Lexport Interpreting India for commerce

New Delhi: K-1/114, First Floor, Chittaranjan (C.R.) Park, New Delhi – 110019, India

t: +91-11-2651-0505 / 1505
e: mail@lexport.in

LEXPORT NEWSLETTER

OCTOBER 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

Tax Classification Depends on Form of Goods at Sale, Not End Use: Supreme Court

The Supreme Court held that the classification of goods for taxation must be determined by their form at the time of sale and not by their subsequent use by the consumer. The dispute concerned the classification of "GRD Powder" and "GRD Mix" under the Madhya Pradesh Commercial Tax Act, 1994.

The Revenue sought to classify these products as "Non-Alcoholic Drinks and Beverages" under Entry 20(ii), Part IV, Schedule II of the 1994 Act, attracting tax at 10%, on the ground that consumers could mix the products with milk or water to prepare beverages. Cadila Health Care contended that the products, sold in powder and biscuit forms, fell under the residuary entry and attracted tax at 8%. The Madhya Pradesh High Court accepted the latter classification, which the Revenue challenged before the Supreme Court.

The Supreme Court dismissed the appeals, holding that the taxable event is the sale of goods and that their tax classification must be based on their nature and physical form at that stage. A powder subsequently mixed with water or milk does not become a beverage for classification purposes merely because of its eventual use.

Applying the principle of ejusdem generis, the Court observed that the expressions accompanying "beverages" under the relevant entry, including syrups, cordials, distilled juices, ark and essences, referred to liquids or liquid preparations. The term "beverages" could not be interpreted in isolation to include products having a fundamentally different physical form.

The Court reiterated that taxing entries must be interpreted strictly and that goods cannot be placed under an inapplicable specific entry merely to attract a higher rate of tax. Accordingly, GRD Powder and GRD Mix were held classifiable under the residuary entry, attracting tax at 8%.

Additional Commissioner, Commercial Tax & Ors. v. Cadila Health Care Ltd. & Anr. Civil Appeal Nos. 9788–9789 of 2013.



Soumya Shrivastava





Indirect Tax

Educational Institutions Must Prove Solely Charitable Use for Property Tax Exemption: Bombay High Court

The Bombay High Court held that educational institutions cannot claim exemption from property tax merely because they are operated by a charitable trust or enjoy minority institution status. To qualify for exemption under Section 132(1)(b) of the Maharashtra Municipal Corporations Act, 1949, the institution must establish that its buildings and lands are solely occupied and used for a public charitable purpose.

The case concerned Jai Hind Sindhu Education Trust, which challenged property tax demands raised by the Pimpri Chinchwad Municipal Corporation (PCMC) against its educational institutions. The Trust argued that its premises were used for charitable and educational purposes and were therefore exempt from property tax. The Corporation disputed the claim, contending that the exemption was not automatic and required the Trust to establish its eligibility.

The Court clarified that imparting education does not, by itself, establish that a property is being used exclusively for a public charitable purpose. It emphasised that the predominant object must be educational rather than profit-making. Merely generating a surplus does not automatically defeat the claim; however, the institution must demonstrate that its activities are not driven by a profit motive and that the property satisfies the statutory conditions for exemption.

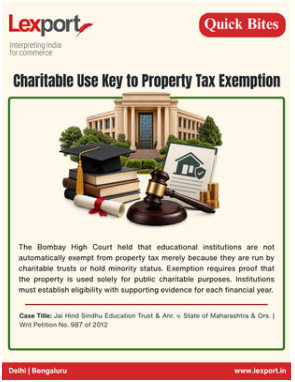
The Court further held that eligibility must be assessed for each financial year, requiring the institution to submit an application supported by appropriate evidence. It also observed that any portion of the property used for commercial activities may not qualify for exemption.

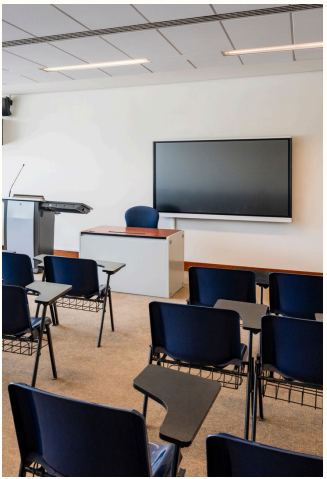
Finding that the Trust had failed to establish its entitlement to exemption, the Court dismissed the writ petition and vacated the interim protection against recovery. However, it permitted the Trust to apply for exemption for future years by submitting the necessary supporting material.

Jai Hind Sindhu Education Trust & Anr. v. State of Maharashtra & Ors., Writ Petition No. 987 of 2012.



Soumya Shrivastava





Indirect Tax

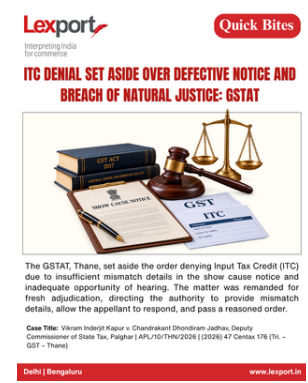
ITC denial set aside for defective show cause notice and breach of natural justice; matter remanded for fresh adjudication: GSTAT, Division Bench, Thane

The GSTAT, Division Bench, Thane, set aside the impugned order disallowing Input Tax Credit (ITC) on mismatch grounds and remanded the matter to the adjudicating authority for de novo adjudication. The dispute concerned the denial of ITC under Section 16 of the Central Goods and Services Tax Act, 2017, read with the Maharashtra Goods and Services Tax Act, 2017, pursuant to a show cause notice and a subsequent order confirming the proposed demand, which was upheld by the first appellate authority. The appellant contended that the show cause notice did not provide the details of the alleged mismatch and that the details were not furnished subsequently, thereby preventing an effective response. It was further submitted that, when the entire period was considered, there was no mismatch and the appellant was entitled to the ITC claimed. The appellant also challenged the appellate proceedings on the ground that sufficient opportunity of hearing had not been granted, as an adjournment sought by email for the second hearing date was not allowed and the appeal was decided ex parte. The State GST department submitted that the detailed ITC mismatch chart had been uploaded on the portal only on 6 October 2026, immediately before the Tribunal hearing. Upon considering the submissions and records, the Tribunal found that the show cause notice did not contain sufficient particulars of the mismatch to enable the appellant to explain its case and that the detailed mismatch chart had been produced before the Tribunal for the first time and was not available before the adjudicating authority. It further held that the first appellate authority had not afforded sufficient opportunity for personal hearing. The Tribunal accordingly found a gross violation of the principles of natural justice at both the adjudication and appellate stages and directed reconsideration of the matter on all aspects, with the adjudicating authority required to provide the mismatch details to the appellant, grant sufficient opportunity to explain its case and pass a reasoned de novo order, preferably within three months. As the other issues had not been examined, all issues were kept open.

