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NEWSLETTER

June 2025

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CAPITAL MARKET

SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (SECOND AMENDMENT) REGULATIONS, 2025.[1]

The Securities and Exchange Board of India ("**SEBI"**) has notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2025, introducing certain additional requirements to be disclosed on the Stock Exchanges under the material disclosure requirements for such information having a bearing on performance/operations of listed entity and/or price sensitive information for securitized debt instrument under Regulation 30, which are as follows:

a. Outstanding litigations and material developments in relation to the originator or servicer or any other party to the transaction which could be prejudicial to the interests of the investors shall be disclosed by special purpose distinct entity or its trustee to the stock exchange on annual basis;

b. Disclosure about defaults in connection with servicing obligations undertaken by servicer shall be disclosed by special purpose distinct entity or its trustee to the stock exchange on annual basis.

Additionally, a proviso has been added regarding the SCORES registration to be taken by listed entity to the effect that in case of securitized debt instrument, SCORES registration may be taken at the Trustee level for all special purpose distinct entities, that they are a trustee of.

These amendments shall come into force on the date of their publication in the Official Gazette.

[1]Dated April 29, 2025

SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) (THIRD AMENDMENT) REGULATIONS, 2025[2]

The Securities and Exchange Board of India (SEBI) had notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Third Amendment) Regulations, 2025, has made certain amendments to Regulation 24 of the Regulations, regarding the conditions of appointment of directors, by adding the below proviso in sub-regulation (1):

Provided that the non-independent director on the governing board of a recognized stock exchange or a recognized clearing corporation may be appointed in another recognized stock exchange or a recognized clearing corporation or a depository with prior approval of the Board, only after a cooling-off period as may be specified by the governing board of such recognized stock exchange or recognized clearing corporation

Further, in sub-regulation (3), the first proviso has been substituted with the following:

Provided that upon the expiry of the term(s) at the recognized stock exchange or the recognized clearing corporation, a public interest director may be appointed with the prior approval of the Board for a further term of three years in another recognized stock exchange or a recognized clearing corporation or a depository, only after a cooling-off period as may be specified by the governing board of such recognized stock exchange or recognized clearing corporation:

Provided further that the cooling-off period would be applicable only in case of appointment as a public interest

[2] Dated May 01, 2025.

director in a competing recognized stock exchange or a recognized clearing corporation:

Additionally, the following explanations have been added after the aforementioned provisos,

Explanation 1: For the purpose of this sub-regulation, the expression "competing recognized stock exchange or recognized clearing corporation" shall be applicable in case of appointment of a public interest director from one recognized stock exchange to another recognized stock exchange or one recognized clearing corporation to another recognized clearing corporation.

Explanation 2: For the purpose of this sub-regulation, where the recognized clearing corporation is a subsidiary of a recognized stock exchange, both the entities shall be treated as a single entity."

These amendments will come in force with effect from July 30, 2025.

INVESTOR CHARTER FOR REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS (RTAS)[3]

The Securities and Exchange Board of India ("**SEBI**") has mandated that all Registrars to an Issue and Share Transfer Agents ("**RTAs**") must (a) publish a comprehensive Investor Charter on their websites/through email; and (b) displaying the Investor charter at prominent places in offices.

Additionally, in order to ensure transparency in the investor grievance redressal mechanism, all the registered RTAs shall continue to disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month. The Investor Charter must detail the key services offered by RTAs to investors, including processing of dematerialization requests and transmission of securities requests etc along with specified turnaround times for each service. It should clearly outline investor rights such as access to information about all the statutory and regulatory disclosures, sell/transfer securities with minimal documentation and get customised services as per requirement at fair price, among others.

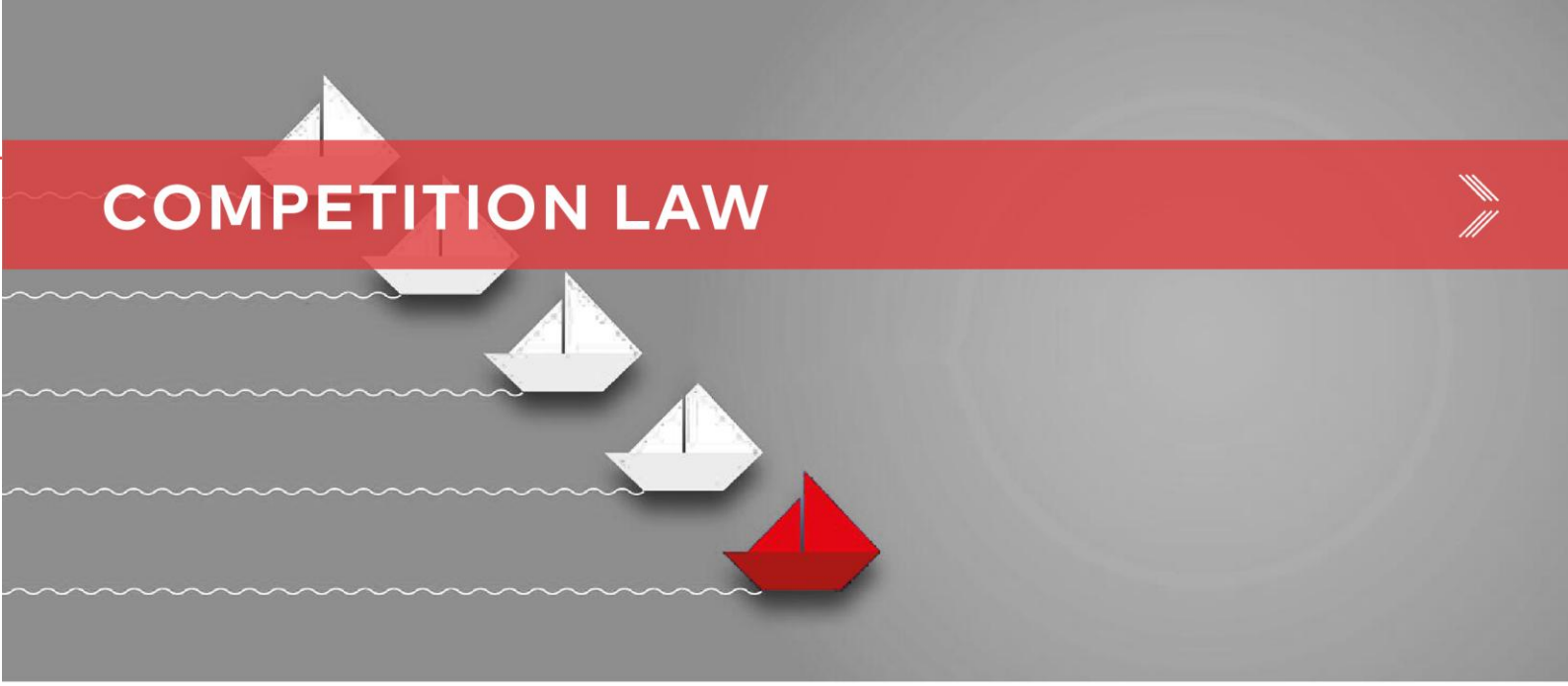
The charter must provide complete information about the grievance redressal process, including mode of filing such complaint and escalation procedures.

This circular rescinds SEBI Circular No.SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/670 dated November 26, 2021 stands and amends Clause 29 of the Master Circular for RTAs dated May 07, 2024.

This circular has come into effect since May 14, 2025.

Additionally, SEBI has *vide* circulars dated SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/63 and SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/64, both dated May 07, 2025, introduced certain guidelines for financial information in the offer document and continuous disclosures and compliances by REITs and INVITs.

[3] SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/67 dated May 14, 2025.



Following are the developments in the Competition law sphere for the month of May 2025:

SUPREME COURT UPHOLDS COMPAT DECISION IN SCHOTT GLASS CASE, DISMISSES APPEALS BY CCI AND KAPOOR GLASS

Vide its judgment dated 14.01.2025, the Hon'ble Supreme Court of India dismissed the appeals preferred by the Competition Commission of India ("**CCI**") and Kapoor Glass India Private Limited ("**Kapoor Glass**"), thereby affirming the decision rendered by the Competition Appellate Tribunal ("**COMPAT**") in favour of Schott Glass India Private Limited ("**Schott Glass**").

The matter originated in 2010 when Kapoor Glass, engaged in converting glass tubing into pharmaceutical containers, lodged a complaint under Section 19 of the Competition Act, 2002 ("**Act**"), alleging abuse of dominance by Schott Glass. The allegations pertained to the use of exclusionary, volume-based discount structures, imposition of discriminatory contractual conditions, and occasional supply refusals. Upon forming a *prima facie* opinion, the CCI directed an investigation by the Director General ("**DG**").

The DG's investigative findings concluded that Schott Glass had contravened Section 4 of the Act. Subsequently, the CCI imposed a penalty of approximately INR 5.66 crores and issued a cease-and-desist directive with respect to the alleged anti-competitive practices. Schott Glass challenged this order before COMPAT, which overturned the penalty, observing that the evidentiary material did not substantiate claims of abuse of dominant position.

Aggrieved by COMPAT's ruling, both the CCI and Kapoor Glass approached the Supreme Court, seeking restoration of the CCI's original order. The Supreme Court, however, upheld the findings of COMPAT, holding that Schott Glass's target-discount programme was neutral in nature, based on purchase volumes, and supported by objective justification, with no exclusionary impact established. The functional-discount scheme was likewise found to be uniformly accessible and objectively rational, without any foreclosure or restriction of market capacity.

The Court further noted that Schott Glass did not engage in downstream operations, thereby ruling out the occurrence of margin squeeze or foreclosure. Additionally, it found that NGA and NGC tubes did not constitute separate products and that there was no evidence of coercion or exclusionary conduct.

Emphasising the need for an effects-based assessment under the Act, the Supreme Court concluded that no appreciable adverse effect on competition had been demonstrated in the present case.

CCI APPROVES KDT VENTURE HOLDINGS' MINORITY ACQUISITION IN SHIPROCKET

CCI, vide an order dated 03.12.2024, approved KDT Venture Holdings, LLC's ("**KDT**") acquisition of up to 5.49% equity shareholding, along with certain rights, in Shiprocket Private Limited ("**Shiprocket**"/ "**Target**") by way of primary and secondary purchase of compulsory convertible shares and equity share ("**Proposed Combination**"). KDT is an investment arm and a wholly owned subsidiary of Koch Inc. ("**Koch**"/ "**Acquirer Group**").

As part of its assessment, the CCI noted that an affiliate of the Acquirer Group (namely, Indor (India) Private Limited), exhibited a horizontal overlap with Shiprocket's affiliate (namely, Logibricks Technologies Private Limited) in the market of Enterprise Resource Planning ("**ERP**") services.

However, the CCI noted that considering the nature and extent of the overlap and the competition assessment, the Proposed Combination was not likely to cause a significant change in market dynamics in any of the plausible markets

that could be delineated and accordingly, decided to keep the definition of relevant market open.

The CCI noted that the combined market share of the parties (including their affiliates) in the horizontally overlapping market for ERP services was in the range of (0-5)%, with incremental market share being less than 1%. Further, CCI observed that the market segment was fragmented with the presence of several other competitors and that the two affiliates of the Acquirer and the Target provide ERP services to different sets of customers.

Furthermore, the CCI noted that the presence of the parties in the upstream as well as downstream market was limited (0-5%), except for the narrow-segment of organized warehousing services for ecommerce in India, in which the market share is in the range of (5-10)%.

In view of these observations, the CCI was of the opinion that the Proposed Combination was not likely to have appreciable adverse effects on competition in India. Thus, the CCI approved the Proposed Combination under Section 31(1) of the Act.

CCI APPROVED THE COMBINATION INVOLVING THE ACQUISITION OF SHAREHOLDING OF ADVANTA ENTERPRISES LIMITED BY ALPHA WAVE VENTURES II, LP

The CCI, vide an order dated 12.01.2025, approved a combination involving the acquisition of 12.44% shareholding of Advanta Enterprises Limited ("**Target**"/ "**Advanta**") by Alpha Wave Ventures II, LP ("**Acquirer**"/ "**AWV II**") by way of: (i) allotment of equity shares by Advanta to AWV II, representing a 3.51% shareholding in Advanta; and (ii) acquisition of equity shares by AWV II from UPL Limited ("**UPL**"), representing an 8.93% shareholding in Advanta.

AWV II is the global private equity fund managed by Alpha Wave Ventures GP ("**AWV GP**"), a joint venture between Alpha Wave Global, LP ("**Acquirer Group 1**") and Lunate Holding RSC Ltd ("**Acquirer Group 2**").

The CCI observed that the affiliates of Acquirer Group 1 and Acquirer Group 2 exhibit the following potential complementary overlaps with Advanta:

(i) Advanta is engaged in the commercialisation of seeds, and AWV II's affiliate is engaged in the provision of Crop Protection Products;
(ii) Advanta is engaged in the commercialisation of seeds, and (a) AWV II's affiliate and (b) Acquirer Group 1's affiliate are engaged in the provision of digital farming solutions; and
(iii) Advanta is engaged in the commercialisation of seeds, and AWV II's affiliate is engaged in the provision of crop insurance services.

The CCI noted that, given there were no horizontal overlaps, and the provision of services by the Acquirer in the downstream market, for all three complementary linkages are seed agnostic, there was no requirement to delineate the market at the narrow level.

The combined market share of the parties in the common upstream market for commercialisation of seeds in India is in the range of [5-10]%, With respect to the downstream market of the Crop Protection Products, digital farming solutions and crop insurance service, the combined market share of the parties in each of these three segments is in the range of [0-5]%.

Therefore, given the minuscule presence of the parties and their affiliates, the CCI was of the opinion that the Proposed Combination was not likely to have an appreciable adverse effect on competition in India. Therefore, the CCI approved the Proposed Combination under Section 31(1) of the Act.

CCI APPROVED THE COMBINATION INVOLVING THE ACQUISITION OF RENEWABLE POWER PRIVATE LIMITED BY ONGC NTPC GREEN PRIVATE LIMITED

The CCI, vide an order dated 11.03.2025, approved a combination involving the acquisition of 100% shareholding of Ayaa Renewable Power Private Limited ("**Target**") by ONGC NTPC Green Private Limited ("**Acquirer**") from CDC India Opportunities Limited ("**Sellers**") ("**Proposed Combination**").

The CCI, in its assessment, decided to leave the exact delineation of relevant markets for the Proposed Combination open, as the same is not likely to cause appreciable adverse effect on competition in any of the relevant markets in India.

With respect to horizontal overlaps, the CCI observes that in the overall segment of power generation, through renewable resources, its sub-segments, and power transmission, the incremental market shares are insignificant to cause competition concerns as a result of the Proposed Combination.

With regard to the vertical linkages as well as complementarity between the activities of the parties, the CCI observed that the presence of the Target (along with its affiliate entities) in any of the markets is not such as to cause competition concern.

In light of the above assessment, the CCI was of the opinion that the Proposed Combination was not likely to have an appreciable adverse effect on competition in India and therefore, the CCI approved the Proposed Combination under Section 31(1) of the Act.

SUPREME COURT DEFINES SCOPE OF JUDICIAL POWER TO MODIFY ARBITRAL AWARDS

A five-judge Constitution Bench of the Hon'ble Supreme Court answering a reference in the matter titled ***Gayatri Balasamy v. ISG Novasoft Technologies Ltd***.[4] by a 4:1 majority, held that Indian courts possess a limited power to modify arbitral awards under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996 ("**the Act**"). This ruling resolves a longstanding judicial divergence on whether courts can go beyond setting aside arbitral awards to actually altering them.

The reference arose from the matter titled ***Gayatri Balasamy v. ISG Novasoft Technologies Ltd***[5] wherein, Ms. Gayatri Balasamy ("**Appellant**"), was appointed as Vice President at ISG Novasoft Technologies Ltd. ("**Respondent**") in 2006. Following allegations of sexual harassment against the company's CEO and subsequent legal proceedings, the parties were referred to arbitration by the Hon'ble Supreme Court. The arbitral tribunal awarded the Appellant sum of INR 2 crores. Dissatisfied, she challenged the award under Section 34 of the Act before the Hon'ble Madras High Court, which modified the award by granting an additional sum of INR 1.6 crores. This modification was later reduced to INR 50,000 by a Division Bench of the Hon'ble Madras High Court. The matter eventually reached the Hon'ble Supreme Court leading to a reference by a three-judge bench for consideration by a Constitution Bench to clarify the scope of judicial interference under Sections 34 and 37 of the Act.

The Hon'ble Supreme Court held that while Section 34 does not explicitly allow modification of arbitral awards, courts have inherent power to modify awards in limited circumstances, this includes correcting computational, clerical, or typographical errors, or adjusting post-award interest rates, provided these modifications do not entail a re-evaluation of the merits of the case. The Court clarified that where the award is severable, the invalid portions of an award may be set aside, leaving valid parts intact. The Court also recognized its power under Article 142 of the Constitution, to effect modifications, but only with caution and within constitutional boundaries. This ruling clarifies the extent to which Indian courts can intervene in arbitral awards, striking a balance between upholding the finality of arbitration and ensuring judicial oversight to correct manifest errors.

SUPREME COURT AFFIRMS TRIBUNAL'S POWER TO AWARD INTEREST ON INTEREST

The Hon'ble Supreme Court of India in ***M/s Interstate Construction v. National Projects Construction Corporation Ltd.***[6] affirmed the arbitral tribunal's authority to grant interest on interest, under Section 31(7) of the Arbitration and Conciliation Act, 1996 ("**the Act**").

In the present case, the dispute arose from a 1984 contract between Interstate Construction ("**Appellant**") and National Projects Construction Corporation Ltd. ("**Respondent**") for foundational work at NTPC's Ramagundam project. After completing the work, Interstate Construction faced delays in payment, leading to arbitration proceedings initiated in 1993. The arbitral award, delivered in 2020 by Justice R.C. Jain (Retd.), awarded the Appellant INR 34.43 lakhs along with: (i) pre-reference interest at 18% per annum, (ii) pendente lite interest at 12% per annum (split into two phases), and (iii) post-award interest at 18% per annum on the total amount, including the accrued pre-award interest.

While a Single Judge of the Hon'ble Delhi High Court partially upheld the award, a subsequent Division Bench overturned key aspects, ruling that the tribunal lacked jurisdiction to split the pre-award interest period or to award post-award

[4] 2025 SCC OnLine SC 986
[5] 2024 SCC OnLine SC 1681
[6] 2025 SCC OnLine SC 1127

interest on the total sum, categorizing such award as impermissible compound interest.

The Hon'ble Supreme Court disagreed with the Division Bench and restored the original award. It clarified that under Section 31(7) of the Act, the arbitral tribunal enjoys the discretion to award interest for separate periods, pre-reference, pendente lite, and post-award, and that the "*sum*" on which post-award interest is calculated includes both principal and accrued interest. Thus, awarding interest on interest is lawful and within the tribunal's jurisdiction.

The Court relied on its earlier precedents, including *Pam Developments Pvt. Ltd. v. State of West Bengal*,[7] *Hyder Consulting (UK) Ltd. v. Governor, State of Orissa*,[8] and *UHL Power Company Ltd. v. State of Himachal Pradesh*,[9] underscoring that the power to grant such interest is statutorily recognized and not barred unless expressly excluded by the arbitration agreement.

DELHI HIGH COURT SETS ASIDE EX PARTE ARBITRAL AWARD DUE TO UNILATERAL APPOINTMENT OF ARBITRATOR AND LACK OF PROPER SECTION 21 NOTICE

The Hon'ble Delhi High Court, in the matter titled ***M/s Supreme Infrastructure India Limited v. Freyssinet Memard India Pvt. Ltd***.[10], set aside an *ex parte* arbitral award dated 15.03.2016 under Section 34 of the Arbitration and Conciliation Act, 1996 ("**the Act**"), holding that unilateral appointment of an arbitrator and failure to serve a valid notice under Section 21 of the Act vitiated the arbitral proceedings.

In the present case, M/s Supreme Infrastructure India Limited ("**Petitioner**") challenged the arbitral award passed in favour of Freyssinet Memard India Pvt. Ltd. ("**Respondent**"). The Petitioner contended that no notice under Section 21 of the Act was ever received, and that the unilateral appointment of the arbitrator violated the settled law on party autonomy and mutual consent in arbitration. The Petitioner also claimed that it was unaware of the arbitral proceedings and only came to know of the award in June 2024 when it received a copy of a Section 9 IBC petition filed before NCLT, Mumbai.

The Respondent relied on the silence of the Petitioner to contend that the appointment was valid and that the arbitral proceedings were lawfully conducted, culminating in an *ex parte* award. However, the Hon'ble Delhi High Court rejected these arguments, emphasizing that the arbitral proceedings commence only upon receipt of the Section 21 notice and that mere silence or inaction cannot be treated as implied consent to the appointment of an arbitrator.

