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NEWSLETTER

April 2025

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ON MARCH 3, 2025, THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") VIDE CIRCULAR NO. SEBI/LAD-NRO/GN/2025/233 INTRODUCED THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2025, ("SEBI ICDR REGULATIONS"). THE KEY AMENDMENTS ARE HIGHLIGHTED BELOW:

1) The amendments introduced revised promoter lock-in requirements, which now reflect the actual use of issue proceeds. If the majority of fresh issue proceeds are intended for capital expenditure or related debt repayment, promoters must retain their minimum contribution for three years. In other cases, the lock-in period remains 18 months. Additionally, for excess promoter holdings related to capital expenditure, the lock-in period has been extended from six months to one year.

2) SEBI has also updated the timeline for public announcements. After the filing of the draft offer document, issuers are now required to make a public announcement within two working days. The previous requirement for separate pre-issue and price band advertisements has been consolidated into one advertisement, which must be published at least two working days before the issue opens. The draft document will now remain open for public comments for 21 days following this announcement.

3) Despite streamlining procedures, SEBI has added further transparency requirements. Regulation 71 of SEBI ICDR Regulations specifies the documents to be submitted to the stock exchange, including the draft letter of offer and details of the promoters (e.g., Permanent Account Number (PAN), bank and passport details for individuals, or company registration data for corporate promoters). For convertible debt instruments, issuers must provide a due diligence certificate from the debenture trustee. The final letter of offer must be filed with both SEBI and the exchanges, with SEBI responsible for its public dissemination.

4) A notable addition has been made to SEBI ICDR Regulations (Regulation 77B), which allows promoters to renounce their rights entitlements in favor of specific investors. These investors must apply by 11:00 A.M. on the first day of the issue, and the issuer must notify the stock exchange by 11:30 A.M. Issuers may also allocate any under-subscribed portions of the issue to such investors, provided this intention is clearly stated in the letter of offer and advertisements. This change provides issuers with more strategic flexibility while maintaining necessary disclosure safeguards.

5) To prevent potential misuse of the simplified framework, SEBI has introduced a safeguard under Regulation 61(d) of SEBI ICDR Regulations, barring Issuers whose equity shares are under disciplinary suspension from making rights issues.

6) SEBI has also tightened timelines for rights issues. According to Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31, issued on March 11, 2025, the entire rights issue process must now be completed within 23 working days from board approval. This replaces the previous flexible schedule and provides greater clarity for investors.

7) SEBI has removed the INR 50 Cr threshold that previously determined when SEBI ICDR norms applied. Now, all rights issues by listed companies must adhere to SEBI ICDR regulations, regardless of the issue size.

This change ensures consistent disclosure and compliance requirements across the market.

8) The process for documenting and approving rights issues has also been made more efficient. Issuers are no longer required to file the draft letter of offer with SEBI; instead, it must be filed directly with the relevant stock exchanges, eliminating delays while still ensuring investor access via exchange platforms. Additionally, the requirement to appoint a merchant banker has been removed under the revised Regulation 69 of SEBI ICDR Regulations. Now, responsibilities such as regulatory compliance and allotment facilitation are shared among the Issuer, Registrar, and Exchanges.

9) SEBI has focused on enhancing pre-issue and pre-IPO transparency. Amendments to Regulations 54 and 95 of SEBI ICDR Regulations now require Issuers to report any securities transactions by promoters and promoter groups within 24 hours of occurrence, from the date of filing the draft offer document until the closure of the issue. Additionally, any pre-IPO placements disclosed in the draft documents must be reported to stock exchanges within 24 hours of the transaction.

10) As per Regulation 127(4) of SEBI ICDR Regulations the Issuer must announce the floor price or price band at least two working days before the bidding opens. This should be done in a pre-issue advertisement and a price band advertisement, using the format provided in Part A of Schedule X of the SEBI ICDR Regulations. These advertisements must be published in the same newspapers where the public announcement (as per Regulation 124(2)) of SEBI ICDR Regulations is made.

11) As per Regulation 139(1) of SEBI ICDR Regulations after the Issuer files the red herring prospectus (for book-built issues) or prospectus (for fixed-price issues) with the Registrar of Companies, they must publish a pre-issue and price band advertisement. This advertisement should appear in the same newspapers where the public announcement (as per Regulation 124(2)) of SEBI ICDR Regulations was published.

12) As per Regulation 229 of SEBI ICDR Regulations following are the conditions under which an issuer can make an initial public offer (IPO):

For Issuers converted to a Company:

- If the issuer was previously a proprietorship, partnership, or limited liability partnership (LLP) and later became a company, it can only make an IPO if the company has existed for at least one full financial year before filing the draft offer document.
- The financial statements of the company after conversion must follow the rules in Schedule III of the Companies Act, 2013.

Change of Promoters:

- If there is a complete change of promoters or if new promoters acquire more than 50% of the shares in the company, the Issuer can only file the draft offer document one year after the final change of promoters.

Minimum Operating Profits:

- The Issuer can make an IPO only if the company has had operating profits (earnings before interest, depreciation, and tax) of at least ₹1 crore for two out of the last three financial years.

13) Regulation 14 of SEBI ICDR Regulations states that:
If the promoters or controlling shareholders of a company change the company's objectives or vary the terms of the contracts mentioned in the offer document, they must provide an exit offer to shareholders who disagree (dissenting shareholders). This exit offer should be made according to the conditions and procedures outlined in Schedule XX of the Companies Act, 2013. It has been clarified that where there are no identifiable promoters or shareholders in control, the exit offer requirement shall not be applicable to the Issuer company.

14) The amendments require Issuers to disclose certain information to protect investors:

Disclosure of Material Agreements: Issuers must disclose any important agreements that affect management control or create legal obligations.

Criminal or Regulatory Issues: If key management personnel are involved in criminal proceedings or if any regulatory actions have been taken against them, this must also be disclosed.
Civil Litigation: Issuers must disclose civil litigation if it meets SEBI's monetary thresholds, which are now aligned with the SEBI Listing Regulations. The threshold for disclosing pending litigation is based on the lower of the following:

(i) The policy of materiality defined by the issuer's board and disclosed in the offer document.

