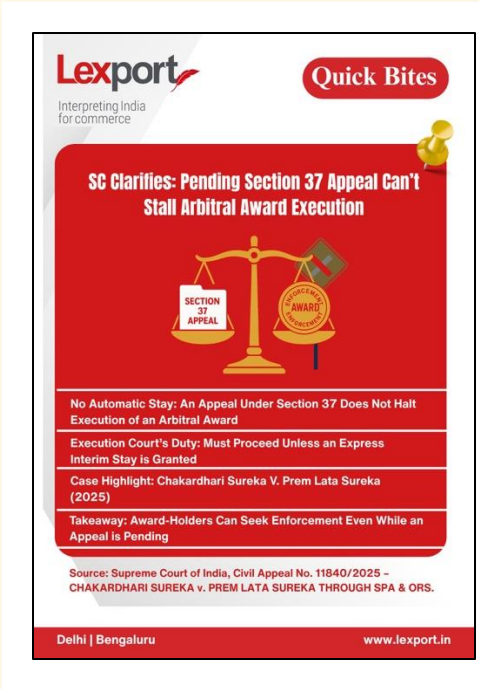
Shyam Kishor Maurya



CHAKARDHARI SUREKA VERSUS PREM LATA SUREKA THROUGH SPA & ORS [Civil Appeal No. 11840/2025]

The Supreme Court, while setting aside the Delhi High Court's order, clarified that the pendency of an appeal under Section 37 of the Arbitration and Conciliation Act, 1996, does not, by itself, operate as a bar to the execution of an arbitral award. A bench comprising Justices Manoj Misra and Ujjal Bhuyan held that in the absence of an express interim order staying enforcement, the award-holder is entitled to pursue execution proceedings. The Court further emphasized that the Execution Court is duty-bound to proceed with the matter in accordance with law and adjudicate objections, if any, on merits after affording due opportunity of hearing to the parties and cannot defer consideration of the execution application merely on account of a pending Section 37 appeal.

Sorokhaibam Shantijyoti Singh



Litigation

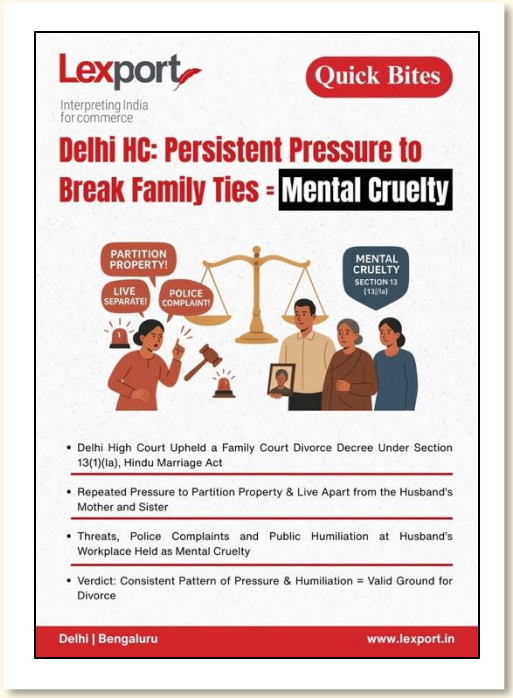
X vs. Y, MAT.APP.(F.C.) 138/2023 & CM APPL. 68819/2024

The Delhi High Court recently held that a wife's persistent and pressurising conduct aimed at severing her husband's ties with his family amounts to cruelty and constitutes a valid ground for divorce under Section 13(1)(ia) of the Hindu Marriage Act. A Division Bench of Justices Anil Kshetarpal and Harish Vaidyanathan Shankar dismissed the wife's appeal against a family court order dissolving the marriage on grounds of cruelty.

The Court observed that the wife repeatedly pressured her husband to partition family property and live separately from his widowed mother and divorced sister. She also issued repeated threats and lodged police complaints against him and his family members, which, by themselves, were held to constitute cruelty.

Further, the Court noted incidents where the wife berated the husband in public, including humiliating him at his workplace before colleagues and superiors and behaving discourteously towards his superior at an official gathering, causing serious embarrassment. Such acts of repeated public humiliation and verbal abuse were recognised as mental cruelty.