The Court held that unilateral appointment of an arbitrator in the absence of a valid Section 21 notice is impermissible and that the only remedy available to a party, in case of non-response from the counterparty, is to approach the Court under Section 11 of the Act for appointment of an arbitrator. It further noted that the address to which the purported notice was sent did not match the address provided in the Work Order, undermining the claim of service.

Accordingly, the Hon'ble Delhi High Court set aside the *ex parte* arbitral award, holding that the proceedings were fundamentally flawed due to non-service of notice, unilateral appointment, and absence of due process. The judgment reinforces the importance of procedural compliance and party participation in upholding the legitimacy of arbitral proceedings.

[7] (2024) 10 SCC 715
[8] (2015) 2 SCC 189
[9] (2022) 4 SCC 116
[10] 2025 SCC OnLine Del 3305

EMPLOYMENT LAW

STATUTORY UPDATES

NO HARD COPY OF RETURN IN FORM III REQUIRED UNDER THE WEST BENGAL STATE TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS ACT, 1979

The Government of West Bengal has streamlined the return filing process under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979. Pursuant to an Order bearing No. I/637636/2025 issued by the Commissioner of Commercial Taxes and Profession Tax dated 07 May 2025, under Rule 6A of the West Bengal State Tax on Professions, Trades, Callings and Employments Rules, 1979, it has been clarified that registered employers are no longer required to submit a physical (hard) copy of return in Form III to the prescribed authority. This Order is effective immediately. This move aims to remove the practical difficulties faced by return filers and to enhance procedural convenience and efficiency.

REVISED CONDITIONS FOR EMPLOYING WOMEN EMPLOYEES DURING NIGHT SHIFTS IN HARYANA

The Labour Department, Government of Haryana, *vide* its Notification bearing No. 83-2025/Ext. dated 08 May 2025, issued under sub-section (3) of Section 30 of the Punjab Shops and Commercial Establishments Act, 1958, has laid down revised conditions for employing women employees during night shifts i.e., between 8:00 pm to 6:00 am. These conditions apply to specific sectors, including IT and ITES, banking establishments, three-star and above hotels, hundred percent (100%) export-oriented establishments, logistics, and warehousing establishments. The said Notification supersedes all previous notifications issued on the subject. Key compliance requirements under the Notification include, the following, amongst others:

- Employer shall submit a declaration of having obtained consent from each woman employee to work during the night shift i.e., between 8:00 pm to 6:00 am.
- Employers must apply for an exemption to the Labour Commissioner or Chief Inspector of Shops of Haryana within one (1) month of the intended start date. Such exemption will be valid for one (1) year, unless there are changes in security, transportation agreement, and other details of the occupier/director/manager.
- Transportation facility to be provided to women employees from their residence to work and back. Other facilities such as security guards (including a female security guard), well-trained & responsible drivers, and proper communication channels are required to be provided in each vehicle.

This notification marks a progressive step towards enabling women participation in night shift work while ensuring their safety and dignity. It provides a framework that balances business needs with legal and gender-sensitive workplace practices.

FREE TRADE AGREEMENT FINALIZED BETWEEN INDIA AND UNITED KINGDOM

On 06 May 2025, India and the United Kingdom officially concluded the landmark India–UK Free Trade Agreement ("**FTA**") along with a Double Contribution Convention ("**DCC**"), setting the stage for a new era of economic co-operation. The FTA, aligned with India's Viksit Bharat 2047 vision, targets to double the current USD sixty (60) billion bilateral trade volume by 2030. One of the major highlights is the elimination of tariffs on ninety-nine percent (99%) of Indian exports to the UK, creating significant opportunities for labour-intensive and high-growth sectors such as textiles, marine products, leather, footwear, sports goods, toys, gems & jewellery, engineering goods, auto parts, and organic chemicals.

Service industries like IT/ITES, finance, education, and consultancy will also see significant gains through easier

market access and cross-border operations. With commitments that support startups, MSMEs, and professionals, the agreement(s) open a new global pathway for Indian talent. One of the standout features of the FTA is its focus on smoother mobility for professionals, ranging from investors, business visitors and intra-corporate transferees to independent professionals like yoga instructors and chefs. This will make it easier for Indian professionals to live and work in the UK and vice versa, particularly in highly skilled sectors.

From an employment law standpoint, the introduction of the DCC marks a major breakthrough. Once in effect, the DCC will allow employees moving between the two (2) countries to contribute to social security systems in only one (1) country at a time. Specifically, workers on temporary assignments of up to three (3) years will be exempted from making social security contributions in the host country, provided they are already contributing in their home country. This is expected to significantly ease the financial burden on both employers and employees, enhancing the global competitiveness of Indian service providers and offering similar relief to the UK nationals working in India. Currently, UK employees in India must contribute to the local provident fund despite making contributions to the UK's national insurance, and vice versa for Indian employees in the UK. While specific details will be clarified when the full DCC text is released, the UK government has stated it will be modelled on existing Social Security Agreements, which UK has executed with countries such as Switzerland, Norway, Canada, Japan, and the Republic of Korea.

TAMIL NADU PERMITS SHOPS AND ESTABLISHMENTS TO OPERATE 24X7 FOR A FURTHER PERIOD OF THREE (3) YEARS

The Labour Welfare and Skill Development Department, Government of Tamil Nadu, *vide* its Notification bearing no. G.O. (D) No. 207 dated 08 May 2025, issued under Section 6 of the Tamil Nadu Shops and Establishments Act, 1947 ("**Tamil Nadu Shops Act**"), has extended the permission granted to all shops and establishments employing ten (10) or more persons to remain open 24x7 on all days of the year. This exemption will be effective for a period of three (3) years commencing from 05 June 2025 (unless revoked earlier), subject to the following conditions, amongst others:

- Every employee must be granted one (1) day off per week on a rotation basis. Details of such weekly holidays must be provided in Form S and displayed conspicuously within the establishment.

- Women employees shall not ordinarily be required to work beyond 8:00 pm. Employers may engage women employees between 8:00 pm and 6:00 am only with their written consent and subject to ensuring adequate safety, dignity, and honour.

- Transport facilities must be provided to women employees working in shifts, and a notice confirming transport availability must be prominently displayed at the main entrance.

Violations of any of the conditions laid down in this notification will attract penal action against the employer/manager in accordance with the Tamil Nadu Shops Act and the applicable rules. This move aims to facilitate greater business flexibility through extended operational hours, while ensuring statutory safeguards for employee welfare and workplace safety.

KARNATAKA INTRODUCES ORDINANCE FOR SOCIAL SECURITY AND WELFARE OF GIG WORKERS

The Government of Karnataka, on 27 May 2025, promulgated the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025 ("**Karnataka Gig Workers Ordinance**"), aimed at providing social security and welfare measures to platform-based gig workers in Karnataka.

Key provisions of the Karnataka Gig Workers Ordinance *inter alia* include:

- A Platform-Based Gig Workers Welfare Fee ("**Welfare Fee**") shall be levied at a rate between one percent to five percent (1% to 5%) (as may be notified) of the payment made per transaction to gig workers. The obligation to remit the fee lies with aggregators and platform companies. Defaults shall attract interest at twelve percent (12%) per annum from the date the amount becomes due.
- Establishment of the Karnataka Platform Based Gig Workers Welfare Board ("**Welfare Board**") to oversee the implementation of welfare schemes.
- Constitution of a Karnataka Gig Workers' Social Security and Welfare Fund, and the same shall include:
  - Contributions from gig workers;
  - Sums received as Welfare Fee;
  - Grants-in-aid from the State and Central Governments;
  - All sums received by way of grants, donations, bequests, gifts, benefactions, and transfers.
- Mandatory Registration:
  - All gig workers in Karnataka to be mandatorily registered with the Welfare Board.
  - Aggregators/platform companies are required to register with the Welfare Board and furnish details of engaged gig workers within forty-five (45) days from the commencement of the Karnataka Gig Workers Ordinance.
- Aggregator/Platform obligations for gig workers' protection:
  - Contracts executed with gig workers required to be transparent, comprehensive, and compliant

with fair piece-rate and/or time-rate norms, including disclosure of payment terms, deductions, incentives, and the gig workers' right to refuse tasks.
- Minimum fourteen (14) days prior written notice required for any change to contract terms post-execution.

Contracts executed with gig workers to specify an exhaustive list of grounds for termination/deactivation, which shall not be effectuated without valid written reasons, adherence to principles of natural justice, and fourteen (14) days prior notice (the requirement of serving prior notice of termination shall not arise in cases involving bodily harm).

JUDICIAL FINDINGS

SUPREME COURT OF INDIA UPHOLDS VALIDITY OF EMPLOYMENT BONDS

In an important ruling on the enforceability of minimum service bonds within the framework of Indian contract law and constitutional principles, the Hon'ble Supreme Court in the case of ***Vijaya Bank and Anr. vs. Prashant B. Narnaware*** [***2025 SCC OnLine SC 1107***] upheld the validity of a clause requiring the payment of liquidated damages in the event of premature resignation. This Judgment has significant implications on public sector undertakings and other employers who rely on bond mechanisms to ensure retention and continuity within their workforce.

The Respondent in this case was employed with Vijaya Bank and had executed an indemnity bond of INR Two Lakhs (INR 2,00,000 / 2340 USD Approx.) requiring indemnifying the Bank of the said amount in case of resignation from service before completing a period of three (3) years. However, before the completion of the stipulated three (3) year term, the Respondent resigned from his services to join another bank.

Petitioner remitted the bond amount of INR Two Lakhs (INR 2,00,000 / 2340 USD Approx.) under protest, and thereafter, initiated proceedings before the Hon'ble High Court of Karnataka challenging the validity of the indemnity clause. The Hon'ble High Court held the clause to be violative of Articles 14 and 19(1)(g) of the Constitution of India, and contrary to Sections 23 and 27 of the Indian Contract Act, 1872 ("**Contract Act**"). The Respondent Bank, thereafter, approached the Hon'ble Supreme Court.

Setting aside the decision of the Hon'ble High Court, the Hon'ble Supreme Court upheld the validity of the indemnity clause, observing that the clause did not impose a restriction on post-resignation employment, nor did it constitute a restraint on trade within the meaning of Section 27 of the Contract Act. The Hon'ble Supreme Court observed that the clause in question served a legitimate institutional objective - ensuring stability in recruitment and avoiding undue attrition, especially in the public sector, where hiring processes are lengthy.

BOMBAY HIGH COURT AFFIRMS PERSONAL ACCOUNTABILITY OF SENIOR OFFICIALS FOR NON-COMPLIANCE WITH LABOUR COURT JUDGMENTS

The Hon'ble Bombay High Court in the case of ***Arun vs. State of Maharashtra and Anr***[11]. [***2025 SCC OnLine Bom 719***] upheld the Labour Court's Order initiating criminal process against the Petitioner (Chairman of the Industrial Establishment / Kinetic Industries Limited) for failing to comply with the Labour Court's judgment.

The Respondent employee was dismissed from service on 08 May 1998. Thereafter, he filed a complaint under the provisions of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 ("**MRTU & PULP Act**"), contending that his dismissal constituted an act of unfair labour practice. The Labour Court ruled in the Respondent employee's favour, declaring the dismissal to be illegal.

The judgment of the Labour Court was challenged before the Industrial Court which upheld the Labour Court's judgment. Both the aforesaid rulings were challenged before the Hon'ble High Court of Bombay, but no stay was granted over the implementation of the judgments passed by the lower courts.

Following non-compliance with the aforesaid judgments, the Respondent employee issued notices to company officials, including the Petitioner, whose notice was returned as "unclaimed." The Respondent employee thereafter initiated proceedings under Section 48 of the MRTU & PULP Act, resulting in the order initiating criminal process being passed, which the Petitioner subsequently challenged.

The Petitioner's counsel argued that the Petitioner was not a party to the original complaint and that under Section 2(n) of the Factories Act, 1948, the "Occupier" - not the Chairman - is responsible for the day-to-day operations of the industrial establishment. The Respondent employee's counsel on the other hand, emphasized that compliance with the enforceable judgment is mandatory, and that the Petitioner, as Chairman, was responsible for overseeing the day-to-day affairs of the industrial establishment.

The Hon'ble Bombay High Court held that the judgment passed by the Labour Court remained binding, the Petitioner had not denied knowledge of the notices, and service was deemed complete under Section 27 of the General Clauses

[11] Case title as it appears on SCC

Act, 1897. Concluding that the Petitioner, being in control and supervision of the establishment's affairs, was obligated to ensure implementation of the judgment of the Labour Court.

TERMINATION IN SERVICE LAW SIMILAR TO CAPITAL PUNISHMENT: RAJASTHAN HC

In the case ***Sharvan Choudhary vs. State of Rajasthan & Others*** **[*S.B. Civil Writ Petition No. 4298 of 2025*]**, the Hon'ble Rajasthan High Court at Jodhpur, on 08 May 2025, quashed the termination order issued against the Petitioner and directed his immediate reinstatement in service stating that the Petitioner's termination was without conducting a formal enquiry which violated the procedural safeguards under the applicable rules.

The Petitioner in this case was served with a show cause notice alleging discrepancies in the documents submitted during recruitment. Despite submitting a detailed reply, the Petitioner's services were terminated *vide* an Order dated 15 January 2025.

The Petitioner challenged the termination on grounds of procedural irregularity, arguing that the termination was in violation of the Rajasthan Civil Services (Classification, Control and Appeal) Rules, 1958 ("**Rules**"). It was contended that no charge-sheet was issued, nor was any disciplinary enquiry conducted as mandated under the Rules. The Petitioner also asserted that all documents submitted were genuine and denied any act of misrepresentation.

The Hon'ble Court, after considering the submissions, held that the Petitioner's termination was without conducting a formal enquiry, which violated the procedural safeguards under the Rules. Further, the Hon'ble Court observed that the Petitioner was substantively appointed and governed by statutory service Rules, the Hon'ble Court emphasized that termination in such circumstances is akin to "capital punishment" in service jurisprudence and must be preceded by a proper disciplinary process.

Consequently, the Hon'ble Court allowed the Writ Petition, quashed the termination order and directed the Respondent to reinstate the Petitioner forthwith.

It was further clarified that the Petitioner shall cooperate with the ongoing enquiry initiated pursuant to the Co-ordinate Bench's earlier Order and that the Respondents remain at liberty to proceed against him in accordance with law, should any misconduct be duly established.

SUPREME COURT UPHOLDS EXCLUSIVE JURISDICTION CLAUSES IN EMPLOYMENT CONTRACTS

The Hon'ble Supreme Court of India, in the case of ***Rakesh Kumar Verma vs. HDFC Bank Ltd*** [***Civil Appeal No. 2282 of 2025***] and ***HDFC Bank vs. Deepti Bhatia*** [***Civil Appeal No. 2286 of 2025***] which were being heard together, affirmed that exclusive jurisdiction clauses in employment contracts are legally valid, provided the designated courts have inherent jurisdiction over the dispute.

Rakesh Kumar Verma and Deepti Bhatia were employees of HDFC Bank, and the appointment letter/employment agreement of both these employees included a clause that provided exclusive jurisdiction of any disputes arising out of their employment with the courts in Bombay. When the services of these employees were terminated (separately vide the respective termination letters issued to them), they challenged their termination before courts in Patna and Delhi, respectively.

Both these claims were countered by the HDFC Bank, relying upon the exclusive jurisdiction clause in their appointment letter/employment agreement. When the proceedings of the lower courts stood challenged before the Hon'ble Patna High Court and the Hon'ble Delhi High Court, the Hon'ble Patna High Court upheld the validity of the exclusive jurisdiction clause, while the Delhi High Court did not find merit in this argument.

As a result, Rakesh Kumar and HDFC Bank preferred Civil Appeals against those decisions, before the Hon'ble Supreme Court.

The Hon'ble Supreme Court, relying on several precedents, clarified that although parties cannot grant jurisdiction to a Court that does not have it by law, they are allowed to choose one (1) among multiple courts that do have jurisdiction and exclude the others through an agreement. The Hon'ble Supreme Court upheld the validity of the exclusive jurisdiction clauses, clarifying that such clauses merely require disputes to be adjudicated in the designated Bombay Courts and do not prevent employees from accessing legal remedies.

This landmark ruling offers crucial clarity for employers, affirming that exclusive jurisdiction clauses in employment contracts are enforceable under Indian law, so long as the chosen forum has jurisdiction over the matter.

INTERIM RELIEF GRANTED AGAINST COERCIVE ACTION FOR NON-PAYMENT OF GRATUITY INSURANCE PREMIUMS

In a notable development, the Hon'ble High Court of Karnataka, on 28 April 2025, passed a common order in multiple writ petitions (main petition being ***Bruhat Bangalore Hotels Association (r) vs. The Principal Secretary, Government of Karnataka*** [***Writ Petition No. 9358 of 2024***]) wherein the constitutional validity of Karnataka Compulsory Gratuity Insurance Rules, 2024 ("**Karnataka Gratuity Insurance Rules**") is under challenge. The Karnataka Gratuity Insurance Rules cast an obligation on employers to obtain a

valid insurance for their liability towards gratuity payment to eligible employees.

The Hon'ble Court granted interim relief to the Petitioners by directing the State Government to not initiate coercive action against the Petitioners for non-payment of gratuity insurance premiums (until the next date of hearing in the matter 03 June 2025) subject to the condition that employers pay insurance premiums for employees who have completed five (5) years of service.

The Petitioners argued that the Karnataka Gratuity Insurance Rules are unconstitutional and called for judicial intervention on two (2) key grounds:

- It mandates payment of premiums even for employees who have not completed five (5) years of continuous service - despite gratuity becoming payable only after five (5) years of continuous service under the Payment of Gratuity Act, 1972; and

- It does not distinguish between employers based on their financial status; hence, it imposes an undue financial burden on small-scale industries by requiring them to pay insurance premiums even before the gratuity amount becomes payable.

It was further pointed out by the Petitioners that, although the Hon'ble Court had previously directed the State Government to produce relevant records, the same had not been complied. In the meantime, notices were being issued to employers for initiation of coercive measures.

Additionally, the All-India Central Council of Trade Union (AICCTU) and the Centre of Indian Trade Unions (CITU) have been impleaded as parties in the Writ Petition.

RESERVE BANK OF INDIA (RBI) RELEASES RBI (DIGITAL LENDING) DIRECTIONS, 2025

RBI, vide its notification no. DOR.STR.REC.19/21.07.001/2025-26 dated May 8, 2025, has issued the Reserve Bank of India (Digital Lending) Directions, 2025 (**"Directions"**). These Directions consolidate earlier instructions and introduce new requirements for digital lending activities by regulated entities (**"REs"**) in India. The revised framework stems from the concerns regarding data privacy, third-party overreach, unfair practices, and borrower protection and aim to ensure ethical conduct, transparency, and data security in digital lending operations.

The Directions apply to all Commercial Banks, Co-operative Banks, Non-Banking Financial Companies (NBFCs), Housing Finance Companies, and All-India Financial Institutions involved in digital lending, effective immediately (with certain provisions applicable from June 15 and November 1, 2025).

I. **Definitions**

(i) 'Digital Lending" refers to a fully digital process of granting and managing loans, covering all steps and managed remotely through automated systems and digital technologies;

(ii) 'Digital Lending Apps / Platforms (DLAs)' refers to mobile or web-based applications that provide Digital Lending services. DLAs may be operated by either the Regulated Entity (RE) itself or by a Lending Service Provider (LSP) engaged by the RE.

(iii) "Lending Service Provider (LSP)" means any agent appointed by RE to carry out one or more digital lending-related functions. LSPs shall act under formal agreements and remain within the compliance framework of the RE.

(iv) "Default Loss Guarantee (DLG)" refers to a contractual arrangement under which an entity (typically an LSP or another RE) guarantees to cover a predefined portion of losses on a loan portfolio in case of borrower defaults.

II. **Requirements for RE-LSP Arrangement**

The Directions mandate that any digital lending engagement through an LSP shall be governed by a formal agreement. These agreements must clearly define the responsibilities and liabilities of each party. Regulated Entities are required to conduct stringent due diligence on LSPs including technological competence of the said LSP, data privacy safeguards, historical conduct, and regulatory compliance capabilities before onboarding. While outsourcing functions to LSPs, REs remain wholly responsible for compliance with all applicable laws and directions. REs shall ensure that both their own DLAs and those of their LSPs comply fully with these Directions at all times.

In cases where a LSP is engaged by multiple REs for digital lending, each RE shall ensure a transparent and unbiased presentation of loan offers to the borrower. The LSP shall provide a consolidated digital view on the DLA displaying all loan offers that match the borrower's request, along with the names of REs whose offers do not match. The loan offer so displayed, should include critical information such as the name of the RE, loan amount, tenure, monthly repayment amount, and any applicable penal charges, along with a link to the key fact statement for each offer. Furthermore, the content presented on the DLA must be objective and neutral, avoiding any direct or indirect promotion of a particular RE or the use of manipulative design elements.