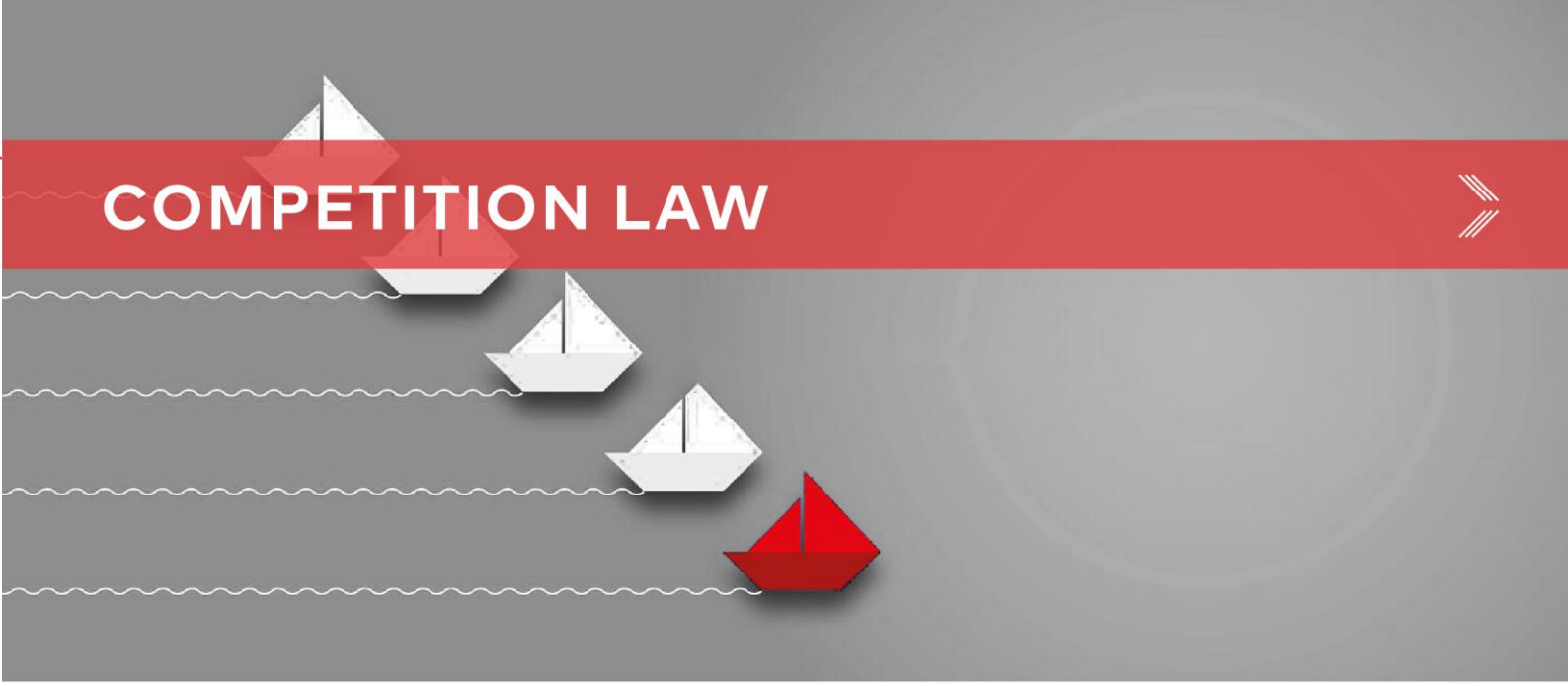
(ii) The litigation where the value or expected impact is more than the lower of:

- 2% of the issuer's turnover (based on the latest financial statements);
- 2% of the issuer's net worth (based on the latest financial statements, unless the net worth is negative); and
- 5% of the average profit or loss after tax for the last three years (based on the latest financial statements).

Additional Disclosure: The issuer must also disclose any criminal proceedings involving key management personnel or senior management, as well as any actions taken by regulatory or statutory authorities against them.

15) On the financial front, SEBI now allows voluntary disclosure of proforma financials related to recent acquisitions or divestments, even if they do not meet the materiality threshold. This change aims to give investors a clearer picture of a company's financial health, especially for those undergoing structural changes. The supporting documentation must be certified by the statutory auditor or a peer-reviewed chartered accountant.

16) Furthermore, issuers must provide more detailed information about employee benefit schemes, including Stock Appreciation Rights (SARs), in their IPO offer documents. Disclosures regarding standalone financials for working capital utilization must also be clarified, ensuring consistency between audited standalone and restated consolidated financials when adjustments are made.



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

CCI GREENLIGHTS MAJOR INDUSTRY CONSOLIDATION - STEEL, FOOD, AND TECH SECTORS SEE STRATEGIC MOVES

The Competition Commission of India (**CCI**), vide an order dated 10.12.2024, reshaped India's steel industry landscape by granting unanimous approval of 100% share capital of Thyssenkrupp Electrical Steel India Private Limited **(Target)** by Jsquare Electrical Steel Nashik Private Limited (**Jsquare**) under Section 31(1) of the Competition Act, 2002 (**Act**). The acquisition was pursuant to a Share Purchase Agreement executed between Jsquare, Thyssenkrupp Electrical Steel GmbH, and Thyssenkrupp Electrical Steel UGO S.A.S. on 18.10.2024.

Jsquare is a wholly owned subsidiary of JSW JFE Electrical Steel Private Limited, a joint venture between JSW Steel and JFE Steel Corporation. The Target is engaged in manufacturing **Grain-Oriented Electrical Steel** (**GOES**) in India. The CCI examined the **horizontal overlap** and potential vertical linkages arising from the combination, particularly in the context of JSW Steel's plans to manufacture GOES substrate in India. It was observed that the combination would facilitate domestic production of GOES, reducing reliance on imports, without raising anti-competitive concerns.

After assessing the market structure, competitive landscape, and other factors under Section 20(4) of the Act, the CCI concluded that the combination is not likely to cause any appreciable adverse effect on competition in India. Accordingly, the proposed transaction was approved.