The Bench concluded that the husband had successfully proved a consistent pattern of pressure, humiliation, threats, and alienation that went beyond ordinary marital discord, thereby justifying the dissolution of marriage.



Ananya Jain

Beevee Enterprises & Ors. Vs. L&T Finance Limited, APOT 208 of 2025

The Court held that the arbitration clause granting unilateral power to the lender's Principal Officer to appoint an arbitrator was void under Section 12(5) of the Arbitration Act, as clarified in TRF Ltd. and Perkins. It further ruled that courts retain power under Section 9 to grant interim relief despite an arbitrator's lack of jurisdiction and may appoint a substitute arbitrator under Section 15 without requiring a fresh Section 11 application. On the issue of CPC applicability, it noted that while excluded from arbitral proceedings, courts may still impose conditions such as security under Order 41 CPC in line with the Arbitration Act. Concluding, it reiterated that Section 9 is a self-contained code for interim measures, and accordingly disposed of the appeal.

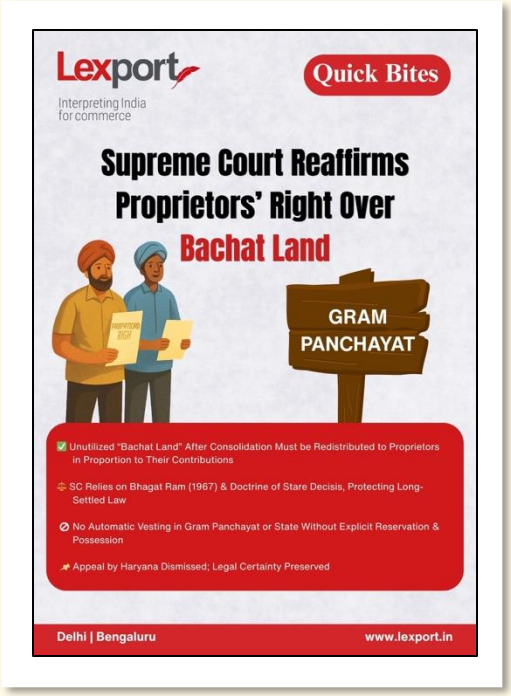
Shyam Kishor Maurya

Litigation

THE STATE OF HARYANA VERSUS JAI SINGH AND OTHERS [CIVIL APPEAL NO. 6990 OF 2014]

The Supreme Court of India on September 16 upheld the Punjab & Haryana High Court's decision that unutilized land ("bachat land") left after consolidation for common purposes must be redistributed among proprietors in proportion to their contributions, unless specifically reserved in the consolidation scheme and possession handed to the Panchayat. The Court, led by CJI BR Gavai, relied on its earlier Constitution Bench judgment in Bhagat Ram v. State of Punjab (1967) and emphasized that such land does not vest in the Gram Panchayat or the State. Rejecting Haryana's appeal against the High Court's Full Bench ruling, the Court applied the doctrine of stare decisis, noting that over 100 High Court judgments had consistently upheld proprietors' rights over bachat land, and disturbing this settled position would undermine legal certainty. The appeal was accordingly dismissed, reaffirming that ownership of unutilized land remains with the proprietors.

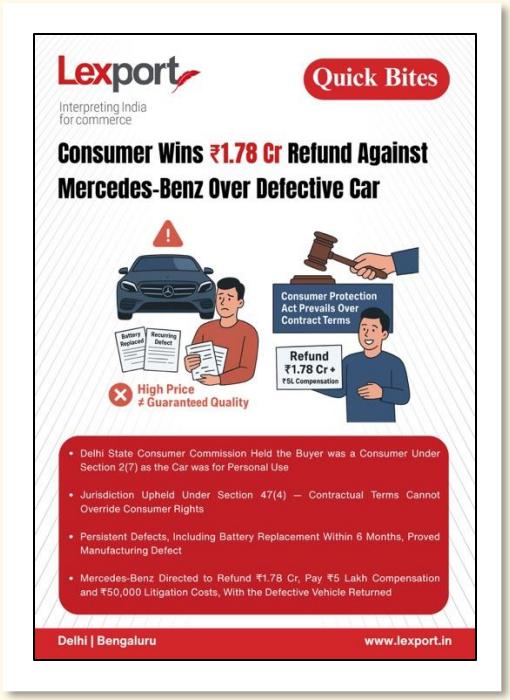
Sorokhaibam Shantijyoti Singh



Samaran Media Consultants Pvt. Ltd. Vs. Mercedes Benz India Pvt. Ltd., CC No. 158/2023