III. **Customer Protection Requirements**

The Directions impose robust borrower protection obligations on REs. Before granting loans, REs shall ensure that:

(i) credit assessments are undertaken to understand the borrower's repayment capacity;

(ii) credit limits are not revised automatically unless an explicit request is received, evaluated;
(iii) the borrowers are provided with comprehensive and digitally signed disclosures, including the loan terms, and privacy policies which shall be delivered upon loan approval to the borrower's verified email or SMS;
(iv) all digital lending products must be listed on the RE's publicly accessible website along with details of engaged LSPs and their DLAs, and the information pertaining to the grievance redressal mechanisms; and
(v) loans are disbursed directly into the borrower's bank account and repayments are routed back to the RE without involvement of any third-party accounts, excluding the cases where it has been explicitly provided.

Additionally, REs shall ensure that the Borrowers are provided with a "cooling-off" period during which they can exit the digital loan by repaying the principal and proportionate APR without penalty. REs may retain a reasonable processing fee, but this must be disclosed upfront.

The REs and LSPs shall appoint nodal grievance redressal officers whose contact information should be displayed on DLAs, RE websites, and loan related documents. Borrowers if dissatisfied with grievance redressal may escalate the complaints to appropriate platforms as provided by RBI.

IV. Technology and Data Collection Requirements

The responsibility regarding data privacy and security of the customer's personal information on an ongoing basis shall be that of the RE. RE shall ensure that the DLA's pertaining to them and their REs collect only necessary data, with the borrower's prior and explicit consent. These DLAs should not access mobile phone resources such as contact lists, call logs, file/media storage, or telephony features. A one-time access to camera, microphone, and location is allowed only for KYC purposes. Borrowers shall be able to selectively consent, restrict third-party disclosure, revoke prior consent, and request deletion of personal data. Explicit consent is also required before sharing any personal data with third parties, except in cases where it is required by law.

REs shall further ensure that their LSPs do not store borrower's data beyond what is essential (e.g., name, address, contact) and beyond the required length of time. All the data must be stored in servers located in India. If it is processed abroad, it must be deleted from foreign servers and restored to India within 24 hours.

RE and LSPs engaged by RE shall have a comprehensive privacy policy compliant with applicable laws which shall be made available publicly on the website of RE and LSP.

V. Reporting to Credit Information Companies and RBI

REs shall report all lending activities conducted via their DLAs or the DLAs of their LSPs to Credit Information Companies (CICs), regardless of the nature or duration of credit. This includes short-term credit and deferred payment options offered over merchant platforms.

REs should also report to the RBI all DLAs they operate or are associated with through LSPs using the Centralised Information Management System (CIMS) portal. These updates shall be submitted upon onboarding or exiting a DLA. A certification must be provided by the Chief Compliance Officer or a designated Board-level officer affirming that each DLA:

(i) is linked to the RE's website,
(ii) complies with borrower data handling rules,
(iii) has an appointed grievance redressal officer,
(iv) discloses privacy policies and complaint mechanisms.

RBI will publish this DLA information online without validating submissions. REs must ensure no misrepresentation arises from the inclusion of any DLA in the CIMS portal.

VI. DLG in Case of Default

REs may enter into DLG arrangements only with LSPs or other REs acting as LSPs, provided the LSP is incorporated as a company under the Companies Act, 2013. A Board-approved policy shall be put in place by the RE before entering into such arrangements. This policy should define: (i) eligibility criteria for DLG providers; (ii) the nature and extent of the cover; (iii) mechanisms for ongoing monitoring; and (iv) the fees payable or receivable.

DLG arrangements shall not substitute robust credit appraisal procedures. Even when a DLG is in place, REs should independently assess creditworthiness using standard underwriting practices. At each execution or renewal of a DLG contract, the RE shall obtain information from the DLG provider, including a statutory auditor-certified declaration on total DLG amount outstanding, number of REs supported, portfolio volumes, and previous default rates.

DLG arrangements shall not permitted in cases of revolving credit facilities (including credit cards), loans covered under government-administered guarantee schemes and loans on P2P lending platforms. Additionally, DLGs should be documented through an explicit, enforceable contract specifying the extent of

cover, acceptable forms (cash, fixed deposit with lien, or bank guarantee), invocation timelines, and disclosure obligations.

The total DLG cover on a portfolio cannot exceed 5% (five percent) of the disbursed amount in that portfolio. It should be ensured that only identifiable, fixed loan portfolios are covered (referred to as "DLG set"). Once invoked, the DLG cannot be reinstated. Recognition of NPAs remains the responsibility of the RE regardless of DLG cover. Any recovery made on defaulted loans after invocation may be shared with the DLG provider as per contract, but cannot be used to top up the DLG cover.

DLG exposure must be reflected appropriately for computation of capital adequacy computation. If the DLG provider is also an RE, the entire outstanding DLG amount must be deducted from its regulatory capital.

DLG must be invoked within 120 (one hundred and twenty) days of default unless the borrower regularises the account. The tenor of the DLG contract must be at least equal to the longest loan in the covered portfolio. Disclosure obligations require LSPs with DLG arrangements to publish portfolio details (without necessarily naming the RE) monthly within 7 (seven) working days from month-end.

RBI, through this circular, has repealed earlier instructions contained in its previous guidelines on digital lending and has clarified that the present Directions operate in addition to, and not in derogation of, any other regulatory or statutory provisions applicable to RE. However, any actions already taken under the repealed instructions will continue to be valid to the extent that they are not inconsistent with the current framework. The detailed guidelines are provided in the below link.

DSK View: *The RBI (Digital Lending) Directions, 2025 represent a significant regulatory step by RBI, aimed at enhancing transparency, borrower protection, and accountability within the digital lending ecosystem. The Directions provide much-needed safeguards by comprehensively addressing issues such as third-party overreach, opaque data practices, and aggressive loan recovery procedures. The Directions introduce several significant regulatory safeguards, including a dedicated framework for multi-lender RE and LSP arrangements, mandatory board-approved policies and monthly public disclosures for DLG structures, compulsory registration of all DLAs on RBI's CIMS portal, an explicit prohibition on REs and LSPs accessing customers' contact lists and call logs, and the enhancement of borrower rights, among other measures.*

On a going forward basis, REs should proactively align their lending models, partnerships, data governance frameworks, and grievance redressal mechanisms with the revised norms. The creation of a centralised DLA directory, restrictions on DLGs, and strict oversight on outsourcing and data localisation will enhance regulatory visibility. The Directions will ultimately mitigate the regulatory risks while fostering responsible digital financial innovation.

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RBI RELEASES DRAFT CIRCULAR FOR AMENDMENT IN KYC DIRECTION

RBI, vide Circular No. DOR.AML.REC.XXX/14.01.001/2025-26 has issued draft of Reserve Bank of India (Know Your Customer) (Amendment) Directions, 2025 (**"KYC Direction"**). This draft has been released for amendment in **Master Direction - Know Your Customer (KYC) Direction, 2016 ("2016 Directions")** to ease compliance for customers, address delays in periodic KYC updation and to allow greater use of digital and Business Correspondent ('BC')-facilitated mechanisms. The draft circular has been placed in the public domain for stakeholder feedback and are open for comments till **June 06, 2025**.

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RBI NOTIFIES PAYMENTS REGULATORY BOARD TO OVERSEE INDIA'S PAYMENT SYSTEMS

RBI on May 20, 2025, notified the Payments Regulatory Board Regulations, 2025, (Regulations) thereby, officially setting up the Payments Regulatory Board ('PRB') as the apex body to regulate and oversee India's payment and settlement systems. The introduction of the Regulations has provided a significant shift from RBI's internal committee-based approach to a more structured and specialised governance model including the Central Government.

PRB will be chaired by the Governor of the RBI and will also include the Deputy Governor in charge of payment systems, an RBI officer nominated by the Central Board, and three members nominated by the Central Government. Experts from fields like payments, technology, and law may also be invited to attend meetings, with the Principal Legal Adviser of the RBI serving as a permanent invitee.

DSK View: *The creation of PRB is a major shift from the regulatory framework of the RBI. For the first time, payments governance will be handled by a body different from the RBIs internal committees. The formation of a board that includes Central Government officials, experts from different fields and RBI governor will aim to provide better governance, customer safety and will promote innovation.*

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SETTLEMENT BY GROWW WITH SECURITIES AND EXCHANGE BOARD OF INDIA

Groww Invest Tech Private Limited known for operating its trading platform 'Groww' has settled multiple violations by payment of INR 47,85,000/- (Indian Rupees Fourty-Seven Lakhs Eighty-Five Thousand Only) to Securities and Exchange Board of India ("**SEBI**"). A show cause notice was issued by SEBI on November 25, 2024 *inter alia* alleging following violations:

(i) Violations of Code of Conduct under SEBI (Stock Brokers) Regulations, 1992 including failure to ensure best available market price to the investors;
(ii) Incorrect retention statements shared with clients in multiple instances;
(iii) Failure to provide inter-operability across clearing corporations;
(iv) Providing/facilitating non-securities products i.e. payment via UPI as registered 'Third Party Application Provider', lending, payment of utility bills etc to its clients through the secured login section of its trading application "Groww";
(v) Failure to implement solutions where clients can access trading facilities in the event of failure of the Groww app and website;
(vi) Business continuity plan was reviewed annually instead of reviewing it on half-yearly basis; and
(vii) Failure to undertake due diligence of the clients as per the requirements.

Groww proposed to settle the proceedings without admitting or denying the facts and conclusion of law, through a settlement order in accordance with SEBI (Settlement Proceedings) Regulations, 2018. The High Powered Committee of the SEBI considered the settlement application terms and settled the same upon payment of above-mentioned amount by Groww.

DSK view: *There is an increase in reliance by the investors in the digital platforms for managing their investments. The show-cause notice by SEBI highlights the SEBI's focus on ensuring fintech compliance which is critical for investor trust.*

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NATIONAL PAYMENT CORPORATION OF INDIA (NPCI) RELEASES GUIDELINES ON USAGE OF UPI API

The NPCI has release guidelines on May 21, 2025 with the objective of improving the performance of UPI ("**Guidelines**"). These Guidelines are issued in addition to the guidelines issued on April 26, 2025 which mandates monitoring and moderation of API requests to UPI in terms of appropriate usage. The key guidelines issued are as follows:

(i) Balance Enquiry:
  (a) These requests shall only be initiated by the customer;
  (b) UPI apps shall have capability to limit or stop such enquiries in peak hours;
  (c) Issuer Bank shall add available balance with every successful UPI financial transaction communication; and
  (d) Frequency Limit: 50 (Fifty) per app per customer per day.

(ii) List Account:
  (a) These request are to be initialed only once the customer selects the 'Issuer Bank'; and
  (b) Frequency Limit: 25 (Twenty Five) per app per customer per day.

(iii) Autopay mandate:
  (a) To be initiated in non-peak hours; and
  (b) Frequency Limit: Maximum of 1 (One) attempt and 3 re-tries per mandate.

(iv) List of verified merchants:
  (a) Minimum page size of 1,000 to be used while initiating the request; and
  (b) Frequency Limit: Once per PSP per day.

(v) Penny Drop:
  (a) This shall be extended only the entities where it is a regulatory requirement;
  (b) This shall be initiated only basis explicit customer consent; and
  (c) Frequency Limit: Queueing should be maintained at the initiating PSP end.

(vi) API headers should be as per permitted header format.

(vii) During peak hours, UPI members are required to restrict non-customer initiated APIs.

For the purpose of the Guidelines, 'Peak Hours' are defined as the period during the day when UPI financial transactions reach the highest transactions per second, observed from 10 am to 1 PM and from 5 PM to 9:30 PM.

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INFRASTRUCTURE AND ENERGY

DRAFT AIRCRAFT (INVESTIGATION OF ACCIDENTS & INCIDENTS) RULES, 2025

The Ministry of Civil Aviation India on May 14, 2025, published the draft Aircraft (Investigation of Accidents and Incidents) Rules, 2025 (**Draft Rules**) for public comments. The key aspects of the Draft Rules are provided below:

- **Applicability:** Indian citizens, aircrafts registered in India, aircrafts registered in other countries but present in India;
- **Objective:** Investigation of accidents and incidents by Aircraft Accident Investigation Bureau (**AAIB**) which is constituted under the Draft Rules. Such investigations will be independent of any judicial or administrative proceedings;
- **Key Aspects:** The Draft Rules provides for the procedure to be followed by AAIB to initiate and conclude the investigations. It also sets out the parameters which ca be used by AAIB during their investigations to determine the damage to aircraft. The AAIB, through its investigators, shall have the power to call and examine witness, take statements and evidence, have access to the aircrafts pertaining to investigations and their records and recordings, including the recordings from the cockpit and conduct investigations as per the standards set out in the Draft Rules.

Suggestions can be sent to Director-General of Aircraft Accident Investigation Bureau before June 14, 2025.

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BUNKERING GUIDELINES FOR LIQUIFIED NATURAL GAS

The Directorate General of Shipping, Ministry of Ports, Shipping and Waterways vide circular bearing No. 17 of 2025, dated May 05, 2025 (**Circular**) has provided the guidelines for Liquified Natural Gas **(LNG)** bunkering operations in India, which aims to address regulatory gaps and promote sustainable maritime practices. Recognizing LNG as a cleaner alternative to conventional marine fuels, the Circular highlights the need for standardization to ensure safety, environmental protection, and investment confidence. The Circular provides detailed framework for LNG bunker suppliers, outlining certification, audit, and compliance processes, while also detailing operational requirements such as safety zones, security measures, and documentation protocols and also require LNG suppliers to register with the Directorate, follow international standards, and undergo regular audits. Safety and security zones must be set up during operations to prevent accidents and respond quickly to emergencies. The Circular mandates adherence to international safety standards, including provisions for risk assessments, emergency response strategies, and personnel training programs.

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DIRECTIONS TO GAS-BASED GENERATING STATIONS

The Ministry of Power has issued directions (**Directions**), to Gas-Based Generating Stations **(GBSs)** to maximize electricity generation using all available resources. These Directions were issued in response to a sustained increase in electricity demand driven by heightened economic activity and rising temperatures. The key aspects of the Directions are provided below:

- Grid Controller of India Limited **(GRID-INDIA)** is tasked with providing advance notice to GBSs regarding anticipated high-demand and stress days, in order to enable the GBSs to arrange for the requisite natural gas supply. Such GBSs will be guaranteed a minimum dispatch of 50% of their capacity on a round-the-clock basis;

- Power generated by GBSs must first be offered to existing Power Purchase Agreement **(PPA)** holders in accordance with contractual terms. If a GBS has PPAs with multiple 'Distribution Licensees' and any of them fails to schedule their allocated share, the unutilized power shall first be offered to other PPA holders and then to other Distribution Licensees or sold in the power market;

- GBSs with PPAs shall offer power at the Energy Charge Rate **(ECR)** determined by the Appropriate Commission as per the Electricity Act, 20023. GBSs without PPAs are required to offer power based on a benchmark ECR set by a designated 'Committee' formed under the Directions;

- GBSs may also offer power in the market or for GRID-INDIA dispatch at a price not exceeding 120% of the benchmark ECR, plus applicable intra-state transmission charges.

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SUPREME COURT ALLOWS CLAIMING COMPENSATION UNDER THE "CHANGE IN LAW" CLAUSE

The Hon'ble Supreme Court recently dismissed an appeal filed by Jaipur Vidyut Vitran Nigam Limited ('**JVVNL**') against Adani Power Rajasthan Limited ('**APRL**'), affirming the Appellate Tribunal for Electricity's decision that the notification dated December 19, 2017, issued by Coal India Limited ('**CIL**') imposing an Evacuation Facility Charge ('**EFC**') of Rs. 50/- per tonne constituted a 'change in law' under the Power Purchase Agreement ('**PPA**'). The Hon'ble Supreme Court held that basis the principle of restitution contained in the PPA, in the event of occurrence of change of law, the affected party should be restored to the same economic position as if the change had not occurred. Consequently, the Hon'ble Supreme Court held that Adani Power should be restored to its original position as if no EFC was introduced compensation for the increased operational costs as well as Late Payment Surcharge at the contracted rate of 2% (Two Percent) above SBI Advance Rate, from the date of the notification issued by CIL.

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SUPREME COURT HOLDS THAT EX-POST FACTO ENVIRONMENTAL CLEARANCES (ECS) VIOLATE ARTICLE 21

The Hon'ble Supreme Court has struck down the Notification dated March 14, 2017 as well as the Office Memorandum dated July 07, 2021, issued by MoEF which permitted *ex-post facto* environmental clearances ('**ECs**') for projects operating without prior approval. The petitioners challenged the constitutional validity of the aforesaid Notification and Office Memorandum, arguing that their right to a clean environment under Article 21 of the Constitution of India was violated. The aforesaid Notification allowed a 6 (Six) month window for projects, operating in violation of a previous the Notification dated September 14, 2006 ('**EIA Notification**'), regarding environment impact study to apply for *ex-post facto* ECs; while the aforesaid Office Memorandum laid out a Standard Operating Procedure to identify and analyse violations of environmental norms where projects were set up or operating without a prior EC. The Hon'ble Supreme Court held that granting ECs retrospectively was fundamentally incompatible with principles of environmental impact assessment provided under the EIA Notification. The Hon'ble Court, in the present case, held that ECs should be mandatorily obtain prior to commencement of a project, and any project commenced without it constitutes a "gross illegality". The Hon'ble Supreme Court further barred the Government from issuing future notifications allowing such post-facto clearances, and it clarified that ECs already granted under the quashed Notification and Office Memorandum would not be affected by the present judgement.

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RUSSIA AT THE WTO AGAINST EU'S CARBON BORDER ADJUSTMENT MECHANISM AND EMISSIONS TRADING SYSTEM

On May 19, 2025, Russia submitted a request for consultations at the World Trade Organization (WTO), challenging the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM) Regulation and its Emissions Trading System (EU ETS). Moscow claims these policies are disguised protectionism, imposing "highly trade-restrictive" costs on exporters of carbon-intensive goods like steel, aluminium, and fertilizers—sectors critical to Russia. Moscow also argues that the EU's free allowances for domestic industries under the ETS amount to illegal export subsidies, disadvantaging foreign competitors.

By way of background, the EU adopted Directive 2003/87/EC in October 2003, establishing the EU Emissions Trading System (EU ETS) to reduce greenhouse gas emissions through a market-based approach. However, after its implementation, the EU raised concerns about the risk of 'carbon leakage.' This occurs when EU-based companies move production to countries with less strict climate regulations or when imports from such countries replace EU-made products. To tackle this, the EU in May 2023 introduced Regulation (EU) 2023/956, launching the Carbon Border Adjustment Mechanism (CBAM). It's goal is to ensure that imported goods bear the same carbon costs as those produced within the EU. In addition, sectors at risk of carbon leakage receive more free emission allowances under the EU ETS.

Legal basis for the complaint:

CBAM

In its request for consultation, Russia has submitted as follows:

- that the EU CBAM is inconsistent with Article I(1) of the GATT 1994, which mandates that WTO members must provide Most-Favoured-Nation (MFN) treatment to like products from all other member countries. Since CBAM imposes charges on Russian imports while exempting similar products from countries without a carbon pricing policy it is considered discriminatory and therefore inconsistent with Article I (1) of GATT 1994.
- that the EU CBAM is inconsistent with Article II(1)(a)(b) of the GATT 1994 which provides that products imported from other WTO members should not be subjected to customs duties or charges in excess of those committed in the member's Schedule. By introducing fresh charges on certain imported products through the CBAM, which were not a part of the original listed schedule, the EU potentially imposes duties beyond its set tariff commitments.
- that the EU CBAM is inconsistent with Article III(1), (2), and (4) of the GATT 1994 which provides that imported products must not be subjected to internal taxes or regulations that exceed those applied to similar domestic products, nor should such measures be designed to protect domestic production. The CBAM package, introduced to prevent carbon leakage, imposes charges on imports, including Russian products. However, Russia views this as a protectionist measure by the EU aimed at shielding its domestic industries.
- that the EU CBAM is inconsistent with Article X(3)(a) of the GATT 1994 as this provision requires all WTO members to administer trade regulations in a uniform, unprejudiced, and reasonable manner. The CBAM widely imposes duties only on products from countries that do not have a domestic carbon pricing medium, while exempting products from countries that formerly apply similar measures.
- that the EU CBAM is inconsistent with Article XI(1) of the GATT 1994 which prohibits the use of quantitative restrictions and other non-tariff measures, such as licensing and regulatory barriers, on imports and exports between WTO members. Although CBAM does not function as a traditional quantitative restriction,

Russia considers it a regulatory non-tariff barrier, claiming it limits market access by imposing heavy environmental compliance requirements on imports.