CCI CLEARS MARS-KELLANOVA MERGER IN INDIA

CCI vide an order dated 31.12.2024, approved the acquisition of Kellanova (formerly **Kellogg** Company) by Acquiror 10VB8 LLC (**Acquiror**), a wholly owned subsidiary of Mars Incorporated (Mars). The transaction, structured through a merger agreement executed on 13 August 2024, involves Merger Sub 10VB8 LLC merging with and into **Kellanova**, thereby making Kellanova an indirectly wholly owned subsidiary of Mars. The regulatory filing was accompanied by three separate voting agreements with key stakeholders, including W.K. Kellogg Foundation Trust and KeyBank National Association.

After a detailed review of the proposed combination under the Competition Act, 2002, the CCI noted that the Acquiror, being a special purpose vehicle, has no independent business activities, while Mars is a global player in confectionery, food products, and pet care. Kellanova, on the other hand, operates in the snacks and convenience food segment, supplying products like breakfast cereals and potato crisps in India. The Commission examined the transaction for horizontal overlaps in the Indian snacks market and found that the combined market share of the parties remains within the **[0-5] %** range, with several other competitors such as Parle, Britannia, Mondelez, ITC, and Pepsi ensuring a competitive landscape.

Given the fragmented nature of the Indian snacks market and the negligible impact of the transaction on market competition, the CCI concluded that the proposed combination does not raise any appreciable adverse effect on competition. The approval is granted under Section **31(1) of the Competition Act**, 2002, with a caveat that the order may be revoked if any information provided by the Acquiror is found to be incorrect.

CCI APPROVES LANDMARK PEGATRON ACQUISITION FOR APPLE SUPPLY CHAIN EXPANSION

CCI vide order dated 07.01.2025, has approved the acquisition of Pegatron Technology India Private Limited (Pegatron India) by Tata Electronics Private Limited **(TEPL)**. The transaction, structured through a binding term sheet executed on 23 September 2024, involves TEPL acquiring up to 80% of Pegatron India's fully paid-up equity share capital

in multiple tranches. Additionally, TEL Components Private Limited (TEL), a wholly owned subsidiary of TEPL, will transfer its business undertaking to Pegatron India.

Following an assessment under the Competition Act, 2002, the CCI noted that TEPL, a subsidiary of Tata Sons Private Limited, is engaged in manufacturing high-precision components, including smartphone enclosures, while Pegatron India provides electronic manufacturing services **(EMS)** for smartphones. The Commission examined the transaction for horizontal overlaps in the EMS market and potential vertical relationships in the smartphone enclosures supply chain. It found that the combined market share of TEPL (including subsidiaries) and Pegatron India in EMS for smartphones remains within the **[5-15] %** range, with the presence of multiple competitors ensuring market competition.

Considering the fragmented nature of the EMS market and the negligible risk of foreclosure in vertical segments, the CCI concluded that the proposed combination does not raise any appreciable adverse effect on competition. The approval is granted under Section 31(1) of the Competition Act, 2002, with a caveat that the order may be revoked if any information provided by the notifying parties is found to be incorrect. The CCI has also directed that all submitted information shall remain confidential as per Section 57 of the Act.

CCI APPROVES BLACKSTONE'S STRATEGIC INVESTMENT IN BAGNANE GROUP

CCI vide order dated 10.12.2024, has approved the acquisition of a 7% stake in **Bagmane** Developers Private Limited (BDPL) and Bagmane Rio Private Limited (BRPL) by BREP Asia III India Holding Co VIII Pte. Ltd. **(BREP)**, an affiliate of funds advised or managed by Blackstone Inc. The transaction, structured through a Binding Framework Agreement executed on 31 October 2024, involves the purchase of equity securities in the Target Entities from Bagmane Realty and Infrastructure LLP.

Following an assessment under the Competition Act, 2002, the CCI noted that BREP, as part of **Blackstone**, is engaged in investment management, while the Target Entities operate in commercial real estate development, leasing, and maintenance, with additional involvement in hospitality and renewable power generation. The Commission examined the transaction for potential competitive concerns, considering horizontal overlaps in commercial real estate in Bengaluru and vertical linkages in hospitality and renewable energy sectors.

The CCI found that the combined market share of the parties in the commercial real estate segment in Bengaluru is in the [10-15] % range, with an incremental share of **[0-5] %**. Given that the Target Entities' hospitality projects are still under development and that their involvement in solar power generation is minimal, the Commission determined that the proposed combination would not significantly alter the competitive landscape in these sectors.

In light of these findings, the CCI concluded that the transaction does not raise any appreciable adverse effect on competition.

CCI CLEARS SAINT-GOBAIN'S FOSROC ACQUISITION WITH COMPETITION SAFEGUARDS

CCI vide order dated 26.11.2024 , has approved the acquisition of 100% of the issued share capital of Fosroc Top One Limited, Fosroc Top Two Limited, and Fosroc Supply Limited (collectively, "**Target Entities**") by Starcin Holding France SAS ("**Starcin**") from Fosroc Group Holdings Limited and JMH FZE. The proposed transaction was notified to the CCI under Section 6(2) of the Competition Act, 2002, pursuant to a Share Purchase Agreement executed between the parties.

Starcin is a wholly owned subsidiary of Saint-Gobain Weber France SAS, which is ultimately controlled by Compagnie de Saint-Gobain S.A. ("Saint-Gobain Group"), a multinational corporation engaged in the manufacturing and distribution of construction materials, including chemical-based solutions for infrastructure and industrial applications. The Saint-Gobain Group has a presence in multiple geographies, including India, through various subsidiaries engaged in glass, gypsum, adhesives, and performance plastics. The Target Entities are subsidiaries of Fosroc Group Holdings Limited and are engaged in the manufacture and supply of construction chemicals, including admixtures, waterproofing materials, grouts, mortars, sealants, adhesives, and industrial flooring solutions. The Target Entities operate in India and other international markets, catering to a wide range of customers in the construction and infrastructure sectors.

The CCI conducted a detailed competition assessment to examine the potential impact of the proposed combination on relevant markets. The primary area of overlap between Starcin (through its group entities) and the Target Entities pertains to chemical-based construction solutions, particularly in the admixtures and waterproofing segments. The combined market share of the parties in the chemical-based admixtures segment in India falls within the [20-25]% range, with the Target Entities contributing an incremental market share of [5-10]%. In the concrete admixtures and cement admixtures segments, the post-transaction market share remains **below [10] %,** indicating limited impact on market concentration. The construction chemicals sector in India is characterized by the presence of multiple players, including large multinational corporations and domestic manufacturers, ensuring competitive pressure in the market.