Vikram Inderjit Kapur v. Chandrakant Dhondiram Jadhav, Deputy Commissioner of State Tax, Palghar, APL/10/THN/2026, (2026) 47 Centax 176 (Tri. – GST – Thane), GSTAT, Division Bench, Thane.



Soumya Shrivastava





Indirect Tax

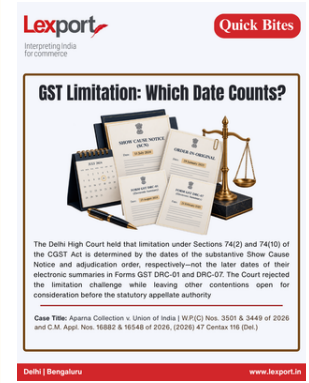
Limitation for GST proceedings governed by dates of substantive show cause notice and adjudication order, not electronic summaries in Forms DRC-01 and DRC-07: Delhi High Court

The High Court of Delhi held that the limitation prescribed under Sections 74(2) and 74(10) of the Central Goods and Services Tax Act, 2017, read with the corresponding provisions of the Delhi Goods and Services Tax Act, 2017, is to be determined with reference to the dates of the substantive show cause notice (SCN) and adjudication order, respectively, and not the subsequent dates appearing on their electronic summaries in Forms GST DRC-01 and DRC-07. The writ petitions arose from proceedings alleging wrongful availment of Input Tax Credit (ITC) on invoices issued by allegedly non-existent entities. In the first proceeding, the substantive SCN was dated 11 July 2024, while Form GST DRC-01 was dated 23 August 2024; in the second, the SCN was dated 9 July 2024, Form GST DRC-01 was dated 28 August 2024, the Order-in-Original was dated 29 January 2025 and Form GST DRC-07 was dated 21 February 2025. The petitioner contended that the later dates of DRC-01 rendered the notices time-barred beyond the asserted limitation date of 4 August 2024 and that the date of DRC-07 made the second adjudication order time-barred beyond 4 February 2025. The petitioner also challenged the invocation of Section 74, alleging an absence of material establishing fraud, wilful misstatement or suppression of facts with intent to evade tax, and denying knowledge of or collusion with the alleged non-existent suppliers. The Revenue submitted that the substantive notices and adjudication orders had been issued within the prescribed periods and that DRC-01 and DRC-07 were merely electronic summaries of the underlying documents. The Court, relying on the statutory scheme under Section 74 and Rule 142 of the CGST Rules, held that the limitation under Section 74(2) attaches to issuance of the substantive SCN, while Section 74(10) concerns issuance of the substantive adjudication order; the subsequent dates of DRC-01 and DRC-07 do not, by themselves, render the proceedings time-barred. Since the substantive notices preceded 4 August 2024 and the Orders-in-Original dated 27 January 2025 and 29 January 2025 preceded the asserted cut-off of 4 February 2025, the limitation challenge was rejected. The Court declined to examine the remaining challenges to the invocation of Section 74, the sufficiency of the evidence, the alleged absence of knowledge or collusion, the admissibility of ITC and the tax and penalty computation, holding that these issues could be raised before the statutory appellate authority under Section 107. Accordingly, the writ petitions and pending applications were disposed of, with liberty to the petitioner to pursue the statutory appeal and all contentions left open for consideration on their merits. The Court also directed that any request for exclusion of the period spent in the writ proceedings while computing the limitation for filing the statutory appeal be considered by the appellate authority in accordance with law.

Aparna Collection v. Union of India, W.P.(C) Nos. 3501 & 3449 of 2026 and C.M. Appl. Nos. 16882 & 16548 of 2026, (2026) 47 Centax 116 (Del.), High Court of Delhi.



Soumya Shrivastava





Indirect Tax

Value of inter-office services deemed 'Nil' in absence of invoices; extended limitation under Section 74 unsustainable without evidence of intent to evade tax: Gujarat High Court

The High Court of Gujarat quashed the Order-in-Original confirming an IGST demand of Rs. 43,43,12,441, along with applicable interest and penalty, against Gujarat Co-Operative Milk Marketing Federation Ltd. for the period from July 2017 to March 2019, concerning common corporate expenditure incurred by its Head Office (HO) for services utilised by its branches and depots without cross-charging. The Federation, which maintained an Input Service Distributor registration for its HO at Anand and separate GST registrations for establishments outside Gujarat, had incurred expenses towards advertisement, publicity, IT infrastructure, annual maintenance, legal and litigation services, and employee salaries, all of which were recorded in its books of account. The Department treated the HO and its branches having distinct GST registrations as distinct persons under Section 25 of the Central Goods and Services Tax Act, 2017, and proposed tax on the proportionate allocation of common expenditure based on branch turnover, invoking the extended limitation under Section 74 on allegations of suppression and intent to evade tax. The Court observed that supplies between distinct persons in the course or furtherance of business fall within Schedule I and are subject to the valuation mechanism under Rule 28 of the CGST Rules. However, relying on CBIC Circular No. 199/11/2023-GST dated 17 July 2023 and Circular No. 210/4/2024-GST dated 26 June 2024, the Court held that where the HO had not issued invoices for the services provided to its branches and the conditions specified in the clarifications were applicable, the value of such services was to be deemed 'Nil' under the second proviso to Rule 28. Since the Department did not dispute the non-issuance of invoices, it could not determine the value of the services merely by proportionately allocating common expenditure according to branch turnover. The Court further held that the adjudicating authority had failed to properly consider the effect of the CBIC circulars, rendering the impugned order unsustainable for non-application of mind. On the invocation of Section 74, the Court observed that the extended limitation required foundational facts establishing fraud, wilful misstatement or suppression of facts with intent to evade tax; mere reproduction of statutory expressions or the fact that the matter came to light through a DGGI investigation was insufficient. The expenditure had been duly recorded in the Federation's books, and the tax, if paid on cross-charged services, would have been available as input tax credit to the recipient branches, making the situation revenue-neutral. Accordingly, the Court held that the essential ingredients for invoking Section 74 had not been established and quashed and set aside the impugned Order-in-Original.