EU ETS

Under the EU ETS, Russia has submitted as follows:

- that the industries identified as carbon-intensive and vulnerable to international competition are granted free emission allowances to mitigate the risk of carbon leakage. However, these free allowances function as an indirect subsidy, effectively reducing production costs for EU exporters which is prohibited under Article XVI of the GATT 1994.
- that Article XVI of the GATT 1994 requires transparency in cases of subsidies that affect trade and prohibits export subsidies that distort market competition. The EU's system acts like an export subsidy by reducing costs for domestic industries while imposing additional charges on imports based on carbon emissions. This dual approach not only discourages imports but also gives EU exporters a price advantage, potentially allowing the EU to gain more than a fair share of global trade.
- That EU's measures appear to conflict with Article 1.1 of the SCM Agreement, which defines a subsidy as a financial contribution by a government that provides a benefit. Under the EU ETS, domestic industries receive free emission allowances, lowering their operating costs and acting as financial support. This qualifies as a subsidy under Article 1.1(a)(1)(iii), as the government provides goods that benefit local producers. Meanwhile, imports are subject to CBAM charges, placing foreign products at a disadvantage and distorting competition.
- That EU's measures violate Article 3.1(a) of the SCM Agreement, along with Annexes I(a), I(f), I(g), and I(i). The free allocation of emission allowances to EU industries under the Emissions Trading System (ETS) acts as an export subsidy. These allowances reduce production costs for EU companies, giving them a competitive edge in global markets. At the same time, imported goods are subject to additional charges under the Carbon Border Adjustment Mechanism (CBAM). This unequal treatment creates an unfair trade advantage for EU exporters.

DSK View: *This dispute will be widely monitored by all WTO members given the significant implication for the impugned EU policy as well similar policies globally. The Appellate Body mechanism at WTO is still not functional and it is likely that EU may challenge any unfavourable ruling by the WTO Panel before the WTO Appellate Body which will keep the dispute pending without any resolution. Notwithstanding the same, the ruling by the WTO Panel on this issue is expected to clarify significant issues of concerns and will likely establish a landmark precedent on this subject. From India's standpoint, this dispute underscores broader concerns about equity in climate policy, the economic repercussions of carbon-linked trade barriers, and the geopolitical dynamics shaping global decarbonization efforts.*

In past, India has argued that CBAM violates the WTO's non-discrimination principles and the United Nations' "Common but Differentiated Responsibilities" (CBDR) framework, which recognizes varying capacities among nations to address climate change. By imposing uniform carbon costs, CBAM disproportionately penalizes developing economies lacking the financial and technological resources to decarbonize rapidly.[12]

India could consider taking retaliatory measures against CBAM as it is set to significantly impact Indian exports particularly those from key carbon intensive sectors including cement, iron and steel, aluminium, fertilisers, electricity and hydrogen by increasing operational and financial costs, reducing competitiveness and enforcing market shifts for these industries. These sectors collectively represent around 12% of India's exports to the EU, totalling $8.5 billion.[13] *Therefore, a Panel ruling against the EU will provide significant basis for India to oppose the EU CBAM and also any retaliatory measures it may intend to take.*

[12] Exports to UK carry tariff risk as carbon tax left out of FTA | Business News - The Indian Express

[13] Decoding CBAM: How will EU's carbon levy impact India | Policy Circle

MEDIA & ENTERTAINMENT

DELHI HIGH COURT DIRECTS OTT PLATFORMS AND FILMMAKERS TO ADD ACCESSIBILITY FEATURES TO FILMS

The Delhi High Court ("Court") has directed OTT and content producers to add features like **audio description, closed captioning,** and **Indian sign language** to their content, so that visually and hearing-impaired persons can also enjoy them. The case in question, titled Akshat Baldwa & Anr. v. Maddock Films & Ors., is a significant step toward making digital entertainment more inclusive and accessible to all, including persons with disabilities. The order will apply to upcoming and existing movies such as **The Buckingham Murderers, Bhool Bhulaiyaa 3, Shaitan, Article 370,** and **Kaluva.** The judge said that the movie producers must now include accessibility features **at the time of release** for any future movies that go live on OTT platforms. This is a significant step towards helping those who are blind or have low vision, and those who are deaf or hard of hearing. The Court also gave directions to the **Ministry of Information and Broadcasting (MIB)** to speed up the process of making clear rules and guidelines on this matter. As of now, there is only an **advisory** from the Ministry.

GOVERNMENT DIRECTS OTT, STREAMING, AND SOCIAL MEDIA PLATFORMS TO REMOVE PAKISTAN-ORIGIN CONTENT OVER NATIONAL SECURITY CONCERNS

On May 8, 2025, the Ministry of Information and Broadcasting ("MIB") issued an advisory instructing OTT platforms, streaming services, and intermediaries operating in India to immediately remove web series, films, songs, podcasts, and other media content originating from Pakistan. Citing recent terror incidents—most notably the April 22 Pahalgam attack—the advisory links the directive to national security concerns stemming from Pakistan-based state and non-state actors.

The MIB referenced Part III of the IT Rules, 2021, which outlines the Code of Ethics for publishers of online curated content. The Code mandates that content should not compromise India's sovereignty, integrity, or security, nor harm foreign relations or public order. Additionally, Rule 3(1)(b)(vii) of Part II obligates intermediaries to prevent users from sharing any information that threatens national interests.

Streaming platforms like Spotify have acknowledged the advisory and indicated efforts to comply. Others, such as Google and Netflix, are yet to respond, while services like ZEE5 appear to have already removed Pakistani content. Several Pakistani YouTube channels have also been previously blocked under earlier government directives.

DELHI HIGH COURT DECLINES TO RESTRAIN UBER FROM AIRING IPL ADVERTISEMENT ALLEGEDLY MOCKING RCB

The Delhi High Court ("Court") has dismissed a plea filed by Royal Challengers Sports (RCS), the owner of the Indian Premier League (IPL) franchise Royal Challengers Bengaluru (RCB), seeking an interim injunction against Uber India Systems ("Uber"). The plea aimed to restrain Uber from broadcasting an advertisement that RCS alleged was disparaging to the RCB team. The contentious advertisement features Travis Head, an Australian cricketer playing for rival IPL team Sunrisers Hyderabad. RCS argued that the ad mocked RCB and damaged the team's reputation, thereby warranting immediate judicial intervention.

However, Justice Saurabh Banerjee refused to grant interim relief, noting that the advertisement appeared to be set within the context of a cricket match and reflected a spirit of sportsmanship and competitive banter rather than malicious intent. The Court held that such content, particularly in the realm of sports, should not be viewed through an overly critical or restrictive lens, especially when no prima facie case of irreparable harm was established. The judge further observed that any interference at this preliminary stage would be unwarranted and premature. Accordingly, the Court declined to interfere and dismissed the application for

interim relief, allowing Uber to continue airing the advertisement.

BOMBAY HIGH COURT UPHOLDS STAY ON RELEASE OF 'SHAADI KE DIRECTOR KARAN AUR JOHAR' CITING VIOLATION OF PERSONALITY RIGHTS

The Bombay High Court ("Court") has upheld the stay on the release of *Shaadi Ke Director Karan Aur Johar*, citing violation of filmmaker Karan Johar's personality and publicity rights. A bench of Chief Justice Alok Aradhe and Justice M.S. Karnik noted that the combined use of 'Karan' and 'Johar' clearly refers to the celebrity director, whose name carries significant brand value. Recognizing Johar's exclusive right to commercially exploit his name, the Court reaffirmed that public figures are entitled to protection against unauthorized use of their identity for commercial gain. The party appealing the decision requested the Court to permit the film's release with a modified title. However, the bench declined and advised the filmmaker to submit a fresh application before the single judge to pursue this possibility.

TRUMP CONSIDERS FOREIGN FILM TARIFFS TO 'MAKE HOLLYWOOD GREAT AGAIN'

The Trump administration is currently considering the introduction of tariffs on films produced outside the United States, as part of its broader push to bolster national and economic security under the "Make Hollywood Great Again" initiative. However, it remains unclear whether these proposed tariffs would apply to American production companies that film abroad.

White House spokesperson Kush Desai stated that while no final decisions have been made, the administration is actively evaluating all available options to fulfill President Trump's directive. The scope and structure of such tariffs are still under discussion, raising questions about whether they would extend to streaming content on platforms like Netflix, in addition to theatrical releases. Uncertainty also persists around how these tariffs would be calculated or enforced, particularly given the complex global nature of film production.

AKSHAY KUMAR'S PRODUCTION HOUSE SERVES ₹25 CRORE LEGAL NOTICE TO PARESH RAWAL OVER HIS DEPARTURE FROM HERA PHERI 3

Actor Paresh Rawal recently announced his departure from the highly anticipated film *Hera Pheri 3*, in which he was expected to reprise his beloved role as Baburao Ganpatrao Apte. His sudden exit has sparked legal friction with Cape of Good Films, the production company owned by Akshay Kumar, which has reportedly filed a ₹25 Crore lawsuit against Rawal for alleged breach of contract.

According to reports, the production house claims that Rawal had committed to the project and that his withdrawal caused significant disruption to the film's schedule and planning. In contrast, Rawal's legal team has pushed back against these allegations, arguing that there was no binding agreement or finalized script at the time he chose to exit the film. They contend that without a formal contract, the claim of breach lacks legal standing.

Despite the dispute, Rawal appears to be taking steps to de-escalate the situation. In a gesture of goodwill, he has returned the signing amount he had received, along with interest, indicating a willingness to settle the matter amicably.

YOUTUBERS COMPLAIN AFTER NEWSWIRE AGENCY ANI DEMANDS LICENCE FEE

YouTube channels in India have raised concerns over the last week that the newswire agency Asian News International ("ANI") was "threatening" to issue copyright complaints against them for using footage published by them without licensing arrangements. These complaints stem from ANI's legal actions against YouTubers who used its video footage without licensing. ANI, which syndicates news content for a fee, has reportedly demanded damages and annual licence fees of over ₹48 Lakh plus GST, prompting backlash from creators like Mohak Mangal. Mangal and others argue that their use of ANI's content constitutes "fair use" under Indian Copyright Act, 1957, especially when clips are brief and used in the context of reporting or criticism. Under Section 52 of the Copyright Act, 1957, fair dealing provisions allow limited use of copyrighted material for personal use, criticism, review, court proceedings, and "the reporting of current events and current affairs, including the reporting of a lecture delivered in public.

YouTube's copyright policy allows rights holders to monetize disputed videos or issue copyright "strikes," with three strikes within 90 days leading to account termination. This enforcement mechanism often pressures creators into settlements. YouTube clarified that it provides tools for both copyright holders and content creators to file and dispute claims but does not determine ownership. This clash raises broader concerns about balancing copyright enforcement with creative expression and the public's right to report on current events.

MINISTRY OF CORPORATE AFFAIRS ("MCA")

AMENDMENT TO THE COMPANIES (INDIAN ACCOUNTING STANDARDS) RULES, 2025 ON CURRENCY EXCHANGEABILITY

The Ministry of Corporate Affairs has notified amendments to the Companies (Indian Accounting Standards) Rules, 2015. These changes primarily focus on Ind AS 21, which relates to foreign exchange rates. The main update addresses how companies should handle situations when a currency is not exchangeable into another currency.

The amendments clarify how to assess whether a currency is exchangeable for a specific purpose and at a specific measurement date. A currency is considered exchangeable if it can be obtained within a normal time frame and through a market or exchange mechanism. If a company cannot get more than an insignificant amount of the other currency for a specific need, it is considered non-exchangeable. In such cases, the company must estimate a spot exchange rate that reflects the rate at which the currency would be traded between market participants.

Additional guidance is provided on how to make such estimates either using observable exchange rates or through other estimation techniques. A new appendix gives step-by-step diagrams and explanations to help entities determine if a currency is exchangeable and how to calculate the rate if it's not.

When a currency is non-exchangeable, companies are required to disclose detailed information. This includes the reasons for the restriction, affected transactions, the spot rate used, methods of estimation, and the financial risks involved. These disclosures help users of financial statements understand the impact on financial position, performance and cash flows.

Lastly, related amendments are also made to Ind AS 101, especially for companies adopting Ind AS for the first time. These ensure that companies follow consistent methods for exchange rate issues even during the transition phase.

Notification dated May 7, 2025

AMENDMENT TO THE COMPANIES (ACCOUNTS) RULES, 2014 ON EXTENSION OF FORM CSR-2 FILING DEADLINE

The Ministry of Corporate Affairs has notified amendments to the Companies (Accounts) Rules, 2014. The key purpose of this amendment is to extend the deadline under the fourth proviso of Rule 12 (1B) of the Companies (Accounts) Rules, 2014. The due date mentioned prior to the amendment was March 31, 2025 which has now been extended to June 30, 2025.

Pursuant to the aforementioned amendment, companies can file Form CSR-2 for the financial year 2023-2024 on or before June 30, 2025. The aforementioned form is to be filed after filing Form AOC-4, AOC-4-NBFC (Ind AS) or AOC-4 XBRL, as the case maybe.

This amendment is a procedural relaxation that gives companies more time and clarity for filings related to Corporate Social Responsibility.

RBI & FEMA

SEBI UPDATES

DISCLOSURES AND COMPLIANCES BY INFRASTRUCTURE INVESTMENT TRUSTS ("INVITS")

The Securities and Exchange Board of India ("**SEBI**") vide circular dated May 07, 2025, bearing reference no. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/63 has issued a circular ("**InvIT Circular**") on the *'Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts ("**InvITs**")'*.

The InvIT Circular which has come into effect as on May 07, 2025, revises the existing framework applicable to InvITs, with regard to financial disclosures in offer documents and continuous compliances to be made by them.

Some key highlights of the revisions are listed below:

(a) InvITs issuing offer documents or follow-on offers, to disclose audited financial statements for the last three financial years and a stub period (where latest audited financials are older than six months from the date of filing);
(b) if the InvIT has not been in existence for three years, any follow-on offer must have financial disclosures which cover the period of existence as well as the stub period;
(c) for initial offers, audited combined financial statements of the InvIT must be disclosed;
(d) financial information must comply with Indian Accounting Standards ("**Ind AS**") and be audited by peer-reviewed auditors approved under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("**InvIT Regulations**");
(e) disclosure of proforma financial statements are mandatory if there has been a material acquisition or divestment after the last disclosed financial period;
(f) additional disclosures, include project-wise operating cash flows, contingent liabilities, related party transactions and proforma financials for acquisitions and divestments;
(g) InvITs are required to report their unit holding pattern one day prior to listing, quarterly within 21 days and within 10 days of any capital restructuring that results in a change exceeding 2% (two per cent) in the total outstanding units.

The amendments are a result of the recommendations of the Hybrid Securities and Advisory Committee ("**HySAC**") and specifically modify Chapters 3 and 4 of the Master Circular for InvITs dated May 15, 2024.

DSK View: *SEBI has been working towards updating and streamlining various disclosure requirements for InvITs and REITs to provide transparency and ease of investment to investors. The amendments introduced in the Master Circular are detailed and provide much needed clarity on the disclosure requirements.*

DISCLOSURES IN THE CORPORATE BOND DATABASE PURSUANT TO REVIEW OF REQUEST FOR QUOTE (RFQ) PLATFORM FRAMEWORK

SEBI vide circular dated May 13, 2025, bearing reference no. SEBI/HO/DDHS/DDHSPOD1/P/CIR/2025/72 has issued a circular on the *'Simplification of operational process and clarifying regarding the cash flow disclosure in Corporate Bond Database pursuant to review of Request for Quote (RFQ) Platform framework''* ("**RFQ Platform Framework**").

The RFQ Platform Framework introduces the following key regulatory changes/ clarifications:

(a) **Yield to Price Computation:** computation shall be based on the due dates of cash flows as per the cash flow schedule, without any adjustments for the day count convention. Accordingly, cash flow dates relating to payment of interest, dividend or redemption will now be based solely on the scheduled due dates instead of actual payment dates or adjustments based on day count convention.
(b) **Mandatory Disclosure of Cash Flow:** issuers need to submit a detailed cash flow schedule in the centralized corporate bond database at the time of ISIN activation together with particulars of the payment, due date and the payment date as per day count convention.

Any change in the cash flow schedule during the life of the security needs to be updated with the centralized database within one working day.

The provisions of the RFQ Platform Framework will come into effect from August 2025.

RATING OF MUNICIPAL BONDS ON THE EXPECTED LOSS (EL) BASED RATING SCALE

SEBI vide circular dated May 15, 2025 bearing reference no. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/ 70 has issued a circular on the *'Rating of Municipal Bonds on the Expected Loss (EL) based Rating Scale'*.

Through this circular, SEBI has permitted credit rating agencies ("**CRAs**") to utilise the expected loss ("**EL**") based rating scale for municipal bonds, in addition to the existing standardized rating scale.

Para 5.6.1 of the master circular for CRAs issued by SEBI on May 16, 2024 ("**Master Circular for CRAs**"), allows CRAs to adopt an EL-based rating methodology for infrastructure-related projects or instruments.

Pursuant to consultations with various parties including the Corporate Bonds and Securitisation Advisory Committee ("**CoBoSAC**"), SEBI has noted that employing an EL-based rating scale—either alongside the standardized scale or the Probability of Default ("**PD**") scale—can provide a more comprehensive assessment of recovery prospects. In light of the fact that urban local bodies ("**ULBs**") and municipalities typically issue bonds for infrastructure creation and development, SEBI has now permitted CRAs to use the EL-based Rating Scale to such municipal bonds.

As a result, municipal bonds issued to fund infrastructure projects such as roads, sanitation, water supply, and other civic amenities may now be rated under the EL framework, providing a more refined understanding of the expected loss in case of default.

DSK View: *This regulatory move is aimed at enhancing the effectiveness of credit risk assessments. This would also help enhance investor confidence by offering a method to quantify the losses in case of a default in such issuances. Enabling credit ratings to better reflect the anticipated performance and recovery potential of such instruments is also aimed at facilitating increased investments in municipal issuances to fuel growth and investment in the infrastructure sector.*

RBI UPDATES

RELAXATIONS ON INVESTMENTS BY FOREIGN PORTFOLIO INVESTORS IN CORPORATE DEBT SECURITIES

The Reserve Bank of India ("**RBI**"), vide its notification dated May 08, 2025, bearing reference no. RBI/2025-26/35, has issued a circular on *'Investments by Foreign Portfolio Investors in Corporate Debt Securities through the General Route – Relaxations'* ("**FPI Relaxations**"). The FPI Relaxations are supplemental to the RBI (Non-Resident Investment in Debt Instruments) Directions, 2025, issued on January 7, 2025 ("**DI Directions**"), which govern all transactions by eligible non-residents in debt instruments.

The FPI Relaxations remove two key investment restrictions that previously applied to FPIs under the general route — namely the *short-term investment limit* and the *concentration limit*.

Previously, the short-term investment limit provided that investments by an FPI in corporate debt securities with a residual maturity of up to one year should not exceed 30% of the total corporate debt investments of that FPI, calculated on an end-of-day basis. Certain exceptions existed, such as short-term investments made on or before April 27, 2018, and those made between July 08, 2022, and October 31, 2022.

Similarly, the concentration limit restricted an FPI's investment in corporate debt securities to 15% of the prevailing limit for long-term FPIs and 10% of the prevailing limit for other FPIs.

With the issuance of this circular, both the short-term investment limit and the concentration limit have been withdrawn.

This relaxation effectively provides FPIs with increased flexibility and removes structural constraints on how they can allocate their debt portfolios in India.

DSK View: *The FPI Relaxations aim to enhance the ease of doing business for FPIs, boost foreign investment in the*

Indian corporate debt market and permit FPIs greater freedom in structuring their debt portfolios without being bound by restrictive thresholds.

FRAMEWORK FOR FORMULATION OF REGULATIONS BY THE RBI

RBI, vide its notification dated May 07, 2025, bearing reference no. RBI/2025-26/01, has issued a 'Framework for Formulation of Regulations' ("**Framework**") aimed at institutionalizing a standardized, transparent, and consultative process for issuance and amendment of regulations under various laws administered by the RBI. The Framework is applicable to all regulations, directions, guidelines, notifications, orders, policies, etc., issued by the RBI under the statutes listed in the annexure to the Framework.

A key feature of the Framework is the introduction of a Public Consultation Process, a timeline (of at least 21 days) for public comments after which the RBI will publish a general response to the feedback received along with the final version of the regulation.

The Framework also mandates an Impact Assessment for draft regulations, to the extent feasible, to inform the policy-making process and support evidence-based regulation. Certain categories of regulatory actions such as internal administrative or procedural matters, entity-specific instruments, and cases requiring confidentiality or urgent action are exempted from the Framework.