The CCI also examined any potential vertical linkages or conglomerate effects arising from the transaction. Given that Starcin (through the **Saint-Gobain** Group) operates in adjacent but distinct segments of construction materials, the transaction does not raise significant foreclosure concerns or anti-competitive leveraging risks.

STRONG PRESUMPTION IN FAVOUR OF 'LEX CONTRACTUS' WHEN APPLICABLE LAW GOVERNING THE ARBITRATION AGREEMENT UNSPECIFIED BETWEEN THE PARTIES

A three-judge Bench of the Hon'ble Supreme Court of India ("**Hon'ble Supreme Court**") in the case of **Disortho S.A.S. v. Meril Life Sciences Private Limited** [1] decided on 18 March 2025 that in the instance of there being no express applicable law governing the arbitration agreement recorded between the parties, the same should be determined based on the intent of the parties while entering into the arbitration agreement, with strong presumption in favour of the law governing the contract between the parties i.e. the lex contractus.

In the instant matter, Disortho S.A.S., incorporated in Bogota, Colombia ("**Petitioner/Disortho**") and Meril Life Sciences, incorporated in Gujarat, India ("**Respondent/Meril**") entered into an International Exclusive Distributor Agreement on 16 May 2016 ("**Agreement**") for medical product distribution in Colombia. Clause 16.5 of the Agreement stipulated that the Agreement shall be governed by the laws of India, and the courts in Gujarat retained jurisdiction over any disputes arising out of/ in connection to the Agreement. Clause 18 of the Agreement provided for the venue of the arbitration to be Bogota DC, Colombia with the procedural rules for conciliation and subsequent arbitration being the Rules of Arbitration and Conciliation Centre of the Chamber of Commerce of Bogota DC ("**Centre**"), and the law governing the award being the Colombian law.

Disputes arose between the parties, which led to the Petitioner filing the instant petition under Section 11(6) of the Arbitration and Conciliation Act, 1996 ("**Act**"), seeking appointment of an arbitral panel. The Respondent challenged the instant petition on jurisdictional grounds, arguing that Clauses 16.5 and 18 of the Agreement excluded the jurisdiction of the Indian courts.

Having considered the parties' submissions, the Hon'ble Supreme Court highlighted the divergence of opinion on the appropriate test to determine the jurisdiction in a trans-border arbitration and accredited the same to the interplay between the lex contractus, the lex arbitri and the lex fori. Such divergence was observed to be further complicated by subsequent divisions such as those in the case of lex arbitri (being split between the law governing the arbitration agreement, and the law governing the arbitration as a whole).

Citing the English High Court's decision of **Melford Capital Partners (Holdings) LLP & Ors. v. Frederick John Wingfield Digby**,[2] ("**Melford Capital**") the Hon'ble Supreme Court observed that the said law governing the arbitration may differ from both the lex contractus and the lex fori, and noted the four choices of law as distinguished by Melford Capital (supra) - (i) the law governing the arbitration, (ii) the proper law of arbitration agreement, (iii) the proper law of contract, and (iv) the procedural rules which apply in the arbitration. It was thus concluded thar the lex arbitri determines the court which may have the supervisory jurisdiction over the arbitration, and generally governs the arbitration and its associated processes.

The Hon'ble Supreme Court thereupon conducted a detailed analysis of the applicable precedents on the issue, and observed that:

i. The proper law governing the arbitration agreement could be primarily determined by undertaking the three-step test propounded in **Sulamérica Cia Nacional De Seguros S.A. and Others v. Enesa Engenharia S.A. and Others**[3] ("**Sulamérica Cia**"); viz. the enquiry into (i)

1 Arbitration Petition No. 48/2023.
2 [2021] EWHC 872 (Ch.)
3 [2012] EWCA Civ 638

express choice; (ii) implied choice; and (iii) closest and most real connection;

ii. As held by the UK Supreme Court in **Enka Insaat Ve Sanayi AS v. OOO Insurance Company Chubb**,[4] ("**Enka Insaat**"), inter alia, when the law applicable to the arbitration agreement is not specified, the closest presumption is in favour of the lex contractus, subject to factors negating such presumption and suggesting a clear intent of choosing the applicable law different than the lex contractus;

iii. As further held in Enka Insaat (supra), where even the lex contractus is not specified, the law applicable to the arbitration agreement will be governed by the law to which it is most closely connected;

iv. The applicability of the three-step enquiry laid down in Sulamérica Cia (supra) would be affected by whether it is being applied to a standalone arbitration agreement or to an arbitration clause embedded in the main contract;

v. In light of the decision of **BCY v. BCZ**,[5] where the arbitration clause is embedded in the main contract, the same is a strong indicator of the parties' choice of law applicable to the arbitration agreement to be lex contractus;

vi. In contrast, in **Mankatsu Impex Private Limited v. Airvisual Limited**,[6] it was observed that a distinction was drawn between the law governing the arbitration agreement and lex contractus on the basis of the language adopted in the clause stipulating the law governing the arbitration;

vii. Reliance was placed on **M/s Arif Azim Co. Ltd. v. M/s. Micromax Informatics Fze**,[7] ("**Arif Azim**"), where the Court while determining the law applicable to the dispute resolution clause, applied the 'Shashoua principle' derived in the decision of **Roger Shashoua v. Mukesh Sharma**,[8] according to which, when an arbitration agreement designates a venue but not a seat, the designated venue is presumed to be the seat of arbitration, unless there are significant contrary indications;

viii. As further held in Arif Azim (supra), where the curial law has been specified in an arbitration agreement and is positively indicative of the seat of the arbitration, then the law governing the arbitration agreement would more often than not be the said curial law;

ix. In light of the ratio in Melford Capital (supra), clauses of a contract must be interpreted in a manner that harmonises their provisions to their fullest effect;

In light of the abovesaid observations, the Hon'ble Supreme Court held that in the instant matter, Clause 16.5 of the Agreement is unequivocal regarding the applicability of laws of India on the 'entire' Agreement, and a plain reading of Clause 18 designates Bogota as the venue for the conciliation and arbitration, while the courts in Gujarat were granted exclusive jurisdiction over disputes.