Gujarat Co-Operative Milk Marketing Federation Ltd. v. Union of India, R/Special Civil Application No. 7085 of 2025, (2026) 47 Centax 181 (Guj.), High Court of Gujarat at Ahmedabad.



Soumya Shrivastava





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Indirect Tax

Retrospective cancellation of the supplier's GST registration does not automatically justify denial of ITC to recipient: GSTAT Delhi

The Goods and Services Tax Appellate Tribunal (GSTAT), Delhi, held that retrospective cancellation of a supplier's GST registration does not, by itself, render input tax credit (ITC) inadmissible to a recipient on invoices issued when the supplier was registered under the CGST Act, 2017.

The Department challenged an appellate order that had set aside an ITC demand of ₹37,184, along with interest and a penalty of ₹10,000, against SRH Technologies for FY 2018–19. The demand arose because the registration of its supplier, Maa Gayatri Infotech, had been cancelled retrospectively. The Department contended that the cancellation rendered the invoices invalid and that the recipient had not established that the tax charged had actually been paid to the Government.

Interpreting Section 16(2)(a) of the CGST Act, 2017, the Tribunal held that the supplier must be registered on the date the invoice is issued. It observed that Section 29(3) preserves the supplier's liability to pay tax for the period preceding cancellation but contains no provision automatically withdrawing ITC from recipients. The Tribunal further clarified that CBIC Instruction No. 02/2022-GST cannot create an additional disqualification not provided under the Act.

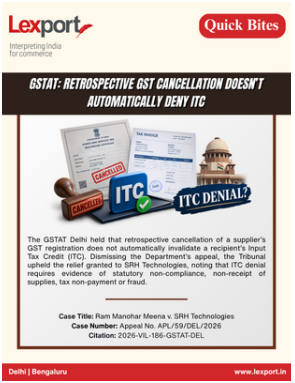
Regarding Section 16(2)(c), the Tribunal noted that the invoices appeared in the recipient's GSTR-2A and that the supplier had filed GSTR-3B returns. The Department had neither alleged in the show cause notice that the goods were not received nor established that the supplier had failed to pay the tax.

The Tribunal clarified that the Department may investigate and deny ITC where evidence establishes non-receipt of goods or services, non-payment of tax, or the recipient's involvement in fraud. Accordingly, it dismissed the Department's appeal and upheld the setting aside of the tax demand, interest and penalty.

Ram Manohar Meena v. SRH Technologies, GSTAT Delhi, Appeal No. APL/59/DEL/2026, Order dated 9 October 2026 (2026-VIL-186-GSTAT-DEL).



Soumya Shrivastava





Litigation

Raj Rani v. NCT of Delhi & Ors., W.P.(C) 4413/2012

The Delhi High Court held that the closure of M.S. Public School, Tri Nagar, was unlawful as the mandatory requirements of Rule 46 of the Delhi School Education Rules, 1973, had not been complied with. The school management had obtained approval for closure only retrospectively, through an order dated 09.03.2011, despite the requirement of prior approval from the Director of Education. The Court observed that Rule 46 requires full justification for closure and prior approval of the Director, who is also required to consult the Advisory Board before granting such approval.

The Court accordingly declared that the school had not been lawfully closed from 09.03.2011 and held the closure to be in violation of Rule 46. While determining the consequential relief, the Court followed the framework laid down by the coordinate Bench in Vishwajyoti v. Virender Kumar Sardana (decided on 24.03.2026), applying its directions mutatis mutandis to the present case.

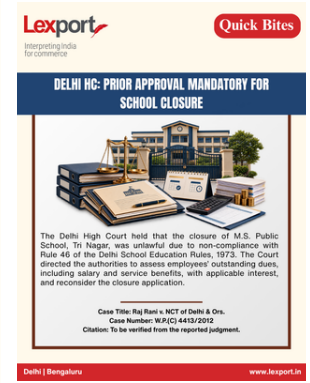
Under this framework, the Directorate of Education must identify the entity or entities exercising actual management and control of the school, undertake petitioner-wise computation of employees' outstanding dues, and provide the concerned parties an opportunity of hearing. The computation may include unpaid salary, revised pay and service benefits, gratuity, provident fund, pensionary benefits and other admissible dues, with 6% simple interest from the date each amount became due. The determined amounts are to be paid within four weeks, failing which the unpaid balance will attract 9% simple interest until payment. The Director of Education must also reconsider the closure application through a reasoned decision, ensuring that closure does not extinguish accrued employee dues.

Law: Under Rule 46 of the Delhi School Education Rules, 1973, a recognised school cannot be lawfully closed without prior approval of the Director of Education; retrospective approval cannot cure the failure to comply with this mandatory requirement.



Hardik Jain







Litigation

Anita Chauhan v. Naresh Kumar, RFA 910/2023

The Delhi High Court dismissed the appeal against a decree directing recovery of ₹5,00,000, along with interest at 6% per annum from the date of institution of the suit until realisation, and costs. The dispute concerned an amount transferred by the respondent to the appellant's bank account in May 2016, claimed to be a friendly loan. The appellant contended that the amount represented repayment of money previously advanced to the respondent through her husband.

The Court held that the appellant's right to cross examine the respondent had been closed after repeated opportunities, owing to her counsel's conduct and successive requests for adjournment. The record further showed that the appellant neither sought permission to lead defence evidence through an application or oral request nor raised the issue before the trial court while advancing final arguments. Accordingly, the plea that she had been denied an opportunity to lead evidence was rejected.

The Court also noted that the transfer of ₹5,00,000 into the appellant's account was undisputed. The respondent's unchallenged testimony supported the claim that the amount was a friendly loan, whereas the appellant produced no material substantiating her defence that the transfer represented repayment of an earlier advance. Finding no sufficient ground to interfere with the trial court's decree, the High Court upheld the judgment dated 30.05.2023.

Law: A party cannot ordinarily seek to overturn a decree on grounds of denial of opportunity where the record demonstrates that adequate opportunities were granted but were not availed of, and an undisputed transfer supported by unchallenged testimony may sustain a recovery decree when the opposing defence remains unsubstantiated.



