

LEXPORT NEWSLETTER

July 2026 | WEEK 5

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

Supreme Court holds marketing and distribution of CNG by oil marketing companies taxable as Business Auxiliary Service

The Supreme Court allowed the appeals filed by the Revenue and held that the activities undertaken by Bharat Petroleum Corporation Ltd. (BPCL) and Hindustan Petroleum Corporation Ltd. (HPCL) in relation to the marketing, sale and distribution of Compressed Natural Gas (CNG) for Mahanagar Gas Ltd. (MGL) constituted Business Auxiliary Service under the Finance Act, 1994. The Court examined the agreements between the parties and observed that while MGL manufactured CNG and discharged central excise duty on the product, BPCL and HPCL provided infrastructure, retail outlets, manpower and other facilities for marketing and selling CNG to end consumers on behalf of MGL in consideration of a commission linked to the quantity of CNG sold. It held that these activities were in connection with the promotion and marketing of MGL's goods and could not be treated as trading on a principal-to-principal basis. Accordingly, the Court set aside the common order of the CESTAT, restored the Orders-in-Original confirming the service tax demand, and held that the Revenue was entitled to recover the adjudicated service tax from the respondent corporations.

Commissioner of Service Tax, Mumbai Versus M/s Bharat Petroleum Corporation Ltd. & Ors., 2026 INSC 723 (Supreme Court)



Soumya Shrivastava



Quick Bites

Supreme Court: Commission-Based CNG Marketing & Distribution Taxable as Business Auxiliary Service



The Supreme Court has held that the marketing, sale and distribution of Compressed Natural Gas (CNG) undertaken by BPCL and HPCL for Mahanagar Gas Ltd. (MGL) constitute Business Auxiliary Service under the Finance Act, 1994. The Court observed that the activities were carried out on a commission basis to promote and market MGL's goods, and therefore could not be treated as trading on a principal-to-principal basis.

CASE TITLE: Commissioner of Service Tax, Mumbai v. M/s Bharat Petroleum Corporation Ltd. & Ors. 2026 INSC 723 | Supreme Court

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Indirect Tax

Ex parte GST adjudication order set aside where notices were uploaded in 'Additional Notices and Orders' tab and no personal hearing was granted

The Calcutta High Court allowed a writ petition challenging an adjudication order passed under Section 73(9) of the West Bengal Goods and Services Tax Act, 2017. The petitioner contended that the show cause notice, reminder and adjudication order were uploaded only in the "Additional Notices and Orders" tab of the GST portal and not in the "Normal" tab, and that neither the show cause notice nor the reminder specified the date, time or venue of personal hearing. The Court noted that it was undisputed that the notices and order had been uploaded only in the "Additional Notices and Orders" tab and relied on the Division Bench decision in *Ram Kumar Singhal v. State of West Bengal*, which held that such uploading does not constitute effective communication under the Act. The Court further observed that the adjudication order had been passed ex parte without affording the petitioner an opportunity of hearing, contrary to the requirement under Section 73(9) of the Act to consider the taxpayer's representation before determining the tax liability. Accordingly, the Court set aside the adjudication order on the ground of violation of the principles of natural justice, granted liberty to the petitioner to file a reply to the show cause notice within 14 working days, and directed the adjudicating authority to grant a hearing and decide the matter afresh by passing a reasoned order, while keeping all issues on merits open.

M/s. B. Enterprise & Anr. Versus The State of West Bengal & Ors., WPA 1078 of 2026 (Calcutta High Court)



Soumya Shrivastava



Calcutta High Court Sets Aside Ex Parte GST Order for Violation of Natural Justice



The Calcutta High Court has held that uploading a show cause notice and adjudication order only in the "Additional Notices & Orders" tab of the GST portal does not constitute effective communication. The Court also observed that passing an ex parte adjudication order without granting a personal hearing violates the principles of natural justice.

CASE TITLE: *M/s. B. Enterprise & Anr. v. The State of West Bengal & Ors.*
WPA 1078 of 2026 | Calcutta High Court

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Indirect Tax

Purchaser cannot be denied ITC solely because seller failed to file GST returns

The Gauhati High Court allowed the writ petition filed by M/s. Advance Engineering Farms and Equipments and set aside the demand raised against the petitioner on account of alleged excess input tax credit (ITC) for FY 2017-18. The petitioner had purchased generators from the respondent dealer, paid the entire consideration including CGST and SGST, and claimed ITC on the strength of valid tax invoices. The tax authorities denied the ITC on the ground that the selling dealer had failed to file GST returns. Referring to its earlier Division Bench decision in National Plasto Moulding v. State of Assam, which applied the principles laid down by the Delhi High Court in On Quest Merchandising India Pvt. Ltd., the Court held that a bona fide purchasing dealer who has paid the tax to a registered supplier and possesses valid tax invoices cannot be denied ITC merely because the selling dealer failed to discharge its statutory obligations. The Court observed that the appropriate remedy for the department is to initiate recovery proceedings against the defaulting selling dealer and not to deny ITC to the purchasing dealer. Accordingly, the Court quashed the demand raised under the rectification order while leaving it open to the authorities to proceed against the selling dealer in accordance with law.