Accordingly, the Hon'ble Supreme Court applied the three-step test laid in Sulamérica Cia (supra) and held that since there is a strong presumption in favour of the lex contractus i.e. the Indian law, and there is no displacement of the said presumption in light of the arbitration agreement not being rendered non-arbitrable under the said presumed lex contractus, the Indian law shall govern the arbitration agreement between the parties.

BINDING BEYOND LIFE: SUPREME COURT CLARIFIES BINDING NATURE OF ARBITRATION CLAUSES ON LEGAL HEIRS

A Division Bench of the Hon'ble Supreme Court of India (**"Hon'ble Supreme Court"**) in **Rahul Verma & Ors. v. Rampat Lal Verma & Ors.**[9] had the opportunity to reiterate its earlier legal position that Arbitration Agreement are enforceable against the legal representatives of a deceased Partner of a Partnership Firm.

Litigation in the present case stems from a dispute involving the sole surviving partner of a Partnership Firm and the legal heirs of two deceased Partners. The Firm originally had three partners, two of whom passed away on 24.12.2022 and 21.11.2023, respectively. The legal heirs (Respondents) filed a petition under Section 8 of the Arbitration and Conciliation Act, 1996 (**"Act"**)[10] seeking dismissal of the suit and reference to arbitration based on an Arbitration Clause in the Partnership Deed. The Civil Judge dismissed the petition, prompting an appeal[11] before the Hon'ble Gauhati High Court (**"Hon'ble High Court"**).

The Hon'ble High Court, in its Judgment, found that Clause 2 of the partnership deed binds the heirs of the deceased partners, and that Clause 15 provides for arbitration in case of disputes, including those relating to the firm's dissolution. It held that such disputes are arbitrable and that both the legal heirs and the surviving partner have the right to invoke the Arbitration Clause. Hence, the present Appeal.

On perusal of documents on record, the Hon'ble Supreme Court framed the following question of law:

1. Whether the legal heirs of a deceased partner in a partnership firm, being non-signatories to the partnership deed and in the absence of their explicit

4 [2020] UK SC 38
5 [2016] SGHC 249
6 (2020) 5 SCC 399
7 2024 SCC OnLine SC 3212
8 [2009] EWHC 957 (Comm)
9 Special Leave to Appeal (C) No. 4330 of 2025.
10 Commercial Suit No. 02/2024
11 Arb. A./6/2024

consent, can still be bound by the arbitration agreement prescribed therein?

2. Whether the right to sue for the rendition of accounts survive to the legal heirs of the deceased partner, entitling them to invoke the arbitration clause in the partnership deed?

The Hon'ble Supreme Court took note of its earlier Judgment in **Ravi Prakash Goel v. Chandra Prakash Goel & Anr.**[12] which to a substantial extent covered the issue at hand. The Hon'ble Supreme Court had held in aforementioned case that an Arbitration Agreement does not cease to exist on the death of any party and the Arbitration Agreement can be enforced by or against the legal representatives of the deceased. Particular emphasis was laid to the term "Legal Representative" under Section 2(1)(g) of the Act to hold that an Arbitral Agreement and the Award is enforceable by or against the legal representatives of the deceased.

Furthermore, the Hon'ble Supreme Court took note of the Judgment of Hon'ble Delhi High Court in **Jyoti Gupta v. Kewalsons & Ors.**[13] wherein the Hon'ble Court had explicitly stated that an Arbitration Agreement does not stand discharged on the death of a partner and it can be enforced by the legal heirs of the deceased-partner. Moreover, mere mention of the term "dispute **between partners**" does not bar the legal heirs from seeking remedy under the Arbitration Agreement.

The Hon'ble Supreme Court upheld the decision of Hon'ble High Court and opined that since the Legal Heirs have stepped into the shoes of the erstwhile deceased (erstwhile partners), relevant arbitral clause shall operate to bind both the Petitioners and the Respondents, i.e. the existing Partners and legal representatives of the deceased Partners.

SCHEDULE IV OF ARBITRATION & CONCILIATION ACT, 1996 DEALING WITH ARBITRAL TRIBUNAL'S FEES NOT MANDATORY FOR INTERNATIONAL COMMERCIAL ARBITRATION

A Single Judge of Hon'ble Delhi High Court, in the matter titled, **M National Highways Authority of India v. Ssangyong Engineering & Constructions Co. Ltd**[14] had affirmed the view that the Fourth Schedule of the Arbitration & Conciliation Act, 1996 ("**the Act**"), which deals with the fees of the Ld. Arbitral Tribunal ("**the AT**"), is not mandatorily applicable in cases of International Commercial Arbitration.

The present case arises out of a Contract (**"Contract"**) dated 12.04.2016 executed between the National Highways Authority of India ("**NHAI**") and M/s Ssangyong Engineering & Construction Co. Ltd., for the four-laning of a section of National Highway-26 in the State of Madhya Pradesh. Upon the emergence of disputes between the parties arising out of the Contract, NHAI on 17.09.2022 invoked arbitration. In the course of such proceedings, NHAI preferred a writ petition challenging the orders passed by a three-member AT. Vide Order dated 30.10.2023 ("**Order 1**"), the AT fixed its fee at Rs. 3,00,000/- per arbitrator per sitting, with the fees to be borne equally by both parties.

Aggrieved by the fixation of fees, NHAI filed an application on 16.05.2024 ("**Modification Application**"), seeking a modification of Order 1 to the extent that an upper cap of Rs. 30,00,000/- per arbitrator be imposed in accordance with the Fourth Schedule of the Act. The said Modification Application was rejected by the AT vide Order dated 21.10.2024 ("**Order 2**"). While rejecting the request, the AT placed reliance upon Section 2(1)(f)(ii) and Section 11(14) of the Act, and held that the present arbitration qualified as an "International Commercial Arbitration" within the meaning of Section 2(1)(f)(ii). Consequently, it was held that the fee structure prescribed under the Fourth Schedule was inapplicable to the present proceedings by virtue of the express exclusion contained in Section 11(14) of the Act.