DSK View: *The release of this Framework marks a substantial evolution in RBI's regulatory governance by adopting a transparent, stakeholder centric and evidence-based policymaking approach. This may not only help build trust, predictability, and accountability within the financial system but will also encourage regulated entities to actively engage with the RBI.*

CREDIT GUARANTEE SCHEME FOR STARTUPS

The Department for Promotion of Industry and Internal Trade ("**DPIIT**"), Ministry of Commerce and Industry, Government of India has, vide gazette notification dated May 08, 2025, notified the Credit Guarantee Scheme for Startups ("**CGSS**").

Under the CGSS, the Government of India has established a fixed corpus to provide credit guarantees for loans extended to DPIIT-recognised startups by scheduled commercial banks, non-banking financial companies ("**NBFCs**") and venture debt funds ("**VDFs**") registered as alternative investment funds ("**AIF(s)**") with SEBI.

The revised framework has enhanced the guarantee coverage from ₹10 crore to ₹20 crore per eligible borrower. Guarantee coverage is not provided directly to DPIIT-recognised startups, but through a designated Trustee – National Credit Guarantee Trustee Company Ltd ("**NCGTC**"), to eligible Member Institutions ("**MIs**") that lend to startups.

Instruments eligible for assistance under the scheme include venture debt, working capital, subordinated debt/mezzanine debt, debentures, optionally convertible debt, and other fund-based and non-fund-based facilities, provided these crystallise as debt obligations.

Eligibility Criteria

For Borrowers (Startups):

- recognised by DPIIT as per gazette notifications issued from time to time;
- not in default to any lending/investing institution and not classified as non-performing asset under RBI guidelines;
- certified as eligible by the concerned MI for the purpose of availing guarantee cover.

For Lending/Investing Institutions ("**MIs**"):

- scheduled commercial banks and financial Institutions;
- NBFCs registered with the RBI having a minimum credit rating of BBB and above (by RBI-accredited external credit rating agencies) and minimum net worth of ₹100 crore. An NBFC becoming ineligible due to a downgrade below BBB shall not be eligible for further cover until it regains eligibility;
- SEBI-registered AIFs.

Objective

The primary objective of the CGSS is to facilitate collateral-free debt funding to eligible startups by providing a guarantee cover on credit extended by MIs. The guarantee is intended to mitigate credit risk and encourage MIs to support startups.

The maximum debt amount, including both fund-based and non-fund-based facilities, eligible for guarantee cover under the Scheme has been increased to **₹20 crore per borrower**.

Extent of Guarantee

- Transaction-Based Guarantee Cover:
  - 85% of the amount in default for loans up to ₹10 crore;
  - 75% of the amount in default for loans exceeding ₹10 crore;
  - Subject to an overall ceiling of ₹20 crore per borrower.
- Umbrella-Based Guarantee Cover:
  - Guarantee will cover actual losses or up to 5% of the pooled investment made in startups by the fund, whichever is lower;
  - Subject to a maximum of ₹20 crore per borrower;

- Losses refer to the aggregate of principal investments written off along with three months of accrued interest from the date of default. In cases of partial write-off, only the written-off principal and accrued interest for three months will be considered.

The umbrella-based guarantee cover will be co-terminus with the life of the venture debt fund.

DSK View: *The scheme mitigates risk for lenders and enables greater financial flow to startups.*

CASE LAWS

SECURED CREDITOR'S INTERESTS ON ASSETS ATTACHED UNDER PREVENTION OF MONEY LAUNDERING ACT, 2002 AND MAHARASHTRA PROTECTION OF INTEREST OF DEPOSITORS (IN FINANCIAL ESTABLISHMENT) ACT, 1999

Petitioner*: National Spot Exchange Ltd. (NSEL)*
Respondent*: Union of India*
Court*: Supreme Court of India*
Quorum*: B.M. Trivedi J, S.C. Sharma J.*
Date*: May 15, 2025*
Citation*: 2025 INSC 694*

Background

NSEL, a commodity exchange platform, defaulted on payments worth approximately ₹5,600 crores to about 13,000 traders. This led to multiple legal proceedings, attachment of properties under the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 ("**MPID Act**") and the constitution of a Supreme Court Committee ("**Committee**") to oversee the execution of decrees and distribution of proceeds to investors.

Key Issues:

i. whether the secured creditors would have priority of interest over the assets attached under the Provisions of Prevention of Money Laundering Act, 2002 ("**PMLA**") and MPID Act, by virtue of the Provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI**") and Recovery of Debt and Bankruptcy Act, 1993 ("**RDB Act**");
ii. whether the properties of the judgment debtors and garnishees attached under the provisions of the MPID Act would be available for execution of the decrees against judgment debtors in view of the provision of moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**").

Supreme Court's Ruling:

The Supreme Court ruled that the MPID Act and PMLA operate in a different field than central laws like SARFAESI and RDB Act (which govern bank recoveries). It reasoned that since there was no direct conflict, any action with respect to enforcement or attachments under MPID Act and PMLA, would take priority over claims by secured creditors. Assets attached under MPID Act do not go to the corporate debtor's estate and therefore lenders (including banks and other financial institutions) cannot enforce charges on such properties and accordingly, cannot recover dues. The Supreme Court in this case, upheld the principle of federalism, ensuring state laws are not overridden by central banking laws.

The Supreme Court further held that a moratorium under IBC also does not affect properties already attached under the MPID Act since such attachments take place prior to insolvency. Accordingly, such assets do not form part of the debtor's estate and can still be liquidated and distributed to creditors, even during the IBC moratorium

BANK'S POWER TO TAKE POSSESSION AND RIGHT TO RECOVER OUTSTANDING SUMS FROM SALE OF THE PROPERTY UNDER SECURITIZATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002

Petitioner*: INDU NARAIN*
Respondent*: STATE BANK OF INDIA & ORS.*
Court*: Delhi High Court*
Quorum*: J. Vibhu Bakhru & J. Tejas Karia*
Date*: May 27, 2025*
Citation*: W.P.(C) 1627/2020 & CM APPL.12696/2025*

Background

The Petitioner filed a petition challenging the orders of both the Debts Recovery Tribunal-II ("**DRT-II**") and its appellate tribunal after she received a possession notice from a court-appointed receiver on 16 February 2019 and under protest, handed over her flat at C-140, First Floor, Defence Colony, New Delhi, on 18 January 2020.

The Petitioner's contention was that although neither a guarantor nor a mortgagor of the property (which was gifted to her vide a gift deed in August 2007), she fully paid the NPA dues as reflected in State Bank of India's ("**SBI**") letters dated issued to her, pursuant to a family settlement that entrusted her with negotiating and settling SBI's claims in exchange for transfer of the immovable property.

She also contended that despite repayment of the NPA reflected in SBI's letters, SBI had issued a statement, as of 31 January 2024, alleging an outstanding balance of ₹4,43,72,302.80 to be due and payable.

Issues Involved

The following issues were framed by the Hon'ble Delhi High Court:

i. Did the Petitioner fulfil her obligations under the family settlement and make the necessary payments to the Respondent?
ii. Was the Petitioner entitled to retain possession of the property despite the notice from Respondent?
iii. Did the Petitioner have any legal standing to challenge the actions of Respondent regarding the property?

High Court's Ruling

The Hon'ble High Court carefully examined the orders of the DRT and letters issued by SBI to the Petitioner and observed that none of the tribunal's orders had recorded SBI's acceptance of a lesser sum as "full and final settlement."

The High Court further observed that the tribunal's order simply documented the Petitioner's promise to clear "all dues" within specified timelines. The High Court also observed that SBI's letters in 2015 to 2016 quantified the remaining NPA balances post-payment and did not indicate any acceptance or offer of a one-time settlement or agreement to waive future interest or charges.

In this regard, it is pertinent to highlight that a creditor's silence or non-opposition to a debtor's payment proposal does not constitute binding remission of debt. Under the Contract Act, any remission of liability must be evidenced by a clear, unequivocal agreement, preferably in writing, to accept a lesser sum in full satisfaction.

The court observed that in the absence of any clear, written, and unequivocal acceptance by SBI, Sections 41 and 63 of the Indian Contract Act, 1872 could not operate to extinguish SBI's right to recover outstanding sums.

While dismissing the petition, the High Court observed that SBI's statutory powers under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 remained unimpaired, and SBI was entitled to proceed with the sale of the property (while returning any surplus to the Petitioner after satisfaction of SBI's dues) and further observed that the Petitioner never formally requested return of title deeds or an official no dues certificate, undermining her claim of a concluded settlement.

DELHI RERA ISSUES DIRECTIONS FOR MAINTAINING PROJECT BANK ACCOUNTS IN THE NATIONAL CAPITAL TERRITORY OF DELHI

The Real Estate Regulatory Authority for National Capital Territory (NCT) of Delhi issued "The National Capital Territory of Delhi Real Estate (Regulation & Development) (Mandatory Bank Accounts) Directions, 2025" on April 29, 2025 ("**Directions**").

Summarized below are the key points for consideration under the Directions:

(a) Every Promoter is mandated to open the following three bank accounts before project registration: (i) Project Master Account, (ii) Project RERA Escrow Account, and (iii) Project Free Account.

(b) **Project Master Account**: 100% receivables from the allottees shall be deposited in this account and no debit or withdrawal will be permitted, except to the Project RERA Escrow Account and Project Free Account as detailed below.

(c) **Project RERA Escrow Account:** 70% of the amount received in the Project Master Account shall be auto transferred at the end of each business day to the Project RERA Escrow Account. The amounts deposited in this account shall be used for cost of land and construction of the project, upon certification by the project engineer, architect and chartered accountant.

All secured and unsecured loans availed to finance the project shall also be deposited in the Project RERA Escrow Account. This also includes any amount raised through non-convertible debentures where the project assets are mortgaged to debenture holders. In exceptional circumstances, the Authority may allow operation of loan from a 'Joint Escrow Account' opened by the Lender and Promoter for financing the project.

(d) **Project Free Account**: Residual 30% in the Project Master Account after depositing the 70% in the Project RERA Escrow Account shall be deposited herein. The 30% amount shall be auto transferred from the Project Master Account at the end of each business day. The Promoter may use such funds for business activities related to the project.

(e) **Uploading quarterly certificates issued by the architect and chartered accountant**: The Promoter shall upload quarterly certificates issued by the architect, engineer and chartered accountants on the RERA website, certifying that the expenditure incurred was in proportion to the percentage of completion of the project.

(f) **Providing details of loans availed for the Project or Project Land:** The Promoter shall provide details of all secured loans and encumbrances created on the project or the land of the project at the time of registration of the project.

The Promoter shall inform the authority in writing within 30 (Thirty) days of availing any loan any loan or creation of mortgage on project land or project or both, after registration of the project, giving details and reasons for availing such loans and its impact on the project cost.

Further, any loan taken against project or project land shall be utilised for construction of project only.

(g) **Obligations of Banks:** The circular also puts an obligation on the banks to provide details to the Authority for accounts opened in terms of the circular. It also puts an obligation on the banks to stop withdrawals/transfers from the Project RERA Escrow Account upon lapse of validity of registration of the project.

BOMBAY HIGH COURT STAYS MAHA RERA ORDER PASSED USING SUO MOTU JURISDICTION FOR VIOLATION OF PRINCIPLES OF NATURAL JUSTICE

(a) **Brief Facts**

Capcite Infraprojects Limited ("**Petitioner**") was appointed as a contractor to carry out civil engineering and construction work for a slum redevelopment project ("**Project**") originally to be developed by Radius & Deserve Builders LLP ("***Erstwhile* Promoter**"). In a dispute that arose between the Petitioner and the *Erstwhile* Promoter, the Petitioner became the beneficiary of 10 (ten) flats being allotted by the Old Promoter to the Petitioner in the said Project. Insolvency proceedings were filed against the *Erstwhile* Old Promoter and the slum society approached the Slum Rehabilitation Authority for change of developer. Consequent thereto, Chandak Realtors Private Limited ("**Incoming Promoter**") was appointed as the new developer for the Project.

The Incoming Promoter then approached the Maha RERA by invoking the provisions of Section 15 of RERA Act. In *Suo moto* proceedings, a full bench of Maha RERA, vide an Order dated March 27, 2023 replaced the Old Promoter with the Incoming Promoter and permitted the Incoming Promoter to have a fresh RERA registration number with respect to the Project ("**Impugned Order**"). In terms of the Impugned Order, the allottees (one of them being the Petitioner), were entitled to enforce their claims only against the *Erstwhile* Promoter and such obligations of the *Erstwhile* Promoter could not be fastened on the Incoming Promoter.

Aggrieved by the Impugned Order, the Petitioner filed a writ petition on the grounds that an order of such a nature could not have been passed by Maha RERA, in as much as the Petitioner had substantial rights in the Project in terms of 10 (ten) flats allotted to it by the *Erstwhile* Promoter.

(b) **Order of the Hon'ble Bombay High Court**

The High Court found *prima facie* merit in the Petitioner's submissions. The Court questioned the basis of the *Suo motu* proceedings and the constitution of a "Full Bench" by MahaRERA for such an order. It expressed strong reservations about observations in the MahaRERA order that affected third-party rights without a hearing, particularly the attempt to insulate the new promoter from the previous promoter's liabilities. The Court also cast doubt on the legality of Circular No. 24A/2021, suggesting that Section 25 of the RERA Act, under which it was purportedly issued, grants administrative rather than adjudicatory powers.

Consequently, the High Court granted an ad-interim stay on the Impugned Order qua the petitioner.

COMPLIANCE WITH PRE-DEPOSIT REQUIRMENTS UNDER S. 43(5) OF RERA ACT MANDATORY FOR PROMOTER APPEAL TO BE HEARD

The Maharashtra Real Estate Appellate Tribunal has reiterated the requirements set out in the proviso to Section 43(5) of the RERA Act whereunder an appeal filed by a promoter shall not be entertained without the promoter having deposited, *inter alia*, the entire amount to be paid to the allottee, including interest and compensation imposed on him, before the appeal is heard.

(a) **Brief Facts**

Under an order dated July 20, 2023 ("**2023 Order**"), Maha RERA had directed M/s. Acropolis Purple Developers ("**Promoter**") to pay interest for delayed possession to an allottee being the complainant therein and had allowed for such amount to be set off against outstanding dues to be paid by the allottee to the Promoter. Pursuant to an order dated April 12, 2024 ("**2024 Order**") passed in a review complaint, the 2023 order was confirmed. The Promoter subsequently challenged the 2024 Order.

By an Order dated March 3, 2025 ("**2025 Order**"), the MREAT directed the appellant Promoter to comply with the provisions of the proviso to Section 43(5) of the RERA Act and deposit the entire amount payable to the allottees in the registry of the MREAT.

The Promoter relying upon the 2023 Order under which the Promoter was permitted to set off the amount payable against the allottee's outstanding dues, challenged the 2025 Order before the MREAT.

(b) **Order passed by the MREAT**

The MREAT relied on the decision of the Hon'ble Bombay High Court in the case of *Balaji Construction Company v. Anjusha Ajit Kamad & Ors.*, wherein the Hon'ble High Court observed that the proviso to Section 43(5) of the RERA Act acts as a deterrent against promoters to indulge in unnecessary litigation. Moreover, the exemption to deferring the payment of interest by a Promoter is for the purpose of ensuring that the entire project is not put in jeopardy due to financial constraints. The MREAT, therefore, in line with the Hon'ble High Court held that the Promoter must deposit the entire amount payable as a pre-condition for entertainment of the appeal even though its liability to pay such amount does not occur at present.

MERELY OBTAINING RECOVERY CERTIFICATES UNDER RERA DOES NOT PRECLUDE HOMEBUYERS FROM INITIATING PROCEEDINGS UNDER THE IBC

The National Company Law Appellate Tribunal ("**NCLAT**"), Principal Bench in the matter of *Shailendra Agarwal (Suspended Director of M/s NHA Infrabuild Pvt. Ltd. vs Asit Upadhyaya and others* noted that whether home buyers have obtained recovery certificates or not, the Respondents - Allottees remained Financial Creditors under Section 5(8)(f) of the Insolvency and Bankruptcy Code, 2016 as they have not received possession of the allotted flats, and their deposited amounts have not been refunded in full.

PART OCCUPATION CERTIFICATE IS NOT EQUAL TO COMPLETION CERTIFICATE; PROJECT MUST BE REGISTERED UNDER RERA - MREAT ORDERS MACROTECH PROJECT REGISTRATION UNDER RERA

The Maharashtra Real Estate Appellate Tribunal (MREAT) has directed Macrotech Developers Ltd. (formerly Lodha Crown Buildmart Pvt. Ltd.) to register its "NEW CUFFE PARADE LODHA" project in Wadala, Mumbai, under RERA. This decision, delivered on May 8, 2025, overturned MahaRERA orders dated February 3, 2020, which had dismissed complaints from several flat purchasers seeking interest for delayed possession. MahaRERA had reasoned that the lower floors (1st to 40th) where the appellants' flats were located did not require RERA registration as the developer had obtained a part Occupancy Certificate (OC) on June 8, 2017.

(a) **Homebuyers Challenge Part OC and Demand Registration**
The appellants, including Gul Mukhey, argued that a part OC is not a Completion Certificate (CC), and since a CC was not obtained before the commencement of RERA on May 1, 2017, the project phases required mandatory registration. The developer contended that the part OC exempted these phases from registration, citing a previous Bombay High Court order.

(b) **Tribunal Finds Part OC Insufficient for Exemption**
MREAT found that a part OC, especially one received after RERA's effective date (May 1, 2017) and with conditions fulfilled even later (August 2018), does not equate to a CC for registration exemption. The MREAT emphasized that for phase-wise development and registration, each phase must be a "stand-alone real estate project" with its own commencement certificate, which was not the case here. Relying on Supreme Court judgments, MREAT concluded the project was ongoing and mandated registration.

(c) **Final Order: Registration Mandated, Complaints Remanded**
The appeals were partly allowed, MahaRERA's orders were set aside, and the developer was ordered to register the project within 30 (thirty) days, with complaints remanded for decision on merits post-registration. Costs were also imposed on the developer.

MREAT OVERTURNS MAHARERA'S ARBITRATION DIRECTIVE

The Maharashtra Real Estate Appellate Tribunal (MREAT), in a judgment dated May 7, 2025, has overturned a MahaRERA order passed on July 6, 2022. The MahaRERA order had directed allottees of the "RIVALI PARK" project's "WINTER GREEN" towers in Borivali, Mumbai, to pursue arbitration for their grievances, instead of deciding their complaints for delayed possession and compensation on merits. The allottees, including Usha Uday Ghelani, had filed complaints against CCI Project Pvt. Ltd. (**Promoter**) and Cable Corporation of India Limited (**Landowner**) due to failure in handing over possession by committed dates.

(a) **Arbitration Clause vs. RERA Jurisdiction**
The Promoter had argued before MahaRERA that the complaints were not maintainable due to an arbitration clause in the agreements for sale. MahaRERA had agreed, disposing of the complaints by directing the parties to arbitration, noting that the agreements were executed before RERA came into force.

(b) **Bombay High Court Precedent Cited**
MREAT, in its decision, heavily relied on the Bombay High Court's judgment in *M/s. Rashmi Realty Builders Private Limited V/s Mr. Rahul Rajendrakumar Pagariya & Ors.* This ruling established that disputes between allottees and promoters under RERA are non-arbitrable, and RERA's jurisdiction is not ousted by an arbitration clause. The Tribunal noted that as its parent High Court, the Bombay High Court's decisions are binding.

(c) **RERA's Retroactive Application and Remand for Merits Decision**
MREAT also referred to the Supreme Court's decision in *M/s. Newtech Promoters and Developers Pvt. Ltd. V/s. State of Uttar Pradesh & Others*, which affirmed that the RERA Act, 2016, is retroactive in its operation and applies to ongoing projects and pre-existing contracts. Since MahaRERA had decided the complaints solely on the preliminary issue of maintainability due to the arbitration clause without examining the merits, MREAT found it appropriate to remand the matters. MREAT reasoned that deciding on merits at the appellate level would deny parties their first right of appeal on the substantive issues of their complaints.

(d) **Final Order: Complaints Restored to MahaRERA**
The appeals were partly allowed, and the MahaRERA order was quashed and set aside. The complaints were restored to MahaRERA for fresh consideration on their

merits, with parties directed to appear before the Authority on May 21, 2025.

MAHARERA ANNOUNCES GO-LIVE OF NEW PROJECT LIFECYCLE MODULE

The Maharashtra Real Estate Regulatory Authority (MahaRERA) issued Order No. 64/2025 on May 2, 2025, detailing guidelines for the launch of its Project Lifecycle Management Module. This new module is part of the MahaRERA CRITI (Complaint and Regulatory Integrated Technology Implementation) system. The CRITI system was initially launched on August 31, 2024, with modules for Agent Lifecycle Management, Complaint Management, and Conciliation Management.