Hardik Jain







Litigation

Ajmal FC & Anr. v. Anuj Gupta & Ors. and connected matters, O.M.P.(I) 15/2026 and connected petitions

The Delhi High Court disposed of six connected petitions under Section 9 of the Arbitration and Conciliation Act, 1996, arising from disciplinary action taken in the context of the Delhi Soccer Association (DSA) elections and its consequential impact on the petitioners' membership and electoral rights. The underlying dispute concerned the purported indefinite expulsion of Ajmal FC and a two-year ban on Petitioner No. 2 from football-related activities, allegedly imposed without a show cause notice or opportunity of hearing and in violation of the applicable DSA statutes and constitution.

In the lead proceedings, the Court had appointed a Sole Arbitrator, Ms. Manisha Suri, Advocate, and directed that the Section 9 application be treated as an application under Section 17 of the Act. The connected petitions raised substantially the same controversy and were therefore referred to the same Arbitrator to ensure consistency in adjudication.

Considering that the DSA elections were scheduled for 18.10.2026, the Court requested the Arbitrator to take up the interim relief applications expeditiously and endeavour to pass appropriate orders before the scheduled elections. The petitioners were directed to place the complete record of the connected proceedings before the Arbitrator. The Court expressly refrained from expressing any opinion on the merits, leaving all rights, objections and contentions open for adjudication.

Law: Where connected disputes arising from the same factual controversy are referred to arbitration, the Court may direct their adjudication by the same tribunal and convert pending Section 9 proceedings into applications under Section 17, leaving interim relief and the merits to the Arbitrator.



Hardik Jain







Litigation

Holitech India Private Limited v. Assistant Commissioner of Income Tax, Central Circle 17, Delhi & Ors., W.P.(C) 14478/2026

The Delhi High Court disposed of a writ petition challenging the provisional attachment and continued lien over Fixed Deposit Receipts (FDRs) aggregating approximately ₹84.88 crore under Section 281B of the Income Tax Act, 1961. The petitioner contended that the attachment had continued beyond the permissible period and was causing severe financial distress, particularly when substantial tax demands were stayed or remained under challenge. The Department expressed no in-principle objection to releasing the FDRs against payment of ₹50 crore, provided the Revenue's interests remained protected.

Considering the circumstances and noting that a deposit of 20% of the demand under the applicable CBDT circular could ordinarily secure a stay in appeal, the Court directed the petitioner to pay ₹50 crore, representing approximately 25% of the aggregate outstanding demand of ₹200 crore.

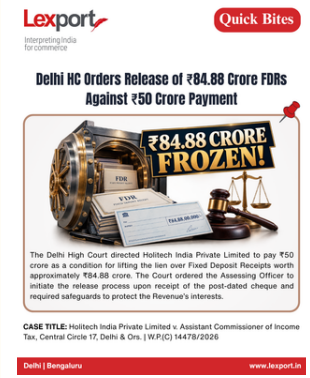
The Court directed the petitioner to furnish a post-dated cheque dated 15.11.2026 for ₹50 crore to the Assessing Officer within one week. Immediately upon receipt of the cheque, the Assessing Officer was directed to pass the requisite order lifting the lien over the FDRs or recalling the provisional attachment order dated 10.11.2021, and communicate the same to the concerned bank. The petitioner was also required to furnish an undertaking that it would not transfer or create third-party rights over its assets, along with a list of its assets and existing encumbrances.

Law: The High Court may condition the release of provisionally attached assets under Section 281B of the Income Tax Act on an appropriate payment and safeguards to protect the Revenue's interests, particularly where continued attachment causes serious financial hardship.



Hardik Jain







Litigation

Kashi Vishwanath Textile Mill Private Limited v. Government of NCT of Delhi & Ors., W.P.(C) 4609/2024

The Delhi High Court modified the penalty imposed on the petitioner company for delayed payment of stamp duty on shares allotted in 2007 and 2008. The Stamping Authority had directed payment of stamp duty aggregating ₹38,545 and a penalty of ₹2,00,000, which was upheld in appeal on the ground that the duty had remained unpaid for several years.

The Court observed that Section 40(1)(b) of the Indian Stamp Act, 1899 empowers the Collector to impose a penalty of up to ten times the proper stamp duty. However, such discretion must be exercised judiciously, reasonably and without arbitrariness or oppression. Relying on Trustees of H.C. Dhanda Trust v. State of Madhya Pradesh, the Court reiterated that the purpose of a penalty is deterrence rather than retribution. The quantum must be proportionate to the nature and gravity of the default, with relevant aggravating circumstances such as fraud, deceit or undue enrichment taken into account.

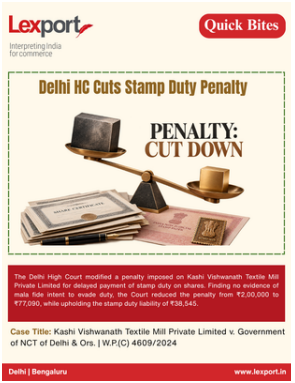
In the present case, the Court found no mala fide intention to evade stamp duty. The petitioner had itself approached the authorities under Section 31 of the Act for determination of the duty payable, and no prior notice had been issued by the Stamping Authority. Although the application was belated, the record did not disclose any intention to deceive. Accordingly, the impugned order was modified, directing payment of ₹38,545 towards stamp duty and ₹77,090 towards penalty within four weeks.

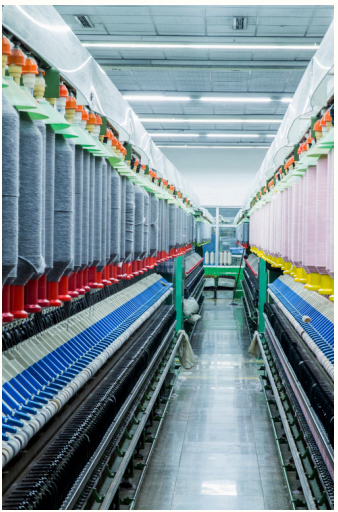
Law: The power to impose penalties under Section 40(1)(b) of the Indian Stamp Act must be exercised proportionately and judiciously; mere delay in payment, absent mala fides or aggravating circumstances, does not justify an automatic or excessive penalty.