Being aggrieved by Order 1 and Order 2, NHAI approached the Hon'ble Delhi High Court by filing a Writ Petition. NHAI's principal contention before the Hon'ble Delhi High Court was that the AT's fixation of fees at Rs. 3,00,000/- per arbitrator per sitting was excessive, arbitrary, and in contravention of the fee cap stipulated under the Fourth Schedule of the Arbitration and Conciliation Act, 1996. It was also submitted by NHAI that such decision of the AT of unilaterally fixing the fee was against the principles laid down by the Hon'ble Supreme Court of India in the judgment of **ONGC Ltd. v. Afcons Gunanusa JV**[15].

The Hon'ble Delhi High Court found that the very premise of the petition filed by NHAI that the AT had unilaterally fixed its fees, was non-existent. The Delhi High Court observed that the AT during its second sitting itself which was held on 12.07.2023 had recorded that the fee proposed to be charged was Rs. 3,00,000/- per arbitrator per sitting, to be shared equally between the parties. The Petitioner being aware of the same, expressed no reservation regarding the said proposed fees. Even when the AT fixed the fees vide Order 1, NHAI waited for six months before moving the Modification Application on 16.05.2024. The said Modification Application contains no specific allegation that the fixation of the fees by the AT was "unilateral". The Hon'ble Delhi High Court further observed that NHAI's reliance on the **ONGC Ltd v. Afcons Gunanusa JV**, has no applicability in the context of the facts of the present case.

The Hon'ble Delhi High Court agreed with the reasoning of the AT for dismissing the Modification Application i.e., the

12 (2008) 13 SCC 667.
13 2018 SCC OnLine Del 7942.
14 2025 SCC OnLine Del 2067.
15 (2024) 4 SCC 481, 187.1, 187.4 & 187.5.

arbitration being an International Commercial Arbitration in terms of Section 2(1)(f)(ii) of the Act, the Fourth Schedule of the Act is not mandatorily applicable in terms of Section 11(14) of the Act.

The Hon'ble Delhi High Court, while agreeing with the decision of the AT, also took note of the conduct of NHAI as it acceded to the fixation of the fees and was attempting to belatedly resile from the same. As such, the Hon'ble Delhi High Court dismissed the writ petition.

EMPLOYMENT LAW

STATUTORY UPDATES

GOVERNMENT OF KARNATAKA PROPOSES TO INTRODUCE KEY EMPLOYER COMPLIANCE REFORMS IN ITS 2025-26 BUDGET

In its Budget for the financial year 2025-26, presented on March 7, 2025, the Government of Karnataka proposed the enactment of the **Karnataka Employer's Compliance Decriminalisation Bill** and the **Karnataka Employer's Compliance Digitisation Bill** (collectively referred to as the "**Karnataka Compliance Bills"**). These legislative proposals seek to facilitate industrial growth and employment opportunities by rationalising compliance requirements and minimising regulatory hurdles for businesses.

The Karnataka Compliance Bills are aligned with the Central Government's regulatory reforms, complementing initiatives such as the Jan Vishwas Act, 2023, which has eliminated several compliance requirements and decriminalised more than 3,700 legal provisions. These State-level reforms are designed to function alongside the new Labour Codes, ensuring an equitable regulatory landscape that accommodates interests of both employers as well as employees.

However, for these reforms to achieve their intended impact, the Government of Karnataka must prioritise the development of a robust digital compliance ecosystem, establish clear regulatory guidelines, engage with all stakeholders in a consultative manner, and ensure alignment with Central Government's policies.

GOVERNMENT OF HARYANA REVISES THE LABOUR WELFARE FUND ("LWF") CONTRIBUTION LIMIT

The Government of Haryana, *vide* its Notification bearing No. *HLWB/REV/2025/1306-1530* dated March 7, 2025, revised the LWF contribution limit. Consequently, each employee must contribute 0.2% of their salary, capped at INR 34 per month while employers must contribute twice the employee's contribution. Notably, the contribution limit will be indexed annually to the Consumer Price Index (CPI) from January 1st of each year, ensuring revisions taking in account inflation.

GOVERNMENT OF TAMIL NADU INRODUCES AMENDEMENT TO THE TAMIL NADU SHOPS AND ESTABLISHMENT RULES, 1948

The Government of Tamil Nadu has issued a notification regarding a proposed amendment to the Tamil Nadu Shops and Establishments Rules, 1948 ("**TN Rules**"). The draft amendment will be considered after 2 months from its date of publication in the Tamil Nadu Government Gazette i.e. February 14, 2025. During this period, individuals are invited to submit objections or suggestions to the Secretary to Government, Labour Welfare and Skill Development Department, Secretariat, Chennai. As per the proposed changes, Rule 16D will be added after Rule 16C. Under this new rule, employers of establishments will be required to submit a combined annual return under Section 47-A through the designated Labour Department web portal. This return, in Form-ZC, must be submitted to the Inspector no later than January 31st of each year.

GOVERNMENT OF TRIPURA NOTIFIES EQUAL OPPORTUNITY POLICY FOR FACTORIES & BOILERS ORGANISATION

The Government of Tripura *vide* its Notification bearing No. *F. 2(199)-FB/ESTT/99/* has notified the Equal Opportunity Policy for Factories & Boilers Organisation. The policy mandates the provision of essential infrastructure such as wheelchairs, accessible furniture, ramps, grab bars, and other amenities to ensure a disability-friendly workplace. It also identifies posts suitable for persons with benchmark disabilities. Further, employees with disabilities will be given preference in transfers, postings, and residential accommodations in accordance with guidelines provided by

the Government in this regard from time to time. Additionally, persons with disabilities ("**PWDs**") requiring medical treatment for artificial limbs or their replacement will be eligible for Special Casual Leave of up to 15 days per year. Moreover, women employees with disabled or mentally challenged children can avail Child Care Leave for up to 730 days until the child reaches 22 years of age, subject to the conditions specified therein. To safeguard the rights of PWDs, the policy also provides for the appointment of a Grievance Redressal Officer (GRO) to address workplace discrimination complaints and a Liaison Officer to oversee recruitment and ensure requisite accommodations to the workplace.

MAHARASHTRA LEGISLATIVE ASSEMBLY PASSES AN AMENDMENT TO THE MAHARASHTRA MATHADI, HAMAL AND OTHER MANUAL WORKERS (REGULATION OF EMPLOYMENT AND WELFARE) ACT, 1969 ("MAHARASHTRA MANUAL WORKERS ACT")

The Maharashtra Mathadi, Hamal, and Other Manual Workers (Regulation of Employment and Welfare) (Amendment) Act, 2025 has recently been passed by the Maharashtra Legislative Assembly unanimously. Key amendments *inter alia* include defining 'manual work', which was previously undefined, to remove ambiguities and revising the definition of 'unprotected worker' to include mathadi workers and hamals while excluding workers engaged in manufacturing processes from its ambit.