M/s. Advance Engineering Farms and Equipments
Versus The State of Assam & Ors.,
WP(C)/4312/2024 (Gauhati High Court)



Soumya Shrivastava



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Gauhati High Court: Purchaser Cannot Be Denied ITC for Seller's GST Default



The Gauhati High Court has held that a bona fide purchasing dealer cannot be denied Input Tax Credit (ITC) solely because the selling dealer failed to file GST returns. Where the purchaser has paid the full consideration, including GST, and possesses valid tax invoices, the department's remedy lies against the defaulting seller, not the compliant buyer.

CASE TITLE: M/s. Advance Engineering Farms and Equipments Versus The State of Assam & Ors., WP(C)/4312/2024 (Gauhati High Court)

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Indirect Tax

Delhi High Court declines writ against ₹64 crore GST demand, relegates petitioner to statutory appellate remedy

The Delhi High Court declined to entertain a writ petition challenging an adjudication order raising a demand of approximately ₹64 crore on the allegation that the petitioner had wrongly availed input tax credit on the basis of fake invoices. The petitioner contended that no opportunity for cross-examination had been granted during adjudication and that the adjudicating authority had failed to properly consider the petitioner's claim regarding the deposit of ₹64 crore. The Court held that although Section 107(11) of the CGST Act does not empower the Appellate Authority to remand a matter to the adjudicating authority, it expressly authorises the Appellate Authority to undertake further inquiry as may be necessary, including permitting cross-examination wherever required for a just adjudication. The Court further observed that the Appellate Authority is competent to examine both factual and legal issues, including the grievance regarding denial of cross-examination and the petitioner's contention relating to the amount already deposited. Accordingly, the Court relegated the petitioner to the statutory appellate remedy under Section 107 of the CGST Act and granted liberty to seek exclusion of the period spent in the writ proceedings under Section 14 of the Limitation Act, 1963 for the purpose of limitation.

M/s. DK Enterprises Through Proprietor, Deepak Mittal Versus Union of India & Anr., W.P.(C) 10993/2025 (Delhi High Court)



Soumya Shrivastava



Delhi High Court Directs Taxpayer to Statutory Appellate Remedy in ₹64 Crore GST Dispute



The Delhi High Court declined to entertain a writ petition challenging a GST demand of approximately ₹64 crore, holding that the petitioner's grievances, including denial of cross-examination and consideration of the amount already deposited, could be effectively addressed by the Appellate Authority under Section 107 of the CGST Act.

Case Title: M/s. DK Enterprises Through Proprietor, Deepak Mittal Versus Union of India & Anr., W.P.(C) 10993/2025 (Delhi High Court)

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Indirect Tax

Concessional tax notification continues until expressly rescinded; subsequent amendment to Schedule entry does not automatically withdraw benefit

The Telangana High Court dismissed the Revenue's revision petition and upheld the order of the Sales Tax Appellate Tribunal holding that G.O.Ms. No. 252 dated 19.05.1995, granting a concessional rate of tax on electronic goods, continued to remain in force during the relevant assessment year as it had not been expressly withdrawn or rescinded. The dispute related to the applicable rate of tax on audio cassettes for the assessment year 2000-01 after the introduction of Entry 10 in the First Schedule to the Andhra Pradesh General Sales Tax Act with effect from 01.01.2000. The Court held that the mere amendment of an entry in the First Schedule could not, by implication, nullify a statutory notification issued under Section 9(1) of the Act. Relying on the decisions of the Supreme Court in *State of Andhra Pradesh v. Concap Capacitors* and *State of Andhra Pradesh v. Dunlop India Ltd.*, the Court observed that the classification adopted by the Electronics Commission of India and incorporated in the Government Order remained binding until the notification was specifically rescinded. Since G.O.Ms. No. 252 had neither been withdrawn nor superseded during the relevant period, the assessee was held entitled to the concessional rate of tax, and the Revenue's revision was dismissed.

The State of Andhra Pradesh Versus M/s. Mayuri Film Distributors, TREVC No. 26 of 2011 (Telangana High Court)



Soumya Shrivastava



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High Court Clarifies Continuity of Tax Notifications

The Telangana High Court has held that a concessional tax notification issued under the Andhra Pradesh General Sales Tax Act continues to operate unless it is expressly rescinded or withdrawn. The Court clarified that a subsequent amendment to a Schedule entry does not, by itself, nullify the benefit granted under a statutory notification.