The Delhi State Consumer Dispute Redressal Commission held that the complainant qualified as a 'consumer' under Section 2(7) of the Consumer Protection Act, 2019, since the car was purchased for personal use. On jurisdiction, it was ruled that the Delhi State Commission had authority under Section 47(4) as the dealer's office and service centre were in Delhi, and contractual clauses could not override statutory provisions. Regarding deficiency in service, persistent defects within six months, including replacement of the battery pack, indicated a manufacturing defect acknowledged by the opposite parties. Consequently, the complaint was allowed with directions for a refund of Rs. 1.78 crore, Rs. 5 lakh compensation, Rs. 50,000 litigation costs, and return of the defective vehicle to the manufacturer.

Shyam Kishor Maurya



Corporate

MCA Expands Scope of Fast-Track Mergers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Compromises, Arrangements, and Amalgamations) Amendment Rules, 2025, expanding the scope of fast-track mergers under Section 233 of the Companies Act, 2013. This aligns with the budget announcement for the year.

The amendment allows fast-track mergers between unlisted companies with debt up to ₹200 crore (subject to no recent defaults), holding companies and their subsidiaries (if the transferor is not listed), subsidiaries of the same holding company (where the transferor is not listed), and foreign holding companies with their Indian wholly owned subsidiaries.
To proceed, companies must submit an auditor's certificate in Form CAA-10A and file the approved scheme with the Central Government within 15 days of member or creditor approval, along with the valuer's report in Form CAA.11. Companies regulated by RBI, SEBI, IRDAI, or PFRDA must also share the scheme with their regulator, while listed companies are additionally required to consult stock exchanges.

Rule 25 has further been extended to cover schemes of division or transfer of undertakings under Section 232(1)(b). Importantly, the debt ceiling for unlisted companies has been finalized at ₹200 crore, a fourfold increase from the ₹50 crore cap proposed in the draft rules issued earlier this year.

Akshita Agarwal

NCLT Bengaluru Admits Insolvency Plea Against Dunzo for ₹1.91 Crore Default

The National Company Law Tribunal (NCLT), Bengaluru Bench has admitted an insolvency petition against Dunzo Digital Pvt. Ltd. for a default of ₹1.91 crore owed to Velvin Packaging Solutions Pvt. Ltd.

The operational creditor had supplied goods worth ₹6.81 crore under 107 invoices, of which only part payment was made, leaving ₹1.91 crore outstanding. Despite issuance of a demand notice, no payment was made, and settlement efforts failed. Velvin filed a Section 9 IBC petition, seeking initiation of the Corporate Insolvency Resolution Process (CIRP).

Dunzo argued that there was a pre-existing dispute over the quality of goods and that the matter should have been referred to arbitration as per a prior settlement. However, the bench comprising Shri Sunil Kumar Aggarwal (Judicial Member)and Shri Radhakrishna Sreepada (Technical Member) rejected this contention.

The tribunal held that the dispute raised was vague and unsupported by evidence, citing the Supreme Court ruling in Mobilox Innovations v. Kirusa Software (2017). It further clarified that post-default settlements do not negate the original cause of action unless fully executed.

Finding clear evidence of default, the Bengaluru Bench admitted the CIRP petition against Dunzo.

Akshita Agarwal

Corporate

MCA Invites Public Comments on Multi-Disciplinary Partnerships for Indian Professional Firms

The Ministry of Corporate Affairs (MCA) has issued an Office Memorandum dated 17 September 2025 inviting public comments on enabling the establishment of Multi-Disciplinary Partnership (MDP) firms in India. The move is aimed at strengthening domestic professional service firms so that they can compete with large international players in consulting, auditing, compliance, and advisory services.

According to the background note released with the memorandum, despite India's vast talent pool, domestic firms remain marginal players in high-value assignments due to regulatory and structural barriers. These include a ban on advertising and brand-building by professionals, restrictions on forming multidisciplinary partnerships between CAs, CSs, lawyers, actuaries, and other experts, fragmented licensing under different regulators, and procurement norms that often favor global firms with established international presence.