The Maharashtra Manual Workers Act now empowers the State Government to issue notifications and make decisions if the Advisory Committee is non-functional. Additionally, the minimum age for employment in scheduled occupations has been increased from 14 to 18 years.

GOVERNMENT OF ANDHRA PRADESH EXTENDS EXEMPTION TO IT AND ITES ESTABLISHMENTS FROM CERTAIN PROVISIONS OF THE ANDHRA PRADESH SHOPS AND ESTABLISHMENTS ACT 1988 FOR A FURTHER PERIOD OF 5 YEARS

The Government of Andhra Pradesh *vide* its Notification bearing No. *G.O.Ms. No. 7, Labour Factories Boilers & Insurance Medical Services (Labour.I), March 25, 2025*. published in the Andhra Pradesh Gazette, has extended the exemption granted to all Information Technology Enabled Services (ITES) and Information Technology (IT) establishments from specific provisions of the Andhra Pradesh Shops and Establishments Act, 1988, for a further period of five years, with effect from the date of publication of the notification.

The exemption applies to Section 15 (Opening and closing hours), Section 16 (Daily and Weekly hours of work), Section 21 (Special provision for young persons), Section 23 (Special provision for women), Section 31 (Other holidays), and sub-sections (1) to (4) of Section 47 (Conditions for terminating the services of an employee, payment of service compensation, retirement resignation, disablement etc., and payment of subsistence allowance for the period of suspension), and is subject to certain conditions, such as - limiting weekly working hours to 48 hours with entitlement to overtime wages for additional hours, ensuring a weekly off for employees, and permitting women employees to work night shifts only if adequate security measures, including safe transport are provided etc. Employers must note that any contravention of these conditions may result in the revocation of the exemption.

JUDICIAL FINDINGS

REDUCTION IN WORKLOAD CANNOT BE USED AS A JUSTIFICATION TO DENY REGULARISATION

Recently, the Hon'ble Calcutta High Court in *Indian Oil Corporation Limited* v. *Union of India & Anr [WPA 27693 of 2024]* held that that long-serving casual workers performing regular and perennial duties are entitled to regularisation, and reduction in workload cannot be used as a justification to deny this right. The Hon'ble Court relying on a recent Supreme Court ruling in *Jaggo* v. *Union of India & Ors. [2024(15) SCALE 949]*, emphasized that temporary contracts should not be misused to evade long-term obligations. The Hon'ble Court *inter alia*, clarified that: (i) Lengthy and uninterrupted service in essential functions can warrant regularization, even if initial appointments were irregular; (ii) The misuse of temporary or part-time labels to deny employees their rightful claims is unacceptable and contrary to principles of fairness and equity; and (iii) Courts should look beyond the initial terms of engagement and consider the actual nature and duration of service.

MASTER-SERVANT RELATIONSHIP MUST BE SUBSTANTIATED THROUGH CLEAR DOCUMENTATION

The Hon'ble Supreme Court of India, in *The Joint Secretary, CBSE & Anr.* v. *Raj Kumar Mishra & Ors. [Special Leave Petition (C)No. 19648 OF 2023],* held that outsourced workers cannot claim direct employment with the principal employer unless a formal master-servant relationship is established through proper documentation on paper. The Respondent argued that CBSE exercised supervisory and jurisdictional control over his work, implying an employer-employee relationship. He further contended that he was assigned various responsibilities and was transferred to different locations under CBSE's instructions. However, the Hon'ble Court, while rejecting his contention clarified that supervisory control alone does not establish an employer-employee relationship, nor does the mere allocation of tasks or transfer of duties. Accordingly, the appeal was allowed and the High Court's order of remanding the matter to the

Labour Court was set aside, stating that further adjudication would be futile. This judgment underscores the importance of maintaining written contractual documentation to define the nature of an employment relationship.

NOTICE FOR CHANGE IN CONDITIONS OF SERVICE UNDER SECTION 9A OF THE INDUSTRIAL DISPUTES ACT IS NOT TO BE INDIVIDUALLY SENT TO EACH WORKMAN

The Hon'ble Karnataka High Court, in *The Management of Bharat Earth Movers Ltd.* v. *The General Secretary, Bharath Earth Movers Employees Association & Ors. [WP No. 19984 of 2024],* set aside the Industrial Tribunal's award, which had invalidated the employer's decision to change the divisor for vacation leave encashment from "26" to "30" under Section 9A of the Industrial Disputes Act, 1947 ("**ID Act**"). The Tribunal in the captioned case had held that the change was made without providing individual notice to workmen and without Board approval. The Hon'ble Court ruled that the Industrial Disputes (Karnataka) Rules, 1957, do not require individual service to each workman if the proposed change affects all workmen and the establishment has a registered union. Further, the Hon'ble Court held that notice is deemed valid if displayed conspicuously at the main entrance, manager's office and sent to the union's secretary via registered post in compliance with the relevant rules. Additionally, the Hon'ble Court ruled that Petitioner's certified standing orders authorized its Deputy General Manager to effect such changes without any specific Board approval. By allowing the Writ Petition, the Hon'ble Court reaffirmed the employers' right to modify service conditions in compliance with the procedural requirements.

KERALA HIGH COURT DIRECTS STATE TO ENSURE ANONYMITY OF POSH COMPLAINANTS

In *Thomas Antony v. State of Kerala, O.P. [KAT No. 80 of 2025]*, the Hon'ble High Court of Kerala, directed the State Government to formulate guidelines ensuring the anonymity of complainants in workplace sexual harassment cases under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**"). The Hon'ble Court emphasized that while privacy protections are essential, they must not come at the cost of the accused's right to a fair defence. It also instructed the State Government to refer to the Bombay High Court's ruling in *P v. A & Others, W.P. No. 1234 of 2021*, which established measures to safeguard complainants' identities during court proceedings. The State has been given 4 months to implement these guidelines.