Case Title: *The State of Andhra Pradesh Versus M/s. Mayuri Film Distributors*, TREVC No. 26 of 2011 (Telangana High Court).

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Indirect Tax

Reimbursement of apprenticeship stipend by Board of Apprenticeship Training not liable to service tax as it is not consideration for any taxable service

The CESTAT, Chennai allowed the appeal filed by M/s. India Nippon Electricals Ltd. and set aside the service tax demand, interest and penalty on amounts received from the Board of Apprenticeship Training (BOAT) towards reimbursement of apprenticeship stipend. The Tribunal noted that the appellant, being an industrial manufacturer, was under a statutory obligation under the Apprentices Act to engage apprentices, impart technical training and pay them stipend, of which 50% was subsequently reimbursed by the board. It held that the reimbursement did not constitute consideration for any service rendered to the Board of Apprenticeship Training, as there was no service provider-service recipient relationship founded on commercial consideration. The Tribunal further observed that the reimbursement was in the nature of a statutory grant under the Apprentices Act and, in any event, represented reimbursement of expenditure without any mark-up, which could not form part of the taxable value under Section 67 of the Finance Act, 1994 for the period prior to the amendment effective from 14.05.2015. Relying on the Supreme Court's decision in Union of India v. Intercontinental Consultants and Technocrats Pvt. Ltd., the Tribunal held that reimbursement of expenses could not be included in the value of taxable services during the relevant period and accordingly set aside the impugned order with consequential relief.

M/s. India Nippon Electricals Ltd. Versus Commissioner of GST & Central Excise, Service Tax Appeal No. 41519 of 2016 (CESTAT Chennai)



Soumya Shrivastava



Indirect Tax

CBIC clarifies procedure for filing multi-state GST appeals before GSTAT in DGGI cases

The Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No. 256/02/2026-GST, dated July 25, 2026, clarifying the procedure for filing departmental appeals before the GST Appellate Tribunal (GSTAT) against orders passed by an appellate authority in cases originally adjudicated by a Common Adjudicating Authority (CAA) and investigated by the Directorate General of GST Intelligence (DGGI). The Circular addresses three core issues: who acts as the reviewing authority for such orders in CAA cases, which jurisdictional authority is responsible for filing the appeal, and whether the appeal before the GSTAT must be filed before the bench with territorial jurisdiction over the taxable person or the bench with jurisdiction over the CAA's Commissionerate.

It clarifies that the appellate authority must upload the order-in-appeal on the common portal and forward copies to the Commissioner having jurisdiction over the CAA, who will examine the order, obtain comments from the DGGI where necessary, and forward recommendations to the jurisdictional Commissioner. The jurisdictional Principal Commissioner or Commissioner of each taxable person will act as the reviewing authority under Section 112(3) of the CGST Act, 2017, and may authorise a subordinate officer to file the departmental appeal. Separate appeals must be filed for each taxable person before the GSTAT Bench with territorial jurisdiction over that person, with the jurisdictional Commissioner then intimating the Commissioner overseeing the CAA. Where no appeal is proposed, the reviewing authority must communicate this to the CAA's jurisdictional Commissioner. Tax professionals note the clarification carries significant implications for sectors frequently subject to complex, multi-state DGGI notices, including banking, insurance, online gaming, hospitality, real estate, FMCG, manufacturing and logistics, where the earlier lack of a defined appellate authority had caused procedural delays and litigation uncertainty.

CBIC Circular No. 256/02/2026-GST, dated July 25, 2026



Divya Jain



Intellectual Property Right

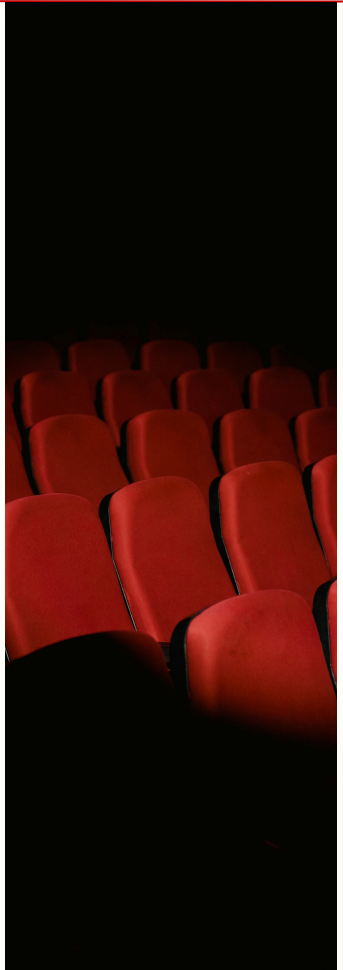
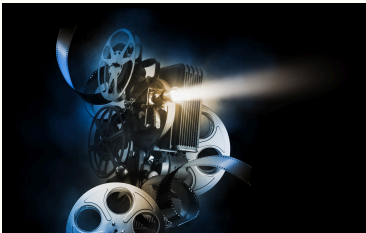
Delhi High Court Restrains Promotion of Film Exploiting Salman Khan's Persona and Pending Criminal Proceedings