Hardik Jain







Litigation

Arbitration / Joint Venture Agreements

Disputes Under Joint Venture Agreement and MoU Governed by Their Own Arbitration Clauses, Not Automatically by Parent Agreement: Supreme Court

The Supreme Court has held that disputes arising exclusively under a Joint Venture Agreement (JVA) and a Memorandum of Understanding (MoU) may be referred to arbitration under the dispute-resolution clauses contained in those agreements, rather than automatically being governed by the arbitration clause in an earlier, related agreement. Applying Section 11(6-A) of the Arbitration and Conciliation Act, 1996, the Court reiterated that the referral court's inquiry is limited to the prima facie existence of an arbitration agreement; disputes concerning the scope of the agreements and the overlap between claims are matters for the arbitrator.

The dispute arose between Shubham Equipment Private Limited (SEPL) and Rothwell Water Company Limited (RWCL), which had entered into a Technical Collaboration Licence Agreement in 2019. They subsequently executed a JVA in 2021 to establish a joint venture for sewage-treatment projects and an MoU in 2023 under which SEPL was to provide liaison, logistics and related services for RWCL. Following disputes concerning alleged breaches of the JVA, competition through RWCL's subsidiary, and unpaid costs under the MoU, SEPL invoked the arbitration clauses in the JVA and MoU. RWCL argued that the disputes were connected to the parent Licence Agreement, which provided for arbitration in Seoul under South Korean law.

The Court observed that the three agreements operated in different fields: the Licence Agreement concerned technology licences, the JVA established the Indian joint venture, and the MoU governed liaison and other services. It also relied on Article 25 of the JVA and Clause 10.8 of the MoU, which stated that those agreements were entire agreements concerning their respective subject matters and superseded prior agreements on those matters. The Court held that the alleged overlap with claims under the Licence Agreement could be examined by the arbitrator and was not a ground to refuse reference at the threshold. Whether Rothwell Business International Pvt. Ltd. (RBIPL), a non-signatory subsidiary, was bound by the arbitration agreement was likewise left to the arbitrator.



Meyank Pandey

Allowing the arbitration petitions, the Supreme Court appointed Justice Ramesh Deokinandan Dhanuka, former Chief Justice of the Bombay High Court, as the sole arbitrator. The order reinforces that related commercial agreements do not automatically share a single dispute-resolution mechanism merely because they form part of a broader business relationship; the terms and subject matter of each agreement must be examined, while disputed questions of scope and non-signatory participation may be left to the arbitral tribunal.

Shubham Equipment Private Limited & Anr. v. Rothwell Water Company Limited & Ors.
Case Nos.: Arbitration Petition (Civil) Nos. 7 and 8 of 2025
Citation: 2026 INSC 1098





Litigation

Rejection of highest bids in sand mining e-auction solely because surrendering operators quoted less than their earlier bids, without material showing current market value, is arbitrary: Supreme Court

The Supreme Court held that the Madhya Pradesh State Mining Corporation could not cancel a competitive e-auction for the Shahdol and Katni sand groups merely because the highest bidders, who had earlier surrendered the same groups, quoted lower annual amounts the second time. Both appellants had surrendered their earlier contracts under Rule 16 of the MP Sand Rules, 2019, as it stood in 2025. That Rule neither barred re-participation nor required a bid at least equal to the earlier one. In the fresh auction held on 10.10.2025, Sahakar emerged H1 for Shahdol at Rs. 48,20,40,000 against a reserve of Rs. 44 crore. Dhanlaxmi emerged H1 for Katni at Rs. 54,07,41,111 against a reserve of Rs. 50 crore. The Board, on 19.11.2025, rejected the bids as non-competitive, noting reductions of about 29.98% and 16.52% from the earlier bids. The Madhya Pradesh High Court dismissed the writ petitions.

Allowing the appeals, the Court reaffirmed that an H1 bidder has no vested right to the contract and that tender clauses permit rejection of the highest bid. It held, however, that this power is public power, subject to Article 14 and judicial review. Relying on Golden Food Products India v. State of U.P., it held that the reasons must bear a rational nexus to the auction actually conducted. The Court observed that a previous bid is not a continuing adjudication of market value. No contemporaneous valuation or comparable-auction material showed that the October 2025 bids were below the value obtainable at that time. The Board had shown only that current bids were lower than the appellants' own earlier bids, which is not the same as showing that current bids were inadequate. The Shahdol earlier bid had also arisen in a setting already disputed over environmental clearances for only 23 of 34 mines. The Court also held that the 30.01.2026 amendment to Rule 16, which disqualifies surrendering MDOs, is prospective and cannot be applied to the completed 2025 auction. Nor could the later Shahdol process, held at an enhanced reserve price under the amended regime, retrospectively validate the cancellation.



Maitreya Mahaley

The Court quashed the Board decision of 19.11.2025 and the cancellation of 05.12.2025, and restored the tender process for both groups. Remand was refused, since it would only let the Corporation re-examine a comparison that had already failed judicial scrutiny. The appellants must communicate within two weeks their unconditional willingness to stand by their final bids of 10.10.2025. The Corporation must complete the formalities and allotment within six weeks of compliance, and the bids may not be rejected afresh on the same grounds. The later NIT dated 10.02.2026 is not to be carried further for these two groups, with deposits to be returned within four weeks. Dues and liabilities under the earlier surrendered contracts, and the validity of the 30.01.2026 amendment, were left open.

Dhanlaxmi Merchandise Pvt. Ltd. v. State of Madhya Pradesh, Civil Appeal Nos. 13749 and 13750 of 2026 (arising out of SLP (C) Nos. 11388 and 11160 of 2026), 2026 SCC OnLine SC 2147, Supreme Court of India (decided on 14 October 2026).





Litigation

Limitation for appeal to Supreme Court under Section 62 of IBC runs from date of NCLAT's pronouncement; only time requisite for obtaining certified copy excluded under Section 12(2) of Limitation Act: Supreme Court

The Supreme Court held that the 45-day limitation under Section 62(1) of the Insolvency and Bankruptcy Code, 2016 starts from the date the NCLAT pronounces its order, not from the date the appellant receives the certified copy. The Revenue had appealed against the NCLAT order of 02.08.2023 confirming a resolution plan under which only Rs. 1,34,657 was allotted towards excise arrears of the corporate debtor. It applied for a certified copy on 06.09.2023, received it on 11.10.2023 and filed the appeal on 21.11.2023.