(a) **Transition to Enhanced Online System**
The introduction of the Project Lifecycle Management Module aims to further operationalize MahaRERA's web-based online system, mandated under Section 4(3) of the RERA Act. This module will handle all project-related applications, including project registration, project correction, project extension, and project quarterly updates. The objective is to create a more efficient and transparent system for managing real estate projects, ensuring that all stakeholders have access to accurate and up-to-date information. The authority emphasized the need for clear processes during the transition from the old system to the new MahaCRITI platform.

(b) **Go-Live Schedule and Application Process**
The Project Lifecycle Management module has gone live on MahaCRITI on May 4, 2025. Consequently, all new applications concerning Project Registration, Correction, Extension, and Quarterly Updates must be submitted through the new MahaCRITI Module starting May 5, 2025.

(c) **Handling of Existing Applications**
For applications related to Project Registration, Extension, Correction, etc., that were already submitted in the old system before the new modules went live, processing will continue within the old application itself. MahaRERA has instructed users not to create duplicate applications in the new system. These guidelines have been issued with the approval of the Authority to ensure a smooth transition and maintain an efficient database as per Section 34 of the Act.

RESTRUCTURING & INSOLVENCY

SUPREME COURT DIRECTS INITIATION OF LIQUIDATION PROCEEDINGS IN RESPECT OF BHUSHAN POWER AND STEEL LTD.

In *Kalyani Transco v. Bhushan Power and Steel Ltd. & Ors.*, Civil Appeal No. 1808 of 2020 ("**Civil Appeal**"), the Hon'ble Supreme Court has directed for initiation of the liquidation proceedings in respect of the corporate debtor *viz.* Bhushan Power and Steel Ltd. ("**Corporate Debtor/BSPL**") on account of the several procedural lapses and non-compliance of the mandatory provisions as entailed in the Insolvency and Bankruptcy Code, 2016 ("**IBC**") and the Insolvency And Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("**CIRP Regulations**").

The corporate insolvency resolution process ("**CIRP**"), in respect of the BSPL, was initiated by Punjab National Bank, which was admitted on 26.07.2017.

During the CIRP process, the resolution plan submitted by JSW Steel Ltd. ("**JSW Steel**") was approved by the committee of creditors ("**COC**") in the month of October 2018. Subsequently, the Hon'ble National Company Law Tribunal ("**NCLT**") *vide* the common judgment and order dated 05.09.2019 ("**Plan Approval Order**") dismissed the applications/ objections preferred by the erstwhile directors of BPSL, and approved the resolution plan of JSW Steel, subject to certain conditions, as entailed in the Plan Approval Order.

Subsequently, the conditions, as imposed by the Hon'ble NCLT *vide* the Plan Approval Order, were assailed by JSW Steel before the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**"). Several other company appeals were also preferred by various parties including the erstwhile director of BPSL *viz.* Sanjay Singhal and operational creditors *viz.* Kalyani Transco, Jaldhi Overseas Pte. Ltd., Medi Carrier Pvt. Ltd., CJ Darcl Logistics Ltd. and State of Odisha before the Hon'ble NCLAT, challenging the Plan Approval Order, passed by the Hon'ble NCLT.

Meanwhile, the Directorate of Enforcement ("**ED**"), had passed a provisional attachment order dated 10.10.2019 ("**PAO**"), provisionally attaching the assets of the BPSL under Section 5 of the Prevention of Money Laundering Act, 2002 ("**PMLA**"). The PAO was subsequently challenged by JSW Steel before the Hon'ble NCLAT, whereby the Hon'ble NCLAT was pleased to stay the PAO.

The Hon'ble NCLAT *vide* the impugned judgment and order dated 17.02.2020 ("**Impugned Order**") approved the Plan Approval Order passed by the NCLT, subject to certain modifications/clarifications made by the Hon'ble NCLAT. *Vide* the Impugned Order, the Hon'ble NCLAT allowed the company appeal filed by the JSW Steel, and dismissed the company appeals filed by erstwhile director of BPSL *viz.* Sanjay Singhal and operational creditors *viz.* Kalyani Transco, Jaldhi Overseas Pte. Ltd., Medi Carrier Pvt. Ltd., CJ Darcl Logistics Ltd. and State of Odisha and others.

Being aggrieved by the Impugned Order, passed by the Hon'ble NCLAT, various stakeholders, including the erstwhile directors *viz.* Mr. Sanjay Singhal, the operational creditors of BSPL *viz.* Kalyani Transco, Jaldhi Overseas, Medi Carrier, CJ Darcl Logistics and State of Odisha preferred appeals before the Hon'ble Supreme Court.

In the appeals before the Hon'ble Supreme Court, objections *inter-alia* in respect of maintainability of appeals under Section 62 of the IBC before the Hon'ble NCLAT, procedural lapses in the approval of the resolution plan of JSW Steel, non-compliance with the mandatory provisions of the IBC and CIRP Regulations, etc., were raised and accordingly, the Hon'ble Supreme Court while passing the judgment dated 02.05.2025, has *inter-alia* observed as under:

Re: Maintainability of the appeals before the Hon'ble NCLAT

1. As regards the maintainability of the appeal before the Hon'ble NCLAT, the Hon'ble Supreme Court held that JSW Steel's appeal before the Hon'ble NCLAT was not maintainable under Section 61(3) of the IBC, as JSW Steel could not be considered as a "person aggrieved", in respect of the Plan Approval Order, passed by the Hon'ble NCLT, whereby its own resolution plan was approved. It was further observed that JSW Steel, being aggrieved by some of the conditions imposed by the NCLT *vide* the Plan Approval Order, cannot assail the same by way of an appeal under Section 61(3) of the IBC.

2. In respect of the appeals preferred by the operational creditors, such as Kalyani Transco, etc., the Hon'ble Supreme Court held that the same were held to be maintainable.

Re: Jurisdiction of the Hon'ble NCLAT to interfere with the statutory powers of the ED

3. The Hon'ble Supreme Court held that the Hon'ble NCLAT lacked the jurisdiction to interfere with ED's statutory powers, as entailed under the PMLA and further observed that the stay granted by the Hon'ble NCLAT was improper, since the Hon'ble NCLAT could not exercise any power or jurisdiction beyond Section 61 of IBC.

Re: Non-compliance of mandatory provisions of the IBC and CIRP Regulations

4. The Hon'ble Supreme Court observed that the resolution professional ("**RP**") had not submitted the 'compliance certificate' in the prescribed Form 'H', as provided in the CIRP Regulations, while submitting the application before the Hon'ble NCLT, *inter-alia,* seeking approval of the resolution plan under Section 31(1) read with Section 30(6) of the IBC.

5. It was further observed that there was neither a certificate given nor any statement made by the RP in the said plan approval application, to the effect that the contents of the affidavit filed by JSW Steel, with regard to its eligibility, to file the resolution plan, in terms of Section 29A of the IBC, were in order.

6. While observing that the eligibility/ineligibility of the resolution applicant to submit the resolution plan goes to the root of the matter, the Hon'ble Supreme Court held that it was incumbent on the part of the RP to verify and certify that the contents of the mandatory affidavit, filed by JSW Steel in respect of Section 29A of IBC, was in order. Accordingly, it was observed that such non-compliance raises serious doubt in the mind of the Hon'ble Supreme Court, with regard to the very eligibility of JSW Steel to submit the resolution plan.

7. Further, it was observed that the resolution plan of JSW Steel was implemented in parts, *inter-alia* by making payments to the financial creditors of BPSL in March, 2021 and by making full payments to the operational creditors of BPSL, in March, 2022. In this regard, the Hon'ble Supreme Court observed that there was no material or affidavit placed on record by JSW Steel *inter-alia* to show that the commitments as contemplated in the resolution plan, which were condition precedent(s), was fulfilled by JSW Steel.

8. In respect of the delay caused in preferring the application *inter-alia* seeking approval of the resolution of plan, the Hon'ble Supreme Court observed that the CIRP in respect of BPSL, which was required to be completed within a maximum period of 270 (two hundred and seventy) days from the date of the initiation of proceedings i.e., the resolution plan of JSW Steel was actually placed before the Hon'ble NCLT, for the approval, under Section 31 of IBC, after almost one and a half year i.e., on 14.02.2019.

9. It was also noted that the RP had not filed any application in terms of Section 12(2) of the IBC, thereby seeking extension of time before the expiry of 180 (one hundred eighty) days nor had the RP submitted the resolution plan approved by the COC before the maximum period for completion of CIRP, as prescribed under Section 12 of the IBC read with Regulation 39(4) of the CIRP Regulations.

10. The Hon'ble Supreme Court further observed that though the e-voting process was conducted on 15.10.2018-16.10.2018, however, the resolution plan of JSW Steel was placed before the Hon'ble NCLT, for its approval, only on 14.02.2019. In this regard, the Hon'ble Supreme Court observed that there was no justification whatsoever provided by the RP, as to why the said plan approval application was filed after almost 4 (four) months. Accordingly, it was held that such an application filed by the RP was in contravention of Section 12 of the IBC read with Regulation 39(4) of the CIRP Regulations 2016 and hence, should not have been entertained by the Hon'ble NCLT.

11. Further, the Hon'ble Supreme Court observed that the RP had utterly disregarded the mandatory timeline, as entailed under Section 12 of the IBC, which provides for the time limit for completion of CIRP and further had not sought any extension from the Hon'ble NCLT before the expiry of 180 days from the commencement date. In fact, even the Hon'ble NCLT failed to verify such delays and lacunes caused in the completion of the

CIRP, whilst passing the Plan Approval Order. In this regard, it was observed that role of the RP while conducting the entire CIRP, is not only of an administrator or facilitator, but is also of an invigilator, to ensure that the CIRP is completed in a time bound manner, for maximization of value of the assets, in order to balance the interest of the stakeholders.

12. The Hon'ble NCLT, while passing the Plan Approval Order, also did not satisfy itself whether JSW Steel was (i) eligible to submit the resolution plan or not, (ii) whether the application for approval of plan was within the prescribed time limit, as envisaged under the IBC and CIRP Regulations, (iii) whether the resolution plan had the essential provisions for its effective implementation as required to be satisfied under Section 31(1) of IBC, etc.

13. In respect of the conduct of JSW Steel, it was observed that there was a dishonest and fraudulent attempt made by JSW Steel, *inter-alia* in misusing the process, by not making the upfront payments as envisaged under the resolution plan, for about two and a half years, and thereby enriching itself unjustly.

14. Regarding the contradictory stance of the COC, it was observed that despite flagging the issues with regard to non-compliance of various provisions of the IBC and the CIRP Regulations, in its meetings, the COC still approved the resolution plan of JSW Steel, without any deliberation on the non-compliances.

15. The Hon'ble Supreme Court took note that after making serious allegations against JSW Steel, in respect of misusing the process of law and not implementing the resolution plan in a time bound manner, the COC still accepted the amount of Rs. 19,350 Crores after about 2 (two) years of the approval of resolution plan, without raising any objection, and supporting the stand of JSW Steel regarding the implementation of the resolution plan during the course of arguments. Accordingly, such contradictory stance of the COC proves that COC had played foul and had not exercised its commercial wisdom in the interest of the creditors of BPSL.

16. As regards the contention of *fait accompli,* that the resolution plan of JSW Steel has been fully implemented, it was observed that an illegality of any nature cannot be permitted to be perpetuated, and a plea of *fait accompli* cannot be permitted to be raised by any party to cover up their illegal acts, after achieving the ill-motivated intentions, circumventing the law.

Conclusion

Upon adjudication of appeals preferred by various stakeholders and JSW Steel, the Hon'ble Supreme Court noted as under:

a. The RP had utterly failed to discharge his statutory duties contemplated under the IBC and the CIRP Regulations during the course of the entire CIRP proceedings of BPSL.

b. The COC had failed to exercise its commercial wisdom while approving the resolution plan of the JSW Steel, which was in absolute contravention of the mandatory provisions of IBC and CIRP Regulations.

c. The COC had also failed to protect the interest of the creditors by taking contradictory stands before the Hon'ble Supreme Court, and accepting the payments from JSW Steel without any demurer, and supporting JSW Steel to implement its ill-motivated plan against the interest of the creditors.

d. The resolution plan of JSW Steel as approved by the COC did not confirm the requirements, as entailed in Section 30(2) of IBC, the same being in flagrant violations and contraventions of the provisions of the IBC and the CIRP regulations. The said resolution plan, was therefore, liable to be rejected by the Hon'ble NCLT under Section 31(2) of IBC, at the very first instance.

e. The Impugned Order passed by the NCLAT in allowing the appeal preferred by JSW Steel and issuing the directions without any authority of law and without jurisdiction is perverse, *coram non judice* and liable to be set aside.

In view of the above, the Hon'ble Supreme Court initiated the liquidation proceedings against BPSL, in accordance with law, while exercising its jurisdiction under Article 142 of the Constitution of India.

It may be noted that, *status quo* in respect to the proceedings pending adjudication before the Hon'ble NCLT *qua* BPSL have been directed by the Hon'ble Supreme Court *vide* order dated 28.05.2025, passed in a separate proceeding titled as *JSW Steel Limited vs. Sanjay Singhal & Ors.*, Diary No. 29406/2025.

NCLAT CLARIFIES PERSONAL GUARANTOR'S LIABILITY UNDER IBC: PROCEEDINGS NOT MAINTAINABLE POST-EXTINGUISHMENT OF GUARANTEE

In *Indian Bank vs. Anjanee Kumar Lakhotia & Ors.* Company Appeal (AT) (Insolvency) No. 458 of 2025 ("**Appeal**"), the National Company Law Appellate Tribunal, New Delhi ("**NCLAT**"), held that no proceedings under the provisions of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") can be

initiated against a personal guarantor on the basis of the deed of guarantee which stood extinguished upon the execution of fresh deed of guarantee by the personal guarantor, in terms of the approval of the resolution plan.

An Appeal was preferred by the Indian Bank ("**Appellant**"), being one of the creditors of the corporate debtor *viz.* MBL Infrastructure Ltd ("**Corporate Debtor**"), before the Hon'ble NCLAT, against the impugned order dated 24.01.2025 ("**Impugned Order**") passed by the Hon'ble National Company Law Tribunal, New Delhi ("**NCLT**"), whereby the application preferred by the Appellant under Section 95 of IBC ("**Application**"), against the personal guarantor *viz.* Anjanee Kumar Lakhotia ("**Personal Guarantor**"), *inter alia,* seeking initiation of personal insolvency resolution process in respect of the Personal Guarantor was rejected by the Hon'ble NCLT.

The Appellant, being a dissenting financial creditor in the corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor, had preferred the Application before the Hon'ble NCLT, against the Personal Guarantor on the basis of the deed of guarantee dated 17.02.2016 executed by the Personal Guarantor in favour of the Appellant.

Pertinently, the resolution plan, submitted by the Personal Guarantor (the then-suspended director and promoter of the Corporate Debtor), was approved by the committee of creditors and subsequently by the Hon'ble NCLT, Hon'ble NCLAT, and the Hon'ble Supreme Court. As part of the approved resolution plan's implementation, a fresh deed of personal guarantee was executed on 26.07.2024 by the Personal Guarantor, and the earlier deed of guarantee dated 17.02.2016 stood extinguished.

The Hon'ble NCLAT, while adjudicating upon the Appeal, agreed with the Hon'ble NCLT's view that the Appellant could not proceed against the Personal Guarantor, under Section 95 of the IBC, on the basis of the extinguished deed of guarantee, especially when the restructuring and security terms were redefined under the resolution plan. Furthermore, the Hon'ble NCLAT also held that dissenting financial creditor(s) are entitled only to the liquidation value and cannot initiate separate personal insolvency proceedings post the approval of the resolution plan.

Accordingly, the Appeal was dismissed by the Hon'ble NCLAT.

NCLT WHILE EXERCISING JURISDICTION UNDER SECTION 9 OF THE IBC, ALSO EXERCISES JURISDICTION UNDER THE COMPANIES ACT, 2013, HOWEVER, IT CANNOT ISSUE ANY DIRECTION(S) TO SFIO OR EOW FOR CARRYING OUT AN INVESTIGATION

In the matter of *Max Publicity & Communication Pvt. Ltd. vs. Enviro Home Solutions Pvt. Ltd.* (Company Appeal (AT) (Insolvency) No. 456 of 2025) ("**Appeal**"), the Hon'ble National Company Law Appellate Tribunal, New Delhi ("**NCLAT**") has held that the Hon'ble National Company Law Tribunal, Mumbai Bench ("**NCLT**"), while dismissing an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), could not have directed investigation, without affording a reasonable opportunity, to the concerned party.

The Appeal was preferred by the operational creditor *viz.* Enviro Home Solutions ("**Operational Creditor**"), before the Hon'ble NCLAT, against the impugned order dated 21.01.2025 ("**Impugned Order**") passed by the Hon'ble NCLT, whereby the application under Section 9 of IBC ("**Application**") preferred by the Operational Creditor against the corporate debtor *viz.* Max Publicity & Communication Pvt. Ltd. ("**Corporate Debtor**"), *inter-alia*, seeking initiation of corporate insolvency resolution process ("**CIRP**") in respect of the Corporate Debtor, was dismissed by the Hon'ble NCLT.

However, basis the assertions raised by the Operational Creditor, in respect of sham transactions and fraud being played on the Government of India, the Hon'ble NCLT, while passing the Impugned Order, *inter-alia* directed the registry of the Hon'ble NCLT to forward the copy of the Impugned Order to various statutory authorities (i.e., Central Government through Ministry of Corporate Affairs, Income Tax Authorities through nodal office, etc.,) and observed that "*… these contentions are left open for the appropriate authorities including ROC, Income Tax Department, EOW, SFIO to investigate and unearth the larger conspiracy behind the entire transactions relating to CSR obligations of Veda*".

The Hon'ble NCLAT, in the Appeal, held that the Hon'ble NCLT, while exercising jurisdiction under Section 9 of the IBC, also exercises jurisdiction under the Companies Act, 2013 ("**Act**"). In this regard, the Hon'ble NCLT in the exercise of powers under Section 213 of the Act can direct for investigation, but the said investigation can be directed only after complying with the precondition, i.e. affording a reasonable opportunity to the parties concerned.

The Hon'ble NCLAT further clarified that the Hon'ble NCLT can also exercise inherent jurisdiction under Rule 11 of the National Company Law Tribunal Rules, 2016 ("**NCLT Rules**"), in a case where the Hon'ble NCLT is of the view that copy of the Impugned Order needs to be forwarded to the relevant statutory authorities, it can forward the copy for doing needful.

Moreover, the direction to carry out any investigation of a company's affairs by SFIO can be made only in accordance with the statutory provisions of Section 212 of the Act, and the Hon'ble NCLT, while exercising jurisdiction under the Act, cannot issue any direction to SFIO for carrying out an investigation. Accordingly, the Hon'ble NCLAT observed that

there was no occasion for the Hon'ble NCLT to make any observation or referring the matter to EOW or SFIO to investigate.

NCLAT AFFIRMS THAT THE THRESHOLD FOR FILING AN APPLICATION UNDER SECTION 9 OF THE IBC HAS TO BE MET ON THE DATE OF FILING AND NOT AT THE TIME OF ADMISSION OF THE APPLICATION

In *Devika Resources Pvt. Ltd. v. MAA Manasha Devi Alloys Pvt. Ltd.,* Comp. App. (AT) (Ins) No.938 of 2024, ("**Appeal**") the National Company Law Appellate Tribunal, New Delhi, ("**NCLAT**") has held that the threshold for the purpose of maintaining an application ("**Application**") under Section 9 of Insolvency and Bankruptcy Code, 2016 ("**IBC**"), must be satisfied at the time of the filing of the Application and not at the time of the admission of the Application.

The Appeal was preferred by the operational creditor ("**Operational Creditor**"), against the impugned order dated 06.03.2024 passed by the Hon'ble National Company Tribunal ("**NCLT**"), whereby the Application was rejected by the Hon'ble NCLT on the ground that an amount of Rs. 20 Lakhs was paid by the corporate debtor *viz.* MAA Manasha Devi Alloys Pvt. Ltd. ("**Corporate Debtor**"), during the pendency of the Application, thereby reducing the total defaulted amount below the threshold limit of Rs. 1 Crore, as provided under Section 4 of the IBC.

It may be noted that the Operational Creditor had preferred the Application before the Hon'ble NCLT, on 20.05.2022, against the Corporate Debtor, *inter-alia*, seeking initiation of the corporate insolvency resolution process ("**CIRP**") in respect of the Corporate Debtor, on account of the unpaid operational debt amounting to Rs. 1,16,25,583/-.

During the pendency of the Application, the Corporate Debtor deposited an amount of Rs. 20 Lakhs in the account of the Operational Creditor without its permission, thereby reducing the unpaid operational debt amount below the statutory threshold of Rs. 1 Crore.

Keeping in view the same, the Hon'ble NCLT dismissed the Application on the ground that the reduced amount no longer met the threshold required under Section 4 of the IBC.

Aggrieved by the impugned order passed by the Hon'ble NCLT, the Operational Creditor preferred the Appeal before the Hon'ble NCLAT.