The Delhi High Court granted an interim injunction in favour of Salman Khan, restraining the makers of the proposed film "Kala Hiran - The Battle for Legacy" from exhibiting or promoting its teaser and related content. The Court found a prima facie case that the teaser deliberately invoked the actor's persona by referring to a blackbuck hunting trial, using the names of his iconic films "Dabangg" and "Sikandar", and depicting a character named "Ayan Khan", making the association with Salman Khan unmistakable. Justice Jyoti Singh held that the promotional campaign amounted to an unauthorized commercial exploitation of Salman Khan's personality rights and publicity rights while also causing serious harm to his reputation by portraying him as guilty in criminal proceedings that are still pending before the Supreme Court and the Rajasthan High Court. Emphasizing that personality rights form an intrinsic part of the right to privacy, dignity and reputation under Article 21, the Court directed the proposed defendants to remove the teaser and related social media content within 24 hours and ordered X, Meta and Google to take down the identified URLs in case of non-compliance.

Salman Khan v. Ashok Kumar/John Doe & Ors.,
CS(COMM) 1322/2025



Anushka Tripathi



Intellectual Property Right

Delhi High Court Restrains Use of "HAVAI" Marks, Holds Registration Is No Defence to Passing Off

The Delhi High Court granted an interim injunction in favour of Havells India Ltd., restraining Havai Home Products Pvt. Ltd. from using the impugned "HAVAI" word and device marks for electrical goods. Although the defendant owned registrations for the mark HAVAI, the Court found that the mark actually used in the marketplace featured a stylised letter "I" designed to resemble "L", causing consumers to read and pronounce it as "HavaL", thereby creating deceptive similarity with the well-known HAVELLS trademark. The Court also noted that the defendants had copied Havells' colour scheme and overall trade dress while selling identical products such as air coolers, fans and immersion rods. Reiterating the Supreme Court's ruling in *S. Syed Mohideen v. P. Sulochana Bai*, (2016) 2 SCC 683, Justice Jyoti Singh held that registration of a trademark is not a defence to an action for passing off. The Court found all three elements of passing off, namely goodwill, misrepresentation and damage, to be prima facie established and applied the doctrine of initial interest confusion, observing that an average consumer could wrongly believe the defendants' goods originated from or were associated with Havells. Accordingly, the defendants were restrained from using the impugned marks during the pendency of the suit.

Havells India Limited & Anr. v. Havai Home Products Pvt. Ltd. & Ors., CS(COMM) 778/2024



Anushka Tripathi



Quick Bites

Market Use Defines Passing Off



The Delhi High Court held that trademark registration is not a defence to passing off. Finding prima facie deceptive similarity in the defendants' mark and trade dress, the Court restrained the use of the impugned "HAVAI" marks pending adjudication.

Case Title: Havells India Limited & Anr. v. Havai Home Products Pvt. Ltd. & Ors., CS(COMM) 778/2024

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Indirect Tax

Supreme Court appoints Amicus Curiae to assist in patent appeal over "Pan-Environment Super-Cyborg" invention

The Supreme Court has appointed Senior Advocate Swathi Sukumar as Amicus Curiae in a patent case over an invention that claims to enhance human capabilities by integrating them with artificial intelligence, creating what its inventor describes as a "Pan-Environment Super-Cyborg." The invention is titled "Necktie Persona-Extender/Environment-integrator and method for Super-Augmenting a Persona to Manifest a Pan-Environment Super-Cyborg." A Bench of Justice K.V. Viswanathan and Justice Alok Aradhe issued notice on the petition as well as the delay condonation application, filed by inventor Caleb Suresh Motupalli, challenging the Madras High Court's dismissal of his appeal against the Patent Office's rejection of his patent application. Motupalli had filed the Indian national phase patent application in June 2012, which underwent multiple rounds of examination before the Patent Office rejected it and the Madras High Court upheld that rejection. Along with the Special Leave Petition, Motupalli filed applications seeking condonation of delay and permission to appear and argue in person. The Court appointed Sukumar to assist it on both the technical aspects and the law, and permitted her to engage an instructing counsel of her choice. The matter is next listed for hearing on August 24, 2026.