Relying on V. Nagarajan v. SKS Ispat and Power Ltd., Sagufa Ahmed v. Upper Assam Plywood Products and CA Ramchandra Dallaram Choudhary v. Adani Infrastructure, the Court held that the IBC is a self-contained code and that Section 62 allows 45 days plus a maximum of 15 condonable days, an absolute ceiling of 60 days. It held that "date of receipt of the order" cannot mean the date on which a party chooses to apply for and collect a copy, as that would make limitation fluctuating and indefinite and render Section 12(2) of the Limitation Act redundant. Rule 91 of the NCLAT Rules, 2016 treats reading out the operative portion in open court as pronouncement. Under Section 12(2) and its Explanation, only the time between applying for the certified copy and its delivery is excluded, and any delay in applying is not.

On the facts, 35 days elapsed before the copy was applied for and 41 days after it was received. That makes 76 days of countable time against the 60-day ceiling, so the appeal was 16 days beyond the Court's power to condone. The preliminary objection was sustained and the appeal dismissed as barred by limitation, with no order as to costs.

Assistant Commissioner of Central Tax, CGST Division v. Sreenivasa Rao Ravinuthala, Civil Appeal No. 7882 of 2023, 2026 SCC OnLine SC 2150, Supreme Court of India (decided on 14 October 2026).



Maitreya Mahaley





Litigation

Gift deed executed over lands relinquished under family settlement and High Court-approved compromise is void; Courts below erred in ignoring settlement: Supreme Court

The Supreme Court set aside concurrent findings of the Trial Court and the Telangana High Court and decreed a suit declaring a gift deed null and void. The dispute traced back to a family settlement dated 19.04.1959 among members of the family of B. Venkat Reddy, under which Madhusudhan Reddy was allotted only Ac. 1-30 Gts. in Survey No. 15 of Karkalpahad Village. In 1986, during pendency of CCCA No. 86 of 1984, he compromised his disputes with Anasuyamma and her adopted son Venkatraji Reddy and gave up any claim to the properties allotted to his mother Manikyamma. The compromise was recorded by the High Court by judgment dated 07.09.1990. In 2007, Madhusudhan Reddy executed Gift Deed No. 4257 of 2007 in favour of Siddhartha Reddy over lands in Survey Nos. 2, 70, 130, 135, 136 and 137, which had been allotted to Manikyamma and in which he had no claim.

The Court found fundamental errors in the judgments below. The Trial Court held that the 1990 compromise decree had no evidentiary value and ignored the compromise. The High Court failed to draw the correct inferences from the 1959 settlement and the 1986 compromise. It also observed that execution of the gift deed was never disputed, overlooking that O.S. No. 250 of 2007 had been filed on 21.08.2007 to challenge it. It further reasoned that Manikyamma, having died during the suit, had no share, without noticing the contents of the settlement and compromise. The Court also noted that none of the respondents appeared despite notice and despite a status quo order of 16.05.2023.

The appeal was allowed, the judgment and decree of the High Court in A.S. No. 372 of 2012 and the decree of the Trial Court in O.S. No. 250 of 2007 were set aside, and the suit was decreed as prayed for, with no order as to costs.

B. Anasuyamma (Died) Per LR v. B. Madhusudhan Reddy (Died) Per LRs, Civil Appeal arising out of SLP (C) No. 6930 of 2023, 2026 SCC OnLine SC 2146, Supreme Court of India (decided on 14 October 2026).



Maitreya Mahaley





Litigation

Wrong invocation of Order XXI Rule 58 CPC cannot defeat third party's objection to execution of possession decree; Executing Court must hold full inquiry under Order XXI Rules 97 to 101: Supreme Court

The Supreme Court set aside the dismissal of a waqf trust's objection to execution of a decree for possession and remanded the matter to the Executing Court. The decree-holder had obtained an ex parte decree for specific performance of a 2001 agreement of sale in respect of shop premises at Rikabgunj, Hyderabad, and sought delivery of possession in execution. Alladin Charities and Zakat Wakf, claiming the property as waqf property in its possession under a Nizam's Farman and a 1976 trust deed, resisted execution as a stranger by filing a claim petition. The Executing Court dismissed the petition, and the Telangana High Court affirmed. Among other reasons, both held that an Order XXI Rule 58 petition was not maintainable because the execution petition sought delivery of possession, not attachment, and that the Trust had not proved title.

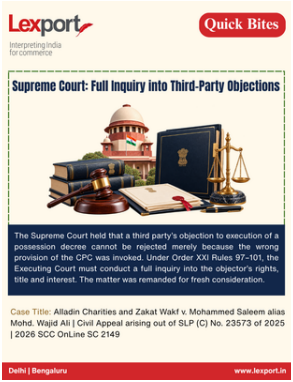
Relying on Periyammal (Dead) through LRs v. V. Rajamani, the Court noted the settled position that Order XXI Rules 97 to 101 deal with obstruction or resistance to execution by "any person", including a stranger claiming independent right, title or interest. The adjudication must follow Rule 101, through a full-fledged inquiry into all questions, including right, title and interest. Quoting the wrong provision is not a ground for rejecting the objector's prayer. The Court observed that the burden had been wrongly placed on the third party, that the documents relied on by the decree-holder were sketchy, and that the identity of the property in the old and contemporaneous revenue or municipal records was the decisive factor. Counsel for the decree-holder fairly accepted that the schedules in the 1943 sale deed, the agreement of sale and the court-executed sale deed had not been shown to correlate, and himself suggested a remand.

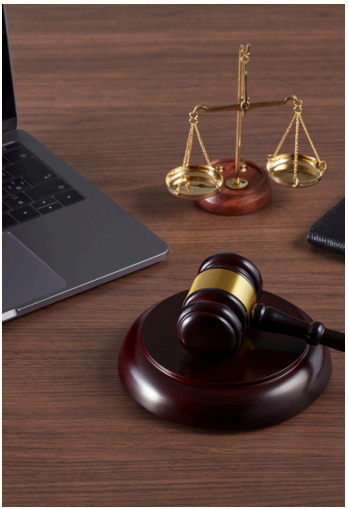
The impugned judgments were set aside. The matter was remitted to the VII Senior Civil Judge, City Civil Court, Hyderabad, with directions to allow fresh or further pleas from both parties, conduct a fresh inquiry and dispose of the matter afresh in accordance with law. The Court did not examine the competing claims on merits.