While adjudicating upon the Appeal, the Hon'ble NCLAT held that the threshold for filing an application under Section 9 of the IBC is to be determined at the time of filing the application, not at the time of its admission of the application.

Accordingly, the Hon'ble NCLAT set aside the impugned order passed by the Hon'ble NCLT and restored and remanded the Application to the Hon'ble NCLT for fresh consideration on merits.

MODIFICATION OF THE FINANCIAL PROPOSAL BY THE RESOLUTION APPLICANT POST SUBMISSION OF THE RESOLUTION PLAN, AFTER CONCLUSION OF THE VOTING PROCESS, IS IMPERMISSIBLE

In *Gateway Investment Management Services Ltd. v. ASC Insolvency Services LLP & Ors.* Company Appeal (AT) (Ins) No. 148 of 2025 ("**Appeal**"), the Hon'ble National Company Law Appellate Tribunal, New Delhi ("**NCLAT**"), held that any modification/change of the financial proposal submitted by the resolution applicant, after the submission of the resolution plan, and post the conclusion of the voting process which is in contravention to the terms of the request for resolution plan ("**RFRP**") cannot be held as permissible.

The Appeal was preferred by the appellant ("**Appellant**"), being an unsuccessful resolution applicant against the impugned order dated 22.01.2025 ("**Impugned Order**"), passed by the Hon'ble National Company Law Tribunal, New Delhi ("**NCLT**"), whereby the resolution plan of the successful resolution applicant ("**SRA**") in respect of the corporate insolvency resolution process ("**CIRP**"), of Helios Photo Voltaic Ltd ("**Corporate Debtor**") was allowed by the Hon'ble NCLT and consequently the objections preferred by the Appellant were rejected.

The primary contention of the Appellant was *inter-alia* that despite the Appellant offering the highest net present value, it received a lower score than the SRA, under the evaluation matrix approved by the committee of creditors ("**COC**") and the COC failed to consider that the Appellant on 05.09.2020, while the e-voting process was ongoing, offered improved payment terms, and had later submitted a further enhanced offer.

While adjudicating upon the Appeal, the Hon'ble NCLAT upheld the Impugned Order passed by the Hon'ble NCLT, by *inter-alia* approving the SRA's resolution plan and rejecting the objections raised by the Appellant, while observing that the Appellant's communications constituted impermissible modifications and affirmed that the COC had acted within the bounds of the IBC and the binding process rules, as entailed in the process document which *inter-alia* prohibited consideration of any enhanced/ modify offer after due date.

Furthermore, the Hon'ble NCLAT also reiterated that the commercial wisdom of the COC, once properly exercised under due process, is not subject to judicial intervention.

SPORTS AND GAMING

SPORTS

SPORTS MINISTRY HIKES FUNDING FOR NATIONAL SPORTS FEDERATIONS WITH EMPHASIS ON ACCOUNTABILITY AND PROFESSIONALISM

India's Sports Ministry has announced a significant increase in financial assistance to National Sports Federations (NSFs), coupled with mandatory structural reforms aimed at enhancing professionalism and performance. This move supports India's long-term goal of bidding to host the 2036 Olympic Games and addresses inflation in sports training and infrastructure.

Key highlights of the revised norms include:

- **Funding Boost:**
  - **National Championships:**
    - *High-priority sports* (e.g., hockey, athletics, boxing, shooting, wrestling): ₹90 lakh (up from ₹51 lakh)
    - *Other sports:* ₹75 lakh
  - **International Events in India:** Increased assistance to ₹2 crore
- **Salary and Allowances:**
  - *Chief national coaches:* ₹7.5 lakh/month (up from ₹5 lakh)
  - *Other coaches:* ₹3 lakh/month (up from ₹2 lakh)
  - *Senior athletes' diet allowance:* ₹1,000/day (up from ₹690)
  - *Junior athletes' diet allowance:* ₹850/day (up from ₹480)
- **High-Performance Framework:**
  - NSFs must appoint a High Performance Director (HPD)
  - Annual budget of ₹10 crore granted for HPD, CEOs, and high-performance management staff
  - 20% of NSF budgets must be earmarked for grassroots development
  - Identified high-performance athletes to get ₹10,000/month as dietary allowance during non-camp periods
  - 10% of NSF budgets must go toward coaches' development, including skill upgrades for foreign coaches

Sports Minister Mansukh Mandaviya emphasized the need for a "*robust, accountable, and performance-driven sporting ecosystem*" aligning with India's Olympic ambitions. While reaffirming the government's intent not to micromanage federations, the ministry has tightened oversight, especially in light of past administrative inefficiencies. New guidelines have also been issued for organizing national championships and the National Games by the Indian Olympic Association (IOA).

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BCCI TO FUND OLYMPIC TRAINING CENTRES AS SPORTS MINISTRY RECONSIDERS OCI ATHLETE POLICY

In a significant development aligned with the Sports Ministry's ambition to establish dedicated Olympic training centres across India, the Board of Control for Cricket in India (BCCI) is reportedly considering fully funding the training infrastructure and operations for two to three Olympic sports. According to ministry sources, this initiative aims to create specialised centres for each Olympic discipline, training around 100 to 200 athletes per sport across various age groups for the current and upcoming Olympic cycles. At a recent high-level meeting attended by 58 corporate entities, BCCI Vice President Rajeev Shukla is said to have conveyed the board's willingness to adopt and finance such centres without any financial burden on the government. With suggestions that the BCCI may focus on sports like

baseball, the initiative signals a new era of public-private partnership in India's Olympic ambitions. The BCCI has previously extended its support to Olympic sports, having donated Rs 8.5 crore to the Indian Olympic Association in the run-up to the Paris 2024 Games.

Parallelly, the Sports Ministry is reconsidering a long-standing policy that bars Overseas Citizens of India (OCI) from representing the country in international sporting events. Originally instituted in 2008 by then Sports Minister MS Gill to promote indigenous talent, the rule excluded both Persons of Indian Origin (PIO) and OCI cardholders from national representation. Now, with a renewed focus on raising standards in sports where India has traditionally underperformed, particularly football, the ministry is exploring a scheme that would allow OCI athletes to represent India.

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ATHLETICS FEDERATION OF INDIA IMPLEMENTS MANDATORY CLEARANCE POLICY FOR INTERNATIONAL PARTICIPATION

The Athletics Federation of India (AFI) has introduced a new policy requiring all Indian athletes to obtain prior written clearance before participating in any international events, including invitational competitions. The move aims to regulate athlete participation, safeguard their interests, and maintain the integrity of Indian athletics. The policy was adopted to ensure that the federation can keep track of athletes' activities and monitor the competitive level of events they participate in. AFI President Bahadur Singh Sagoo emphasized that the federation often remained unaware of athletes' performances abroad, which sometimes occurred in competitions not up to the required standard. By centralizing data on athlete participation and performance, the policy seeks to enhance transparency and consistency for rankings and selection processes.

The policy also addresses safety concerns regarding athletes participating in unsanctioned international events that might lack adequate infrastructure or medical support. AFI stresses that participation will be restricted to credible and officially recognized competitions. Furthermore, the policy aims to avoid complications related to doping controls by maintaining clear records of where athletes train and compete, which is crucial for compliance with World Anti-Doping Agency (WADA) requirements.

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FRENCH COURT ORDERS LANDMARK VPN CRACKDOWN TO TACKLE ILLEGAL SPORTS STREAMING

In a landmark ruling aimed at curbing illegal sports streaming, the Paris Judicial Court has ordered a block on over 200 pirate streaming websites, marking a significant victory for French broadcaster Canal+. The decision, which applies to the 2024–25 seasons of major sports leagues including the Premier League, UEFA Champions League, France's Ligue 1 and Ligue 2, and the Top 14 rugby competition, extends the reach of legal responsibility to VPN service providers for the first time.

Major VPN providers like NordVPN, Proton, CyberGhost, Surfshark, and ExpressVPN have been given a tight three-day deadline to implement technical measures to disable access to these sites through their services. Canal+ welcomed the decision as a crucial milestone, asserting that VPNs have now been officially recognised as technical intermediaries in the context of illegal broadcasting and must therefore take accountability. This move builds upon a multi-year anti-piracy strategy spearheaded by Canal+ and the French Professional Football League (LFP), which previously targeted ISPs, DNS providers, CDN services, and proxy tools. So far in 2024, Canal+ claims to have successfully obtained blocks on over 1,300 domain names.

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ATP SEEKS DISMISSAL OF ANTITRUST LAWSUIT FILED BY PTPA AND PLAYERS OVER FORUM CLAUSE

The ATP Tour has filed a motion to dismiss an antitrust lawsuit initiated by the Professional Tennis Players Association (PTPA) and players including Vasek Pospisil, Nick Kyrgios, and Anastasia Rodionova. The motion, presented in the Southern District of New York, argues that under a forum selection clause in ATP bylaws, all legal claims must be heard in Delaware, not New York.

The lawsuit, filed in March, accuses the ATP, WTA, International Tennis Federation (ITF), and International Tennis Integrity Agency (ITIA) of colluding to restrict players' earnings and opportunities. Allegations include prize money caps, unfair revenue-sharing policies, and requirements to play under unsafe conditions.

In its legal brief, the ATP asserts the forum selection clause is binding, clearly communicated, mandatory, and reasonable. It emphasizes that players consent to ATP rules as a condition for participation and that Delaware is a logical, neutral venue for disputes. The ATP also seeks dismissal of claims concerning women players, stating it operates independently from the WTA, which governs women's tennis. Meanwhile, the ITIA filed a separate motion arguing it's not a proper party in the case, claiming its role is solely to uphold tennis integrity and not to engage in anticompetitive conduct. However, the PTPA accuses the ITIA of overreach and invasive practices, including excessive drug testing and aggressive investigations.

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NASCAR APPEARS POISED FOR LEGAL WIN AS APPEALS JUDGES QUESTION INJUNCTION FAVORING MICHAEL JORDAN'S 23XI RACING

Michael Jordan's NASCAR team, 23XI Racing, may face a legal setback as a three-judge panel from the U.S. Court of Appeals for the Fourth Circuit expressed scepticism about a preliminary injunction granted in their favour. The case, which includes 23XI Racing and Front Row Motorsports as plaintiffs, challenges NASCAR's charter system under antitrust laws, claiming it restricts competition and suppresses team compensation.

The current hearing, however, centres solely on whether the injunction issued by U.S. District Judge Kenneth Bell was appropriate. That injunction allowed 23XI and Front Row to operate under NASCAR charter terms without signing a standard mutual release, which other charter teams are required to sign. The judges questioned the legality of this court-modified agreement, with concerns raised that it essentially forces NASCAR into contracts it did not consent to. While the court has not yet ruled, the panel appeared to favour NASCAR's argument. Still, a final decision is pending, and both sides have been encouraged to pursue mediation.

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PREMIER LEAGUE TO ENFORCE CAPTAIN-ONLY RULE FOR REFEREE INTERACTION FROM 2025-26 SEASON

Beginning in the 2025-26 season, only team captains will be allowed to approach referees during Premier League matches, in line with new guidelines approved by the International Football Association Board (IFAB). The aim is to reduce referee intimidation and foster respectful conduct on the pitch.

Under the upcoming rules, referees can instruct players not to approach and issue yellow cards to those who do so without permission or act disrespectfully. If a goalkeeper is the captain, an alternate outfield player will be designated for match interactions. However, players may still speak to referees at other times in the game, outside designated moments.

This regulation has already been followed in UEFA competitions and is expected to be ratified by the Premier League at its next annual meeting. IFAB will include the guidance in the 2025-26 *Laws of the Game*, effective from July 01, 2025, although its adoption remains strongly recommended rather than mandatory.

Special hand signals and "captain-only zones" will accompany the new rule, especially at grassroots and junior levels. These zones, extending four metres around the referee, can be enforced after major decisions to deter confrontational group protests.

The initiative is a response to rising incidents of abuse toward referees. Despite recent reforms and behaviour charters, referee abuse in grassroots football rose 32% in 2023–24. The new captain-only approach aims to reduce confrontation and ensure a secure and calm environment for officials.

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ENGLAND AND WALES CRICKET BOARD BANS TRANSGENDER PLAYERS FROM WOMEN'S CRICKET FOLLOWING SUPREME COURT RULING

The England and Wales Cricket Board (ECB) announced that transgender players will no longer be permitted to participate in women's and girls' cricket matches. This decision was made effective immediately and follows a similar move by the English Football Association (FA). According to the ECB's statement, only players whose biological sex is female will now be eligible to compete in women's and girls' cricket. However, transgender women and girls are still allowed to play in open and mixed-gender cricket formats.

The ECB emphasized that its regulations have always sought to keep cricket as inclusive as possible while managing competitive fairness and safeguarding the enjoyment of all players. Nevertheless, the board stated that recent advice based on a UK Supreme Court ruling regarding the definition of "woman" in the Equality Act necessitated this policy change. The ruling clarified that the term "woman" legally refers only to individuals who are biologically female.

This wave of policy shifts in English sports follows the Supreme Court's interpretation of the Equality Act and echoes similar moves by the Scottish Football Association, which recently ruled transgender women out of women's football from the next season onwards. Both the ECB and FA acknowledged the difficulty these changes pose for transgender athletes who wish to compete in line with their gender identity but maintained that their priority is to ensure fair competition and compliance with legal guidance.

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FRANCE MOVES CLOSER TO NATIONWIDE BAN ON HEADSCARVES IN SPORTS AMID ONGOING LEGAL AND SOCIAL BACKLASH

Salimata Sylla, a basketball player from France, has been barred from competitive play for wearing a hijab, despite her headscarf being approved for sports use internationally. Her case highlights a broader controversy in France, where several sports federations already ban religious clothing, particularly headscarves, under rules aimed at preserving secularism.

In May 2025, a bill backed by right-wing French senators proposing a nationwide ban on all religious head coverings in sports competitions passed its first legislative hurdle in the Senate. If approved by the National Assembly, this law would override individual federation policies and legally enforce what was previously a matter of internal regulation. Supporters claim the bill protects secularism and ensures neutrality in sport. Critics, including rights groups like Amnesty International, argue that the law targets Muslim women, is discriminatory, and violates both the French constitution and international human rights law, particularly the European Convention on Human Rights.

Sylla and others, including the advocacy group Les Hijabeuses, say the policy unfairly forces Muslim athletes to choose between their faith and their sport. France's highest administrative court had previously upheld the soccer federation's ban, prompting a case before the European Court of Human Rights.

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STEVE MADDEN SUES ADIDAS IN U.S. COURT OVER STRIPES DISPUTE ON SNEAKERS

Footwear brand Steve Madden filed a lawsuit against Adidas in the U.S. District Court for the Eastern District of New York, alleging that Adidas is improperly trying to block the sale of two Madden sneakers, *Viento* and *Janos*, due to their use of two non-parallel bands.

Steve Madden claims Adidas has a long history of lodging unfounded complaints over designs that bear no resemblance to its iconic three-parallel-stripe trademark and asserts that Adidas is attempting to monopolize the use of any banded design on shoes. The complaint argues that such designs are widespread in the fashion industry and should not be restricted.

Adidas' lawyers had recently demanded Madden halt sales of the *Viento* sneaker, citing likely consumer confusion, and indicated a possible challenge to the *Janos* design at the U.S. Patent and Trademark Office.

Steve Madden seeks a court declaration that its designs do not infringe Adidas' trademarks, allowing continued sales of both models. The company also noted that this dispute is separate from a prior lawsuit filed by Adidas in 2002, which was resolved by a confidential settlement in 2003.

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CHINA URGES SPORTS BODIES TO REJECT 'GLADIATOR SHOW' ENHANCED GAMES

The Chinese Anti-Doping Agency (CHINADA) publicly condemned the upcoming Enhanced Games, scheduled for May 2026 in Las Vegas, calling it a "distorted competition" that turns pure sports into a drug contest. The Enhanced Games operate under the principle that banning performance-enhancing drugs does not protect athletes but rather stifle their performance. CHINADA criticized the event for allowing athletes to use banned performance-enhancing substances, offering prize money up to $500,000 per event, and undermining the World Anti-Doping Code, and urged the global sports community to stand united in rejecting the Enhanced Games, which lure athletes to risk their health while also feeding the public appetite for a so-called "gladiator show".

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GAMING

HMRL REMOVES OFFSHORE BETTING APP ADS FOLLOWING HIGH COURT PIL

Hyderabad Metro Rail Limited (HMRL) has removed all advertisements for offshore betting apps from its premises after a public interest litigation (PIL) was filed in the Telangana High Court. The PIL alleged that HMRL was promoting illegal betting platforms, including 1xBET, Fairplay, and Myjackpot777.

During the hearing, Advocate General A. Sudharshan Reddy informed the court that all such ads had been taken down. HMRL acted after receiving a notice from the court and a communication from the Greater Hyderabad Municipal Corporation (GHMC) alerting them to the ads. The removal was carried out by L&T, HMRL's concessionaire, under Clause 17.5 of their agreement, which governs advertising activities.

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UTTARAKHAND SET TO DRAFT NEW LAW TO REGULATE ONLINE GAMING

Uttarakhand is set to introduce a new gaming act aimed at regulating online gaming and clearly distinguishing it from gambling. The draft legislation, currently under preparation, responds to the rapid growth of online gaming platforms in India and the need for updated regulation.

The proposed Act will define and regulate online gaming, specifying which activities constitute gaming versus

gambling. Notably, betting on team outcomes may be classified as gambling under the new law. The draft will soon be reviewed by the Law and Justice Department before moving forward for official implementation.
This move follows similar initiatives in other states, where Gaming Acts have enabled the licensing of online gaming companies and the imposition of a 28% GST on such services, boosting state revenues. Uttarakhand's new law is expected to provide regulatory clarity for online gaming companies and users, and improve oversight of financial transactions related to betting and gambling.

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ED REPORT REVEALS MASSIVE MONEY LAUNDERING IN INDIA'S ONLINE BETTING SYNDICATES

A recent Enforcement Directorate (ED) report has uncovered the scale and sophistication of illegal online betting operations in India, with platforms like Fairplay at the centre. These syndicates used manipulated algorithms to lure users—offering small initial wins to build trust, then ensuring consistent losses. Funds were collected through digital wallets and UPI transfers into "mule accounts" held by individuals or shell companies, often registered with payment aggregators to obscure the money trail.

The laundered money was routed through complex networks of shell firms and sent overseas via cryptocurrencies or fake import-export transactions. Some of these illicit funds were reintroduced into India as fake Foreign Direct Investment (FDI), giving the appearance of legitimate capital inflow.

In the Fairplay case alone, the ED has seized over ₹111 crore and identified assets worth ₹232 crore, with total illegal proceeds estimated at ₹4,500 crore. The report calls for stricter regulation of payment gateways and digital wallets, and a coordinated enforcement strategy to effectively disrupt these sophisticated betting syndicates.

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CHHATTISGARH BANS OPINION TRADING PLATFORMS

The Chhattisgarh government has banned opinion trading platforms such as Probo, SportsBaazi, and TradeX, classifying them as online gambling under the Chhattisgarh Gambling (Prohibition) Act, 2022. This move follows a Public Interest Litigation questioning the unchecked operation of such platforms despite the state's strict gambling law.

The High Court emphasized the risks these platforms pose to minors and rural users, urging swift central action to block access. The Act prohibits all forms of online gambling and betting where chance prevails, with severe penalties for violators, but exempts games of skill.

Regulators and industry bodies have also raised concerns about the influence of opinion trading apps, with calls for a nationwide ban and warnings about their potential impact on electoral integrity and financial security.

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HARYANA GOVERNMENT NOTIFIES THE HARYANA PREVENTION OF PUBLIC GAMBLING ACT, 2025

The Haryana Prevention of Public Gambling Act, 2025, was notified on May 21, 2025, *vide* the Gazette notification of the same date. This Act aims to curb public gambling activities, including betting in sports and elections, match-fixing and spot-fixing in sports, and keeping of common gambling house, and draws a distinction between a "game of skill" and "game of chance", where the former is defined as one where there is preponderance of skill over chance, encompassing games that rely primarily on a player's superior knowledge, training, attention, experience, and adroitness, even if an element of chance exists, and the latter as any game where there is a preponderance of chance over skill. The Act also allows the State Government to notify specific games as "games of skill" and excludes "games of skills" from the purview of "gaming".

The Act imposes stringent penalties for a variety of activities, including in relation to gambling, match-fixing and spot-fixing in sports, being a member of an organized gambling syndicate, for giving false identity and address, and for owning or keeping or having charge of a common gambling house.