Caleb Suresh Motupalli Versus Controller of Patents, Special Leave Petition (Civil) Diary No(s). 20319/2026 (Supreme Court of India)



Divya Jain



Litigation

**Sunil Verma v. State (NCT of Delhi): BAIL
APPLN. 2968/2026 & CRL.M.A. 22335/2026**

The High Court of Delhi (BAIL APPLN. 2968/2026) recently granted anticipatory bail to an applicant accused of theft under Section 305(b) of the Bharatiya Nyaya Sanhita (BNS), emphasizing key principles regarding custodial interrogation and the grounds for granting bail.

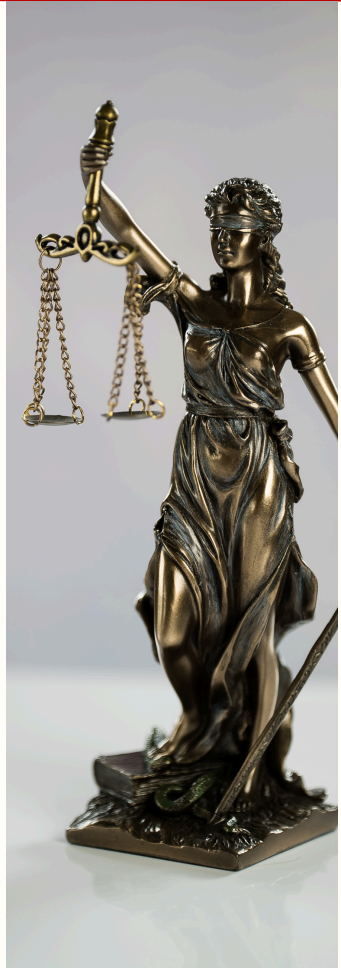
In this case, the prosecution opposed the bail plea on the grounds that the accused provided conflicting statements regarding his medical emergency and that custodial interrogation was required to determine whether the vehicle was stolen or given voluntarily.

Rejecting the prosecution's contention, Justice Girish Kathpalia held that merely verifying whether a vehicle was voluntarily given or stolen does not constitute a reasonable ground for custodial interrogation. The Court highlighted that since the allegedly stolen property was already recovered and the accused had no prior criminal record, sending him to jail served no constructive purpose.

The Court reaffirmed that custodial interrogation should not be used routinely and directed that in the event of arrest, the applicant be released on bail subject to a personal bond of ₹10,000 with one surety of the like amount.



Hardik Jain



Corporate

Supreme Court: IBC Moratorium Does Not Bar Consumer Proceedings Against Promoters and Directors

In *Tejas J. Shah & Ors. v. Mantri Technology Constellations Pvt. Ltd.* (now known as Buoyant Technology Constellations Pvt. Ltd.) & Ors., 2026 LiveLaw (SC) 723 (Judgment dated 27 July 2026), the Supreme Court held that the moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 (IBC) operates only in favour of the corporate debtor and does not automatically extend to its promoters, directors or other persons who are not themselves protected by the moratorium. The dispute arose from consumer complaints filed by homebuyers alleging deficiency in service and unfair trade practices after possession of apartments in the Mantri Manyata Energia project was not delivered within the agreed timeline. During the pendency of the proceedings, the National Company Law Tribunal (NCLT) admitted the developer company into the Corporate Insolvency Resolution Process (CIRP), resulting in a moratorium under Section 14 of the IBC.

The homebuyers sought continuation of the consumer complaints against the developer's promoters, directors, associated entities and landowners, contending that the moratorium applied only to the corporate debtor. However, the National Consumer Disputes Redressal Commission (NCDRC) declined the request and adjourned the complaints indefinitely.

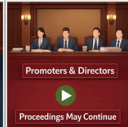
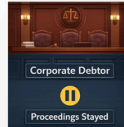
Allowing the appeal, the Supreme Court held that the NCDRC had erroneously extended the protection of the moratorium to respondents who were not corporate debtors and in whose favour no independent statutory protection existed. The Court observed that, in the absence of any legal bar, the consumer complaints could validly proceed against such respondents and that the NCDRC ought to have examined, on the basis of the pleadings and evidence, whether any liability could be attributed to them. It further held that the Commission was not justified in foreclosing that inquiry at the interlocutory stage. While reiterating that proceedings against the corporate debtor would remain stayed during the moratorium, the Court directed the NCDRC to adjudicate the complaints against the remaining respondents in accordance with law.