Alladin Charities and Zakat Wakf v. Mohammed Saleem alias Mohd. Wajid Ali, Civil Appeal arising out of SLP (C) No. 23573 of 2025, 2026 SCC OnLine SC 2149, Supreme Court of India (decided on 14 October 2026).



Maitreya Mahaley





Litigation



Maitreya Mahaley

Fee for professional course must be notified for entire course before admission; mid-course variation permissible only in exceptional circumstances such as unforeseen cost increase: Supreme Court

The Supreme Court held that fees for professional courses in self-financing institutions, once determined at the commencement of the course, cannot be varied midstream except in exceptional circumstances. The West Bengal Government's Notification dated 16.10.2023 raised the fee ceiling for self-financing engineering, pharmacy and architecture colleges to Rs. 1,10,000 per annum from the 2023-24 academic year, about one and a half months after admissions for the 2023-27 B.Tech cohort had closed. Dr. B.C. Roy Engineering College revised its fees on 15.12.2023, effective from the second semester, resulting in a 37.5% increase, even though its prospectus stated that the fee structure was "subject to change from time to time as per Government decision". The Single Judge of the Calcutta High Court upheld the revision. The Division Bench held that the Notification applied only to students admitted on or after 16.10.2023 and directed refunds or adjustments.

The Court upheld the result but on independent reasoning. It framed fee determination as balancing three interests: certainty and predictability for students and parents, adequate resources for self-financing institutions (recognised in TMA Pai Foundation and P.A. Inamdar), and the societal interest represented by fee fixation committees. It read Regulations 7(1), 7(4) and 7(5) of the AICTE Regulations, 1994 together with paragraphs 18.13 and 18.14 of NEP-2020, which speak against arbitrary increases during a student's enrolment. It also relied on Lifecare Innovations v. Union of India on judicial review of whether statutory bodies function effectively. Fee fixation committees and governments must therefore decide before admissions commence and, as far as reasonably possible, for the entire course. The Court found that the State and the fee committee had acted inefficiently, having revised the fees after seven years and too late for the 2023-27 cohort. It added that the College could not be blamed for implementing the revision after the first semester. It disagreed with the Division Bench's view that applying the revised fees would make the Notification retrospective, and set aside the Division Bench's reliance on equity and estoppel based on the admission brochure.

The appeals were partly allowed. The Court directed that authorities must notify the fee for the entire course before a student takes admission, with variation permissible only in exceptional instances such as unforeseen increases in expenditure. High Courts will exercise judicial review to ensure that fee fixation committees perform with efficiency, expertise and integrity. The Division Bench's final directions, covering applicability of the revised fees only to students admitted on or after 16.10.2023 and refund or adjustment of amounts collected from earlier students, were affirmed.

Dr. B.C. Roy Engineering College v. State of West Bengal, Civil Appeal arising out of SLP (C) No. 13237 of 2026 and connected appeals, 2026 SCC OnLine SC 2143, Supreme Court of India (decided on 14 October 2026).



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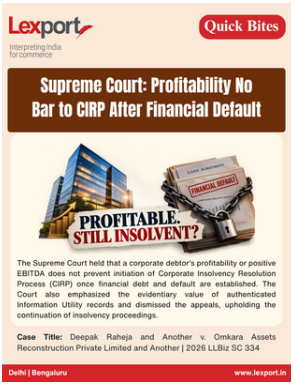
Profitability of Corporate Debtor Irrelevant to Insolvency Proceedings Once Financial Default Is Established: Supreme Court

The Supreme Court of India held that the profitability of a corporate debtor does not, by itself, preclude the initiation of Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 ("IBC"), as the existence of a financial debt and default, rather than commercial or balance-sheet insolvency, constitutes the relevant trigger under Section 7 read with Section 3(12) of the IBC. The dispute arose from loan facilities aggregating to ₹600 crore extended to GSTAAD Hotels Pvt. Ltd. and Neo Capricorn Plaza Pvt. Ltd. as co-borrowers, which were subsequently assigned to Omkara Assets Reconstruction Private Limited. The appellants challenged the admission of insolvency proceedings, contending that the corporate debtors were commercially viable and had positive EBITDA. Rejecting this contention, the Court held that profitability does not establish the capacity to service debt and that disputes concerning the precise amount outstanding do not negate a default where the statutory threshold is satisfied. The Court further held that an authenticated record of default issued by an Information Utility carries high evidentiary value and is sufficient to establish default at the prima facie stage, unless displaced by clear, cogent, credible and compelling material; a bare denial or bookkeeping disagreement is insufficient. Other documents, including loan agreements, statements of account, acknowledgements of liability and contemporaneous correspondence, may collectively establish default. The Court also observed that, in appropriate circumstances, a corporate debtor that allows an Information Utility record to remain unchallenged through authentication may be precluded from subsequently denying the default. Finding that the defaults established against both corporate debtors exceeded the applicable statutory threshold, the Court dismissed the appeals and upheld the continuation of the insolvency proceedings.

Deepak Raheja and Another v. Omkara Assets Reconstruction Private Limited and Another, Civil Appeal No. 12195 of 2025, 2026 LLBiz SC 334, Supreme Court of India.



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Corporate

Share Buyout cannot be ordered without finding of Oppression and Mismanagement; Fresh Valuation Required: NCLAT