The MCA has highlighted the need for reforms to allow Indian firms to evolve into full-service entities capable of offering integrated solutions, building global brands, and expanding their international footprint. Stakeholders have been invited to provide inputs on issues such as regulatory amendments, safeguards for MDPs, dispute resolution frameworks, global best practices, and measures to encourage brand building without solicitation.

Comments may be submitted via the MCA's e-consultation module or by email at so-pimca@gov.in by 30 September 2025.

Akshita Agarwal

Corporate

NCLAT: Workmen Can Claim Dues Post-Layoff Only If They Continued Working

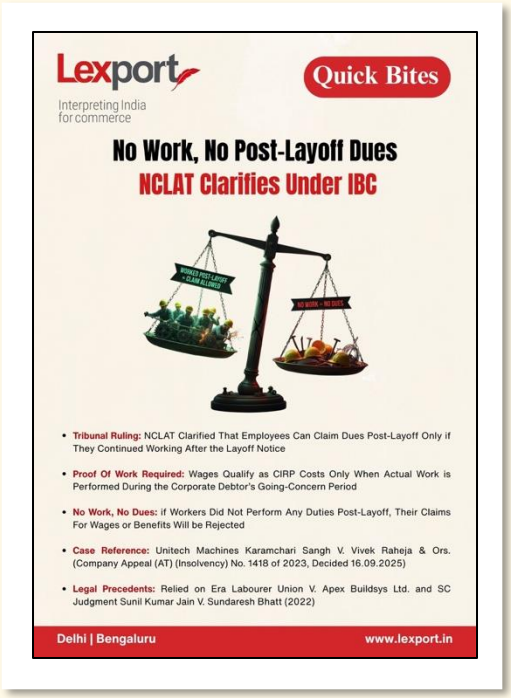
The National Company Law Appellate Tribunal (NCLAT), New Delhi, has clarified that workmen or employees are entitled to claim dues after a layoff notice by a corporate debtor only if they can prove that they continued working despite the notice. If no work was performed post-layoff, no dues can be claimed.

The ruling came in an appeal under Section 61 of the Insolvency and Bankruptcy Code (IBC), 2016, against an NCLT New Delhi order dismissing an application filed by an employee union. The appellants argued that the layoff notice issued on 01.02.2020 was illegal under the Industrial Disputes Act, 1947, as it was issued without clearing legitimate dues or following due procedure. However, the respondents maintained that no work remained at the debtor's factory and that the NCLT lacked jurisdiction to examine the legality of the notice.

The Tribunal relied on past precedents, including Era Labourer Union v. Apex Buildsys Ltd. and the Supreme Court's ruling in Sunil Kumar Jain v. Sundaresh Bhatt (2022), which held that wages qualify as CIRP costs only if employees actually worked while the corporate debtor was a going concern. Since the appellants had not worked post-layoff, their claims were rejected.

Case: Unitech Machines Karamchari Sangh v. Vivek Raheja & Ors. (Company Appeal (AT) (Insolvency) No. 1418 of 2023), decided on 16.09.2025.

Akshita Agarwal



Corporate

SEBI Simplifies Post-Death Securities Transmission with "TLH" Code

The Securities and Exchange Board of India (SEBI) has taken a major step to ease post-death transmission of securities by introducing a standardized reporting code — "TLH" (Transmission to Legal Heirs). The reform, announced via circular on September 19, 2025, aims to reduce legal and tax complications faced by families of deceased investors.

Currently, nominees act as custodians of securities until they are passed to the rightful legal heirs. While such transmissions are exempt under Section 47(iii) of the Income Tax Act, 1961, nominees often faced automatic capital gains tax liability, leading to refund claims and unnecessary delays during an already sensitive time.

To resolve this, SEBI, in consultation with the CBDT, has mandated that from January 1, 2026, all Registrars, Issuers, Depositories, and Participants must use the "TLH" code while reporting such cases. This will ensure the Income Tax Department recognizes the transaction as non-taxable, bringing much-needed clarity.

Importantly, standard procedural checks, such as verifying wills, succession or probate documents, will remain unchanged.

By addressing the tax ambiguity, SEBI's initiative strengthens investor protection and furthers its agenda of "Ease of Doing Investment," making asset transfers more transparent and hassle-free for bereaved families.

Akshita Agarwal

About Us

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

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

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