Akshita Agarwal

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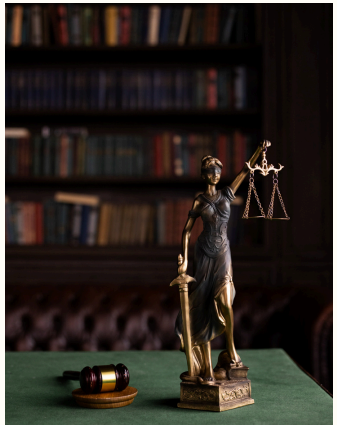
IBC MORATORIUM ISN'T A BLANKET SHIELD



The Supreme Court ruled that the moratorium under Section 14 of the IBC applies only to the corporate debtor. Consumer proceedings against promoters, directors and other non-protected respondents may continue, subject to their liability being established in accordance with law.

CASE TITLE: *Tejas J. Shah & Ors. v. Mantri Technology Constellations Pvt. Ltd. & Ors.*, 2026 LiveLaw (SC) 723 (27 July 2026).

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Corporate

RBI Releases Draft Foreign Exchange Management (Foreign Investment) Rules, 2026 for Public Consultation

On 21 July 2026, the Reserve Bank of India (RBI) released the Draft Foreign Exchange Management (Foreign Investment) Rules, 2026, inviting public comments until 31 August 2026. The Draft Rules propose to replace the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and consolidate the regulatory framework governing foreign investment in equity under the Foreign Exchange Management Act, 1999 (FEMA). Once notified, the Rules will be administered by the RBI, while the interpretation of the Foreign Direct Investment (FDI) Policy will continue to rest with the Department for Promotion of Industry and Internal Trade (DPIIT).

The Draft Rules apply to foreign investment in the equity of eligible investee entities, including companies, limited liability partnerships (LLPs), partnership firms, proprietary concerns and specified SEBI-regulated investment vehicles such as REITs, InvITs, AIFs, venture capital funds and certain mutual funds and exchange-traded funds. They retain the distinction between foreign direct investment (FDI) and foreign portfolio investment (FPI) based on the existing 10% threshold, while revising key definitions, including "foreign investment" and "control". The proposed framework also consolidates the permissible modes of investment, including subscription, purchase, gift, pledge, depository receipts and investments through international stock exchanges, while prescribing updated pricing, valuation and reporting requirements.

A significant feature of the Draft Rules is Annexure I, which introduces a comprehensive framework for the direct listing of equity shares of Indian companies on international stock exchanges. The Annexure prescribes eligibility conditions, pricing norms, voting rights, disclosure requirements and restrictions on beneficial ownership, while also specifying the limited circumstances in which overseas-listed shares may subsequently be transferred to Indian residents. The Draft further clarifies the compliance responsibilities of foreign investors, investee entities, transferors and transferees, and seeks to streamline the foreign investment regime while aligning it with India's evolving cross-border capital market framework.



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RBI RELEASES DRAFT FOREIGN INVESTMENT RULES, 2026 FOR PUBLIC CONSULTATION



The Reserve Bank of India has released the Draft Foreign Exchange Management (Foreign Investment) Rules, 2026, proposing a consolidated framework for foreign investment under FEMA. The Draft Rules seek to replace the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and streamline the regulatory regime governing foreign investment in equity.

Source- Reserve Bank of India Draft Foreign Exchange Management (Foreign Investment) Rules, 2026

Public Consultation released on 21 July 2026

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Corporate

SEBI Simplifies Framework for Transmission of Securities

Pursuant to amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (SEBI), through its Circular dated 23 July 2026, has introduced a simplified and standardised framework for the transmission of securities upon the death of an investor. The revised framework applies to listed companies, Registrars to an Issue and Share Transfer Agents (RTAs), depositories, depository participants (DPs), mutual funds, asset management companies (AMCs) and investor associations, with the objective of streamlining transmission procedures, reducing documentation requirements and ensuring greater consistency across market intermediaries.

A key feature of the circular is the introduction of a harmonised and risk-based transmission process, including Quick Transmission Processing (QTP) for low-value claims. Under the revised framework, securities held in physical form with a value of up to ₹10 lakh and securities held in dematerialised form with a value of up to ₹30 lakh will be eligible for an expedited transmission process. For claims exceeding these thresholds, the simplified documentation framework will continue to apply, with listed entities also being permitted to prescribe higher thresholds for physical securities.

The circular also rationalises documentation requirements by removing the mandatory requirement of obtaining probate of a Will, replacing separate affidavits and no-objection certificates with a consolidated Affidavit-cum-No Objection Certificate, and expanding the modes of verification of an investor's death. In addition to physical death certificates, entities may now rely on QR code-enabled death certificates, while specific mechanisms have also been introduced for verification of death certificates issued outside India. The revised framework is expected to expedite transmission requests, reduce procedural delays and enhance ease of compliance for investors, nominees, legal heirs and market intermediaries.