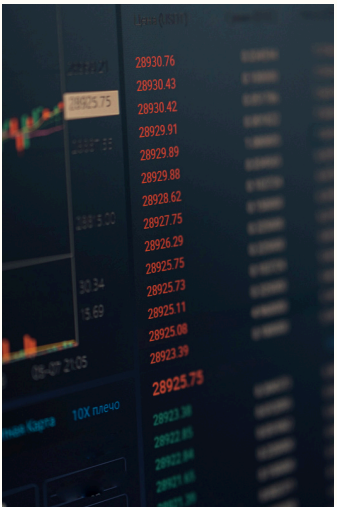
The National Company Law Appellate Tribunal (NCLAT), New Delhi, held that the National Company Law Tribunal (NCLT) cannot direct a buyout of shares under Section 242(2)(b) of the Companies Act, 2013, without first recording the requisite findings of oppression and mismanagement under Section 241 and satisfying the conditions prescribed under Section 242(1). The dispute arose from a petition filed by Arvind Jagannath Bagul alleging oppression and mismanagement in Sanjit Instruments Pvt. Ltd., including the diversion of customers and company resources to a competing entity, Aasua Engineering Solutions Pvt. Ltd. Following his removal from the executive directorship in 2017, Arvind sought, among other reliefs, reinstatement, restitution and compensation. During the proceedings, he expressed his willingness to exit the company subject to a fair valuation of his shares. The NCLT appointed a valuer, who assessed the company's value at ₹3.82 crore as of 31 March 2018, and subsequently directed the majority shareholders to buy Arvind's shares on the basis of that valuation. Challenging the order, the appellants contended that the NCLT had not recorded any finding of oppression or mismanagement under Section 241 and had incorrectly relied on an outdated valuation. The respondents argued that the appellants had acquiesced in the valuation by participating in the process and failing to challenge the report. Rejecting the NCLT's approach, the NCLAT held that the remedies under Section 242(2) are not independent powers and can be exercised only after the Tribunal records the requisite satisfaction under Sections 241 and 242(1). It further held that a share buyout could not be directed on the basis of a valuation reflecting the company's financial position as of 2018, observing that the valuation should be contemporaneous with, or reasonably proximate to, the date of determination. Accordingly, the NCLAT set aside the NCLT's order and remitted the matter for fresh consideration, directing the NCLT, Mumbai, to obtain a fresh valuation report and decide the dispute on merits in accordance with Sections 241 and 242 of the Companies Act, 2013.

Sanjit Instruments Private Limited & Ors. v. Arvind Jagannath Bagul, Company Appeal (AT) No. 54 of 2026, 2026 LLBiz NCLAT 398, National Company Law Appellate Tribunal, New Delhi.



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Corporate

NCLT Chennai directs Shareholder and Creditor Meetings for POCL Enterprise-Planetfirst Green Amalgamation

The National Company Law Tribunal (NCLT), Chennai Bench, allowed the first-motion application filed by Planetfirst Green Private Limited and POCL Enterprises Limited under Sections 230–232 of the Companies Act, 2013, in connection with the proposed amalgamation of Planetfirst Green Private Limited with and into POCL Enterprises Limited. Planetfirst Green is engaged in lead recycling and refining, while POCL Enterprises manufactures lead metals and metallic oxides. The companies submitted that the proposed amalgamation would enable POCL Enterprises to expand its presence in Western India through Planetfirst Green's Surat unit, establish a vertically integrated business structure, and improve operational efficiency and management. Considering the consent affidavits submitted, the Tribunal dispensed with the meetings of Planetfirst Green's equity and preference shareholders and secured and unsecured creditors. It also dispensed with meetings of POCL Enterprises' warrant holders and secured creditors, noting the requisite consents. However, the Tribunal directed POCL Enterprises to convene a meeting of its equity shareholders on 27 November 2026 at 10:30 a.m. and a meeting of its unsecured creditors on the same day at 12:30 p.m. to consider the proposed scheme. The Tribunal further issued directions regarding quorum, appointment of a chairperson and scrutiniser, service of notices, publication of advertisements, and reporting of the meeting results. Accordingly, the first-motion application was disposed of, with the proposed scheme remaining subject to the subsequent approval process.

Planetfirst Green Private Limited and POCL Enterprises Limited, CA(CAA)/71(CHE)/2026, 2026 LLBiz NCLT(CHE) 1023, National Company Law Tribunal, Chennai Bench.



Rishav Sagar







Corporate

NCLT Mumbai allows First-Motion Application for HSBC InvestDirect Merger and 1% Share Capital Reduction

The National Company Law Tribunal (NCLT), Mumbai Bench, allowed the first-motion application filed by HSBC InvestDirect Sales & Marketing (India) Private Limited and HSBC InvestDirect (India) Private Limited for their proposed amalgamation and reduction of the transferor company's share capital under Sections 230–232 read with Section 66 of the Companies Act, 2013. The composite scheme, approved by the companies' boards on 18 June 2026 with an appointed date of 1 April 2026, seeks to consolidate their corporate structure, reduce administrative costs and simplify regulatory compliance. Under the scheme, 1,000 equity shares held by HSBC InvestDirect Employees' Welfare Trust, representing 1% of the transferor company's equity share capital, will be cancelled against payment of ₹283.90 per share. Following the capital reduction, the transferor company will become a wholly owned subsidiary of the transferee company before the amalgamation, and no fresh shares will be issued by the transferee company under the scheme. The Tribunal dispensed with meetings of the shareholders after considering consent affidavits from all shareholders and also waived creditor meetings, noting that the companies had no secured creditors and had undertaken to protect the interests of unsecured creditors. The Tribunal directed the companies to notify their unsecured creditors, serve the scheme on the relevant regulatory authorities and file an affidavit confirming service and compliance within 10 working days of service. Accordingly, the first-motion application was allowed, subject to compliance with the Tribunal's directions; the order concerns the first-motion stage of the scheme.

In the matter of Composite Scheme of Arrangement between HSBC InvestDirect Sales & Marketing (India) Private Limited (Transferor Company/Applicant Company-1) and HSBC InvestDirect (India) Private Limited (Transferee Company/Applicant Company-2), CA(CAA)/131/MB/2026, 2026 LLBiz NCLT (MUM) 1022, National Company Law Tribunal, Mumbai Bench.



Rishav Sagar





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Our Legal Team

Srinivas Kotni
Managing Partner, Lexport

Litigation Team

Hardik Jain
Maitreya Mahaley
Meyank Pandey

IPR Team

Rajlatha Kotni
Anushka Tripathi
Shreya Panda

IDT Team

Srinivas Kotni
Gurdeep Singh
Akshay Kumar
Rishabh Dev Dixit
Soumya Shrivastava

Corporate Team

Rajiv Sawhney
Akshita Agarwal
Rishav Sagar

Anirban Roy, Editor
Chief Operating Officer, Lexport

Contact

Delhi:

Call us: +91-11-2627 0506, 2627 1514, 3551 6872

Email us: delhi@lexport.in

Visit us: K1/114 First Floor, Chittaranjan (C.R.) Park, New Delhi – 110019, India

Bangalore:

Call us: +91-08048501471

Email us: bangalore@lexport.in

Visit us: 516 10th A Cross 29th Main Sector 1 HSR Layout Bangalore - 560 102 , India



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