Access the Haryana Prevention of Public Gambling Act, 2025 *here* and the official Gazette Notification bringing the same into force *here*

PUNJAB & HARYANA HIGH COURT SEEKS CENTRE'S STAND ON PIL TO BAN OPINION TRADING PLATFORMS

The Punjab and Haryana High Court has issued notices to the Centre, RBI, SEBI, Enforcement Directorate, and the Haryana government in response to a PIL seeking a ban on opinion trading platforms for allegedly promoting online betting. The PIL, filed by Advocate Anuj Malik, argues that these platforms enable users to wager on uncertain events such as sports outcomes, elections, and market movements—activities characterized as games of chance and thus illegal under the Public Gambling Act, Bharatiya Nyaya Sanhita 2023, and the Haryana Prevention of Public Gambling Act, 2025.

The petitioner contends that these platforms operate under the guise of opinion trading, evade regulatory scrutiny, and use aggressive digital marketing and celebrity endorsements to target youth. The High Court's notice comes amid similar

legal actions in other states and growing regulatory concern over the unchecked proliferation of such platforms. The matter is set for further consideration, with the petitioner seeking a prohibition on the promotion, advertisement, and operation of these online betting platforms.

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VOLUNTARY SAFEGUARDS AND UNIFIED CODE AIM TO MAKE INDIAN ONLINE GAMING SAFER

A report by IndiaTech.org and Digital India Foundation (DIF) recommends India's online gaming sector adopt voluntary, player-centric safeguards instead of blanket bans to address risks like addiction and financial harm. The proposed Code for Responsible Online Gaming (CROG) outlines key measures including age verification, spending limits, self-exclusion tools, data protection, and ethical advertising.

CROG aims to unify India's fragmented regulations, promote responsible game design, and support industry growth in a market projected to reach ₹66,000 crore by 2028. The framework draws on global best practices from countries like the UK and Australia, favouring flexible, user-driven controls over punitive restrictions that often push players to unregulated platforms. Major industry bodies have committed to the code, with mandatory compliance and independent audits for large operators. The report highlights the importance of balancing innovation with consumer protection to create a safer, more accountable gaming ecosystem in India.

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PLAYING CARDS IN PUBLIC NOT ALWAYS MORAL TURPITUDE, RULES SUPREME COURT

The Supreme Court of India has held that playing cards in public does not automatically amount to moral turpitude. The ruling came while restoring the election of a Karnataka man who was disqualified from a cooperative society board due to a minor public gambling conviction. The Court emphasized that not every act of playing cards constitutes inherently depraved conduct and noted the appellant was not a habitual gambler. It found the disqualification and annulment of his election to be highly disproportionate, clarifying that such recreational activities, absent aggravating factors, do not necessarily involve moral turpitude.

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ASCI WHITEPAPER FLAGS RISKS, CALLS FOR REGULATORY CLARITY ON OPINION TRADING

The Advertising Standards Council of India (ASCI) has released a whitepaper, "Examining Opinion Trading in India," highlighting the rapid growth and regulatory gaps in opinion trading platforms, which now have over 50 million users and handle more than ₹50,000 crore annually. These platforms let users bet on binary outcomes of real-world events, often promoted as skill-based games but resembling gambling in practice.

ASCI warns that aggressive and misleading advertising—especially on social media—exposes young and financially vulnerable users to significant risks, with no consumer disclaimers provided. The Securities and Exchange Board of India (SEBI) has clarified that opinion trading is outside its regulatory scope, leaving the sector in legal limbo.

ASCI urges urgent regulatory clarity: if permitted, strict advertising guidelines must be developed; if not, enforcement against unlawful promotion is needed to protect consumers.

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SUPREME COURT SEEKS CENTRE'S RESPONSE ON PIL FOR NATIONWIDE BAN ON BETTING APPS

The Supreme Court has issued notice to the Union government on a PIL filed by Dr. K.A. Paul seeking a nationwide ban on online and offline betting apps, and legal action against celebrities and influencers promoting them. The petition links betting platforms to rising youth suicides—citing over 1,000 such cases in Telangana—and alleges aggressive, misleading marketing targeting vulnerable users. Dr. Paul argued that the lack of central regulation has allowed betting apps to proliferate unchecked, urging a comprehensive law and accountability for celebrity endorsers. The Court declined interim relief but will hear the matter next on August 1, 2025.

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ALLAHABAD HIGH COURT URGES STRONGER ONLINE GAMBLING LAWS, SETS UP EXPERT PANEL

The Allahabad High Court has called for urgent legislative reform to address online betting and gaming, highlighting the inadequacy of the colonial-era Public Gambling Act, 1867, which does not cover digital platforms or cross-border transactions. Hearing a case involving two UP residents accused of running an online betting operation, the court noted the Act's negligible penalties and lack of enforcement power in the digital era.

The court directed the Uttar Pradesh government to form a high-powered committee, chaired by Economic Advisor Prof. K.V. Raju and including experts in technology, finance, law enforcement, and taxation, to recommend a comprehensive regulatory framework for online gaming and betting. The court suggested measures such as centralized regulation,

age restrictions, financial controls, and public awareness campaigns to address issues like addiction, financial harm, and cybercrime.

The judgment also referenced international models like the UK Gambling Act, which mandates licensing, age verification, and anti-money laundering controls, and acknowledged the legal grey area around fantasy sports and games of skill in India. The court's move is a significant step toward modernizing India's online gambling laws and improving consumer protection.

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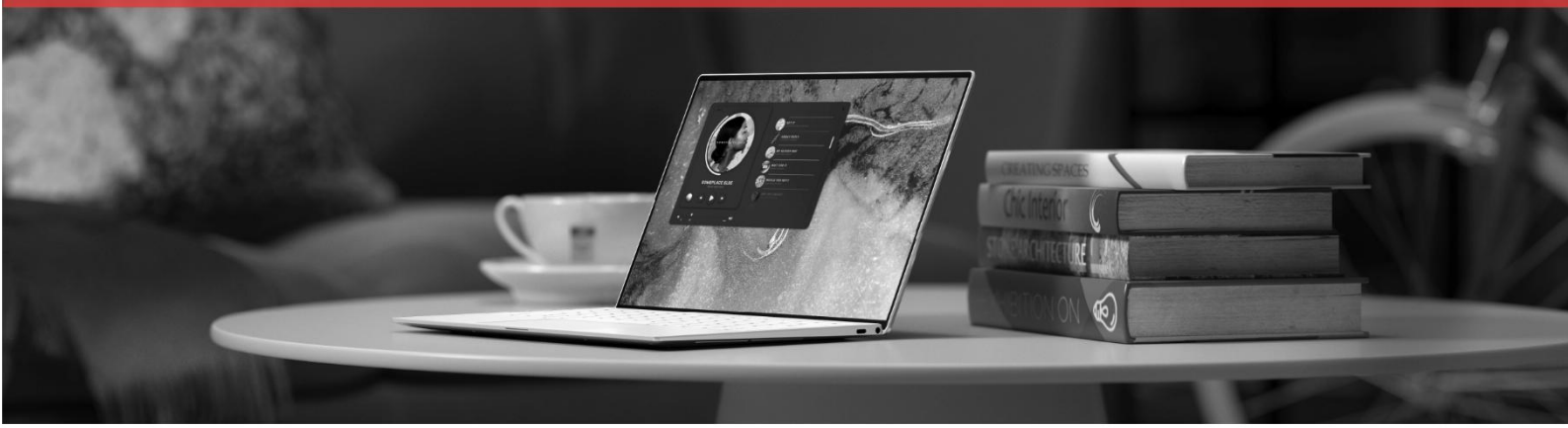
CHHATTISGARH HC DIRECTS MONEY GAMING WEBSITES TO BLOCK SERVICES WITHIN THE STATE

The Chhattisgarh High Court, in the cases of *SBN Gaming Network Private Limited v. State of Chhattisgarh* (WPC No. 2515 of 2025) and *Probo Media Technologies Private Limited v. Director General of Police and Ors.* (WPC No. 2531 of 2025), respectively, heard petitions against the blocking order issued by the Chhattisgarh Police under Section 79(3)(b) of the Information Technology Act, 2000, directing the blocking of certain websites all over the country. The petitioners asserted that their platforms offer legally permissible "games of skill", including rummy and prediction-based trading, respectively, which are exempted from the scope of the Chhattisgarh Gambling (Prohibition) Act, 2022.

The impugned order of the Inspector General of Police, dated May 5, 2025, directed nationwide blocking of sportsbaazi.com, probo.in, and tradexapp.co, alleging that the same were involved in online gambling activities. The Court noted the settled legal distinction between "games of skill" and "games of chance," emphasizing that "*betting and gambling comes within List- 2 i.e. State List whereas "Skill Games" are covered under the IT Act, which is a matter of List-1 i.e. Union List*".

Accordingly, purely as an interim measure in both the proceedings, the Court restricted the petitioners from making their websites available in the State of Chhattisgarh but permitted the same to operate in the rest of the country.

Access the orders *here* and *here*



TRAI ISSUES RECOMMENDATIONS ON TERMS AND CONDITIONS FOR THE ASSIGNMENT OF SPECTRUM FOR CERTAIN SATELLITE-BASED COMMERCIAL COMMUNICATION SERVICES

On May 9, 2025, the Telecom Regulatory Authority of India ("**TRAI**") issued its recommendations on the "*Terms and Conditions for the Assignment of Spectrum for Certain Satellite-Based Commercial Communication Services*" (*accessible here*). These guidelines aim to establish a structured framework for spectrum allocation to satellite communication operators, facilitating the growth of satellite-based internet and communication services in India. TRAI has proposed that specific frequency bands be allocated for different types of satellite services, including those using satellites in both geostationary and non-geostationary orbits. The recommended licenses would be valid for five years, with a possible two-year extension depending on service performance and demand.

The suggested fee structure includes a spectrum usage charge of 4% of the service provider's revenue, with a minimum annual charge. To support rural connectivity, TRAI has proposed waiving certain additional charges for services offered in remote and rural areas, while applying modest extra fees in urban locations.

To mitigate interference, TRAI emphasizes adherence to International Telecommunication Union Radio Regulations and encourages coordination among operators. In cases where coordination is not feasible, spectrum-sharing frameworks or spectrum-splitting provisions may be considered.

TRAI RELEASES DRAFT MANUAL ON RATING OF PROPERTIES UNDER "RATING OF PROPERTIES FOR DIGITAL CONNECTIVITY REGULATIONS, 2024"

On May 13, 2025, TRAI released a draft manual outlining a standardized approach to assess and rate the digital connectivity of residential and commercial properties (*accessible here*). This initiative is part of the broader "Rating of Properties for Digital Connectivity Regulations, 2024" (*accessible here*) aimed at enhancing transparency and uniformity in evaluating the digital infrastructure of buildings.

The manual provides guidelines for Digital Connectivity Rating Agencies (DCRAs) to uniformly assess properties based on parameters such as fiber readiness, mobile network availability, in-building solutions, Wi-Fi infrastructure, and overall service performance. Property Managers (PMs) can utilize this framework to develop and improve Digital Connectivity Infrastructure (DCI) within their premises.

Recognizing that a significant portion of data consumption occurs indoors, especially with the proliferation of 4G and 5G networks, TRAI emphasizes the importance of robust in-building digital infrastructure. Properties with higher connectivity ratings are expected to attract more users, buyers, and investors, thereby enhancing their market value.

Stakeholders have been invited to submit their comments on the draft manual by June 2, 2025, with counter-comments due by June 9, 2025. The full text of the draft manual is available on TRAI's official website.

DEPARTMENT OF TELECOMMUNICATIONS ANNOUNCES FINANCIAL FRAUD RISK INDICATOR TO ENHANCE CYBER PROTECTION

On May 21, 2025, the Department of Telecommunications ("**DoT**") introduced the Financial Fraud Risk Indicator ("**FRI**") (*accessible here*), a tool designed to enhance cybersecurity in digital transactions. Developed under the Digital Intelligence Platform (DIP), the FRI classifies mobile numbers into risk categories—Medium, High, or Very High—based on their association with fraudulent activities. This classification utilizes data from sources such as the National Cybercrime

Reporting Portal ("**NCRP**"), DoT's Chakshu platform, and alerts from banks and financial institutions.

The FRI enables banks, UPI platforms, and digital payment providers to identify and prevent transactions involving high-risk numbers. For instance, platforms like PhonePe have integrated the FRI to block or flag transactions linked to suspicious numbers, thereby safeguarding users from potential fraud. This initiative represents a collaborative effort between telecom and financial sectors to proactively address cyber threats. By facilitating real-time intelligence sharing, the FRI aims to strengthen the security of digital financial ecosystems and protect consumers from phishing scams and other cyber frauds.

MHA LAUNCHES E-ZERO FIR INITIATIVE TO ACCELERATE CYBERCRIME REPORTING

On May 19, 2025, the Ministry of Home Affairs (MHA) introduced the e-Zero FIR initiative under the Indian Cybercrime Coordination Centre (I4C) to streamline and expedite the registration of cybercrime cases (*accessible here*). The pilot, launched in Delhi, aims to automatically convert cyber financial fraud complaints into First Information Reports (**"FIRs**") when the reported loss exceeds ₹10 lakh.

Complaints received through the NCRP or helpline number '1930' will trigger the generation of a Zero FIR at the designated e-Crime Police Station. These FIRs are then electronically forwarded to the appropriate cybercrime police stations based on jurisdiction. The complainant is required to visit the concerned police station within three days to formalize the FIR.

This mechanism aligns with Section 173 of the Bhartiya Nagarik Suraksha Sanhita (BNSS), which allows for the filing of FIRs without jurisdictional limitations. The e-Zero FIR initiative represents a significant step toward building a cyber-resilient ecosystem and forms part of the broader government strategy to create a 'Cyber Secure Bharat.' The pilot is expected to enhance the speed, transparency, and traceability of cybercrime reporting and investigation. Plans are underway to expand the e-Zero FIR system nationwide based on the outcomes of the pilot phase.

INDIA FORMS EXPERT PANEL TO REVIEW COPYRIGHT LAW AMID AI LEGAL CHALLENGES

In May 2025, the Indian government established an eight-member expert panel to assess whether the existing Copyright Act of 1957 adequately addresses legal challenges posed by artificial intelligence ("**AI**") (*accessible here*). This initiative comes in response to lawsuits filed by major Indian news outlets and book publishers against OpenAI, alleging unauthorized use of their content to train AI models like ChatGPT. The panel, comprising intellectual property lawyers, government officials, and industry executives, is tasked with analyzing the legal and policy issues arising from AI's use in the context of copyright and recommending necessary reforms. The outcome of this review could significantly influence India's approach to regulating AI technologies and protecting intellectual property rights.

WHITE COLLAR CRIME

PREVENTION OF CORRUPTION ACT

'PRESUMPTION' SPECIFIED UNDER SECTION 20 OF THE PREVENTION OF CORRUPTION ACT, 1988 WOULD NOT ARISE WHEN THE CREDIBILITY OF WITNESS IS IN QUESTION.

The Supreme Court has recently clarified the application of the presumption under Section 20 of the Prevention of Corruption Act, 1988, particularly in cases involving entrapment of public officials. In a case concerning alleged bribes taken by an officer for issuing licenses to sell food grains and edible oils, the Court held that the statutory presumption of guilt does not automatically apply if the prosecution fails to establish a credible case of demand and acceptance of the bribe. The judgment clarified that in cases based on trap proceedings rather than genuine complaints, the burden of proof lies with the prosecution. It held that contradictory witness statements and mere recovery of tainted money or positive test results are not enough to prove guilt without clear evidence of both demand and voluntary acceptance of the bribe.

Importantly, the Court distinguished between cases initiated through genuine complaints and those based on entrapment. In genuine complaints, once demand and acceptance are shown, the burden may shift to the accused to provide a valid explanation. However, in cases involving entrapment, the prosecution, which orchestrated the trap, must conclusively establish the offence without relying solely on statutory presumptions.

Madan Lal v. State of Rajasthan, 2025 SCC OnLine SC 519

CYBER CRIME AND DIGITAL ARREST

THE NEED FOR SPECIALISED INVESTIGATING OFFICERS IN THE ERA OF CYBER THEFT

The need for Specialised Investigating Officers in the era of Cyber theft.

The Karnataka High Court, in a case involving theft of sensitive digital data like source codes and defense-related files, highlighted the growing complexity of cybercrimes. It criticized the lack of technical expertise among Investigating Officers and emphasized the need for specialized skills in digital forensics and encryption. The Court directed the formation of a Special Investigation Team (SIT) led by senior IPS officers and urged the State to establish a "Cyber Command Centre" under an officer of the rank of a DGP to train officers in handling such advanced crimes. It stressed that sophisticated cybercrimes, especially those with national security implications, require equally sophisticated investigations to avoid miscarriage of justice.

Newspace Research and Technologies Private Limited v. State of Karnataka, 2025 SCC OnLine Kar 17

PREVENTION OF MONEY LAUNDERING

ED OFFICERS ARE NOT POLICE OFFICERS AND THEREFORE CONFESSIONS DURING INVESTIGATION NOT BARRED BY THE INDIAN EVIDENCE ACT, 1872

The Madras High Court ruled that under Section 50 of the Prevention of Money Laundering Act, 2002 (PMLA) Enforcement Directorate (ED) officers can summon individuals, record statements, and enforce attendance. Pertinently, ED officers are not considered police officers and hence, statements made to ED officers are not barred under Sections 25-27 of the Indian Evidence Act, 1872 [Section 23, Bharatiya Sakshya Adhiniyam 2023] whereby confessions made to a police officer or in his custody shall not be proved against the accused person. The Court stated that whether such statements were made voluntarily or under coercion can only be determined during the trial. Therefore, such confessional statements can be used at the stage of framing charges.

S. Nagarajan v. Directorate of Enforcement, Crl.RC (MD)No.1025 of 2024 and Crl.M.P.(MD)No.11357 of 2024, Madras High Court 2025

ACCUSED ENTITLED TO BE HEARD PRIOR TO TAKING COGNIZANCE OF AN ED COMPLAINT IN PMLA OFFENCES

A significant procedural shift under the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS) has been affirmed by the Supreme Court in a recent ruling. The Court has held that under Section 223(1) of the BNSS, which came into effect from July 1, 2024, an accused has the right to be heard before a Magistrate takes cognizance of an offence based on a complaint. This right was absent under the Code of Criminal Procedure, 1973, marking a key change in the criminal law framework.

The case involved a complaint under the Prevention of Money Laundering Act, 2002 (PMLA). The Special Court had taken cognizance of the offence without providing the accused an opportunity to be heard. The Supreme Court, while setting aside the cognizance order, held that the procedure under the BNSS must be strictly followed and that an accused must be afforded a hearing before cognizance is taken.

Kushal Kumar Agarwal v. Directorate of Enforcement, Petition for SLP (Crl.) No. 2766/2025

OFFENCES UNDER PMLA OF A CONTINUING NATURE CANNOT BE CONSIDERED AS ISOLATED INSTANCES

The Supreme Court held that money laundering under Section 3 of the Prevention of Money Laundering Act (PMLA) is a continuing offence. The offence persists as long as the proceeds of crime are possessed, concealed, used, or projected as legitimate. It is not limited to a one-time act but includes ongoing benefits derived from the crime, extending liability over time, even if the predicate offence occurred before certain amendments to the law. The Court emphasized that money laundering harms the economy, reduces state revenue, and undermines public trust in governance, especially when committed by those in power. Therefore, stricter judicial scrutiny is required in such cases.

Pradeep Nirankarnath Sharma v. Directorate of Enforcement and Anr, 2025 SCC OnLine SC 560

COURT CANNOT DIRECT ED TO SERVE 'REASONS TO BELIEVE' BEFORE CONDUCTING SEARCH, MAY LEAD TO CONCEALMENT OF EVIDENCE

While dismissing pleas for challenging ED searches on the ground that ED has concealed 'reasons to believe' which was essential under the PMLA Act, the Madras High Court held that the 'reasons to believe' recorded by the ED under Section 17 of the PMLA, prior to conducting search and seizure, are confidential and need not be shared with the accused during the investigation stage. The Court emphasized that revealing such information could compromise the investigation and alert other suspects. It distinguished between search and seizure (Section 17, PMLA) and arrest (Section 19, PMLA), noting that arrest affects personal liberty and requires stricter scrutiny, whereas search affects privacy and movement. The Court stated that judicial review at the investigation stage is limited to verifying whether the 'reasons to believe' were recorded in writing, not their adequacy.

Key reasons for non-disclosure include:

- Preventing destruction or concealment of evidence.
- Searches being a preliminary step, with cases dropped if no evidence is found.
- The accused can approach the Adjudicating Authority for remedies.
- Arrest requires higher justification than search.

The Court also rejected claims of federal overreach or harassment by the ED, affirming that the agency acted lawfully under the PMLA in investigating serious economic offenses.

Tamil Nadu State Marketing Corporation Ltd TASMAC v. Directorate of Enforcement (WP 10348/2025)

The said judgement is pending before the Hon'ble Supreme Court whereby other key issues such as criminal culpability of a corporation is yet to be decided.

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