Akshita Agarwal



Corporate

Supreme Court Clarifies Cross-Border Motor Insurance Coverage; Recommends Regulatory Guidance

In *Oriental Insurance Co. Ltd. v. Durg Roadways Pvt. Ltd.*, 2026 INSC 722 (Judgment dated 20 July 2026), the Supreme Court held that an insurer cannot deny liability under a motor insurance policy solely because an accident occurred outside India where the insured vehicle was operating under a valid permit issued under the Motor Vehicles Act, 1988. The dispute arose after a bus travelling from Chhattisgarh to Nepal under a special permit met with an accident, resulting in multiple fatalities. The insurer repudiated the claim on the ground that the policy's geographical coverage was restricted to India and that no additional premium had been paid under the India Motor Tariff, 2002 for cross-border travel.

Allowing the claim, the Court held that an insurance policy must be interpreted as a whole and that individual clauses cannot be read in isolation. It observed that where a policy permits the use of a vehicle operating under a valid statutory permit, a territorial limitation clause cannot be construed to negate such coverage unless the exclusion is expressly and unambiguously provided. Applying the doctrine of *contra proferentem*, the Court reiterated that ambiguities in standard-form insurance contracts must be construed against the insurer. The Court further held that the statutory liability under Section 147(5) of the Motor Vehicles Act, 1988 cannot be overridden by the requirement of payment of an additional premium under the India Motor Tariff where the policy itself covers the risk. It also recognised that the legislative framework under the Motor Vehicles Act and the India-Nepal Treaty contemplates lawful cross-border movement of vehicles under valid permits. Noting the absence of regulatory clarity following the de-notification of the India Motor Tariff, the Court recommended that IRDAI issue a master circular standardising territorial coverage clauses and clearly specifying the scope of cross-border motor insurance.



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SUPREME COURT CLARIFIES CROSSBORDER MOTOR INSURANCE COVERAGE; CALLS FOR REGULATORY CLARITY



The Supreme Court has held that an insurer cannot deny liability solely because a motor accident occurred outside India where the insured vehicle was operating under a valid statutory permit. The Court emphasised that insurance policies must be interpreted as a whole, and territorial limitation clauses cannot defeat coverage unless the exclusion is expressly and unambiguously provided.

Case Title: *Oriental Insurance Co. Ltd. v. Durg Roadways Pvt. Ltd.*
2026 INSC 722 | Supreme Court | Judgment dated 20 July 2026

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Corporate

ICSI Proposes Amendment to Rule 8A for Mandatory Appointment of Whole-time Company Secretary

The Institute of Company Secretaries of India (ICSI) has proposed an amendment to Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, requesting the Ministry of Corporate Affairs (MCA) to expand the criteria for the mandatory appointment of a Whole-time Company Secretary (CS). At present, Rule 8A applies only to private companies having a paid-up share capital of ₹10 crore or more. ICSI has suggested that the requirement should also extend to companies with outstanding borrowings exceeding ₹50 crore at any time during a financial year, irrespective of their paid-up share capital.

The proposal is premised on the view that several private companies, start-ups and closely held entities operate with comparatively low share capital but are significantly leveraged through borrowings from banks, financial institutions, debenture holders, related parties and other creditors. Such companies are exposed to substantial financial and regulatory obligations, making robust governance oversight essential. According to ICSI, the appointment of a qualified Company Secretary in these companies would strengthen corporate governance, improve compliance, enhance transparency in dealings with lenders, ensure better board processes and documentation, and promote effective risk management. The proposed borrowing threshold also aligns with the existing governance framework under the Companies Act, 2013, where a ₹50 crore borrowing threshold already triggers certain governance requirements for public companies, thereby ensuring consistency in the regulatory approach.



Rishav Sagar



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Quick Bites

ICSI PROPOSES EXPANDING MANDATORY APPOINTMENT OF WHOLE-TIME COMPANY SECRETARIES

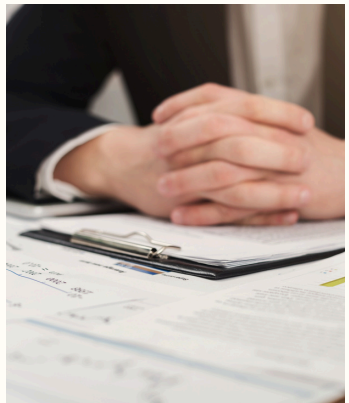


The Institute of Company Secretaries of India (ICSI) has proposed an amendment to Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, recommending that private companies with outstanding borrowings exceeding ₹50 crore should also be required to appoint a Whole-time Company Secretary, irrespective of their paid-up share capital.

Source: Institute of Company Secretaries of India (ICSI)
Proposal to Amend Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Submitted to the Ministry of Corporate Affairs (MCA)

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Corporate

Criminal Liability Can't Be Imposed on Directors Solely Due To Designation: Chhattisgarh High Court Grants Bail in CSMCL Corruption Case

The Chhattisgarh High Court, in a significant ruling reinforcing the principle of personal criminal liability, granted regular bail to two Directors of a manpower supply company implicated in the Chhattisgarh State Marketing Corporation Limited (CSMCL) corruption case. The Court held that criminal liability cannot be imposed merely because an individual holds the position of a company Director. Unless a statute specifically provides for vicarious criminal liability or there is prima facie evidence establishing a Director's personal involvement and specific overt acts, prosecution cannot rest solely on corporate designation. The Court observed that the applicants were not named in the FIR, had cooperated with the investigation, furnished all required documents, and no further custodial interrogation was necessary. It further noted the absence of any material indicating that the Directors had personally demanded or received illegal gratification, prepared forged documents, or knowingly used forged records. Emphasising that criminal liability is personal in nature, the Court relied on settled Supreme Court precedents and also considered the grant of bail to similarly placed co-accused. Consequently, finding no justification for continued pre-trial detention, the Court allowed the bail application subject to appropriate conditions.



Rishav Sagar

CORRUPTION

POSITION DOES NOT PROVE GUILT



The Chhattisgarh High Court held that criminal liability cannot be fastened on company directors solely because of their designation. In the absence of prima facie evidence of personal involvement or specific overt acts, prosecution cannot rest merely on holding the office of a Director.

Case title: Rakesh Wadhvani & Anr. v. State of Chhattisgarh & Anr.
Citation: MCRC No. 4478 of 2025 & MCRC No. 4479 of 2025
(Chhattisgarh High Court, decided on 21 July 2026)

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Corporate

SEBI Introduces GARUDA Framework to Accelerate Launch of AIF Schemes

The Securities and Exchange Board of India (SEBI) has introduced the Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) mechanism to significantly reduce the time required for launching Alternative Investment Fund (AIF) schemes. The framework aims to streamline regulatory processes while maintaining robust disclosure and due diligence standards. Under GARUDA, regular AIF schemes can now be launched after 10 working days from the filing of the Placement Memorandum (PPM) with SEBI, unless the regulator raises any objections. The first scheme of an AIF may be launched either upon grant of SEBI registration or after the expiry of the 10-working-day period, whichever is later.

The framework places greater responsibility on SEBI-registered merchant bankers, who must independently verify the accuracy and adequacy of disclosures in the PPM and submit a due diligence certificate. They, along with the AIF manager, will be accountable for any material misstatements or omissions. Further, Accredited Investor-only Funds (AIOFs), Large Value Funds (LVFs), and Angel Funds have been granted additional flexibility by allowing immediate launch upon filing the PPM, subject to prescribed declarations and compliance requirements. The GARUDA mechanism is expected to improve ease of doing business, reduce regulatory delays, and enhance India's competitiveness as an investment destination while preserving investor protection through stronger accountability.



Rishav Sagar



Corporate

NCLT directs status quo on directorship removal, citing unimplemented MOA and arbitration clause

The NCLT, Ahmedabad Bench allowed interim protection sought by Prakash Kishanchandra Makhijani and another shareholder, together holding 45% of the shares in Ohm Encon Private Limited, and directed the company not to act on a resolution proposed at an Extraordinary General Meeting seeking Makhijani's removal as director under Section 169 of the Companies Act. The petitioners had pointed to a Memorandum of Agreement dated 02.06.2026 providing for their exit through a share buyback at an agreed value, with disputes to be resolved by a mutually appointed sole arbitrator, and argued that since the buyback consideration had not been paid, their exit had not materialised and they continued as shareholders and directors. The respondents, holding the remaining 55% of the shares, contended the removal motion was validly placed before the board and sought time to file their reply. The Tribunal noted that the removal resolution made no mention of the dispute or the arbitration mechanism under the MOA, and that both sides remained shareholders as the buyback consideration was still unpaid. The Bench, comprising Dr. V.G. Venkata Chalapathy (Technical Member) and Chitra Hankare (Judicial Member), accordingly directed that the removal motion not be passed pending further hearing.

Mr. Prakash Kishanchandra Makhijani V. Ohm Encon Private Limited, CP/38(AHM)2026, 2026 TAXSCAN (NCLT) 235 (NCLT Ahmedabad Bench)



Divya Jain



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Quick Bites

Exit Incomplete. Removal Stayed.



The NCLT, Ahmedabad Bench directed status quo on the proposed removal of a director, holding that where the agreed share buyback remained unimplemented and disputes were subject to arbitration, the removal resolution should not proceed pending further hearing.

Case Title: Mr. Prakash Kishanchandra Makhijani V. Ohm Encon Private Limited, CP/38(AHM)2026, 2026 TAXSCAN (NCLT) 235 (NCLT Ahmedabad Bench)

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