SUPREME COURT STRIKES DOWN MP RULE EXCLUDING VISUALLY IMPAIRED CANDIDATES FROM JUDICIAL SERVICE

The Hon'ble Supreme Court in *Re Recruitment of Visually Impaired in Judicial Services v. The Registrar General, High Court of Madhya Pradesh, [SMW(C) No. 2/2024]* struck down an MP Judicial Services rule barring visually impaired candidates, declaring it discriminatory under the Rights of Persons with Disabilities Act, 2016 ("**RPDA**"). Initiated suo motu, the case followed a plea challenging systemic exclusion of disabled candidates from judicial posts. The Hon'ble Court held that the rule violated Article 14 of the Constitution, calling it arbitrary and discriminatory. The ruling mandates inclusive recruitment policies, assistive technology, and other reasonable accommodations, reinforcing equal opportunities in the judiciary.

BOMBAY HIGH COURT QUASHES IC REPORT FOR LACK OF SUBSTANTIATED FINDINGS

The Hon'ble High Court of Bombay, in its recent judgment in *Vinod Narayan Kachave v. The Presiding Officer (ICC), [W.P. No. 17230 of 2024]*, emphasized that allegations of sexual harassment must be backed by clear, substantive evidence and that mere witness confirmations, without structured reasoning, do not suffice. Additionally, the judgment also observed the principle that an act must be perceived as offensive by the complainant at the time of occurrence and not retrospectively.

COMPOSITE ENQUIRY AGAINST MULTIPLE DELINQUENT EMPLOYEES POSSIBLE ONLY IF THEY HAVE COMMON DISCIPLINARY AUTHORITY

The Hon'ble Rajasthan High Court in *Shri Manish Kumar Balwani & Ors. v. Bank Of Baroda & Ors. [S.B. Civil Writ Petition No.17059/2024],* clarified that if multiple employees face disciplinary charges and share some common accusations, they can be subjected to composite disciplinary proceedings in order to avoid multiplicity of proceedings and overlapping adducing of evidence. However, this can only happen if the disciplinary authority overseeing all employees is the same. If the disciplinary authorities for the employees are different, one authority cannot overstep its jurisdiction to handle proceedings meant for another.

AUTHORITIES IMPOSING DAMAGES UNDER SECTION 14B OF THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952 ("EPF Act") MUST PROVIDE DETAILED REASONING AND CALCULATION

In a significant ruling while deciding the case of *Central Board of Trustees, through the Regional Provident Fund Commissioner-1 Regional Office Howrah* v. *The Registrar Central Government Industrial Tribunal, Kolkata & Anr., [WPA 1945 of 2025],* the Hon'ble Calcutta High Court dismissed a writ petition challenging the Central Government Industrial Tribunal's decision to set aside damages imposed by the Assistant Provident Fund Commissioner ("**APFC**") for delayed remittances of provident fund contributions. The Hon'ble Court observed that an order under Section 14B of the EPF Act must be a well-reasoned 'speaking order' and follow the rules of

natural justice. It found the APFC's order was arbitrary, as it lacked any details as to how and why the damages was awarded, and no proper calculation had been shown for the same.

CALCUTTA HIGH COURT RULES ON GRATUITY LIABILITY IN CONTRACT EMPLOYMENT

The Hon'ble Calcutta High Court in the case of *Hindustan Petroleum Corporation Limited vs. The Appellate Authority under the Payment of Gratuity Act, 1972 & Ors. [WPA 25774 of 2024]* addressed the question of gratuity liability in cases involving contract workers. The Hon'ble Court upheld the decision of the Appellate Authority, which held that gratuity payments under the Payment of Gratuity Act, 1972, could be the responsibility of the principal employer when contract workers remain engaged with the same establishment despite changes in contractors.

Relying upon multiple judicial precedents, the Hon'ble Court observed that the principal employer or the contractor may be liable to pay gratuity to the contract employees, depending on the circumstances. The principal employer is liable to pay gratuity to the contract employees where the contractor fails to make the payment, makes a short payment, terminates the contract employee's services, or if the contract worker had worked for multiple contractors (while performing duties for the same principal employer).

However, the Hon'ble court modified the order of the Appellate Authority to the extent that, while the principal employer may be required to make gratuity payments in certain circumstances, when the employment ceases, it shall be at liberty to recover such payments from the contractor under Section 21(4) of the Contract Labour (Regulation and Abolition) Act, 1970.

RBI'S NOTIFICATION ON ASIAN CLEARING UNION - INDO-MALDIVES TRADE

The Reserve Bank of India ("**RBI**") has, on March 17, 2025, issued a notification bearing no. RBI/2024-2025/125, A.P. (DIR Series) Circular No. 22 *(accessible here)* addressing Authorized Dealer (AD) Category-I banks regarding trade transactions between India and the Maldives under the Asian Clearing Union ("**ACU**") mechanism.

In this significant development, the RBI announced that, following the Memorandum of Understanding (MoU) signed with the Maldives Monetary Authority in November 2024, India and the Maldives can now settle bilateral trade transactions in their respective local currencies. This means that, in addition to the ACU mechanism, Indian Rupee (INR) and Maldivian Rufiyaa (MVR) can be used for trade settlements, providing more flexibility in payment methods. This initiative aims to promote the use of local currencies and reduce reliance on third-party currencies.

The circular states that the new framework is effective immediately, and AD Category-I banks are instructed to inform their constituents about the revised settlement options.

FRAMEWORK FOR RECOGNIZING SELF-REGULATORY ORGANIZATIONS FOR THE AA ECOSYSTEM

The RBI has, on March 12, 2025, introduced the "Framework for recognizing Self-Regulatory Organizations (SROs) for the Account Aggregator (AA) Ecosystem" ("**Framework**"). The Framework broadly aligns with RBI's approach to allow self-regulation in the fintech industry while maintaining regulatory oversight as set out under its 'Omnibus Framework for recognition of Self-Regulatory Organizations for REs' issued on March 21, 2024.

The SRO-AA is proposed to act as an industry body overseeing compliance by Non-Banking Financial Company - Account Aggregators (NBFC-AAs), Financial Information Providers (FIPs), and Financial Information Users (FI-Us), and ensuring standardization of processes and best practices.

a) Eligibility Process: In order to be eligible to be recognized as an SRO-AA by the RBI, an entity must be registered as a not-for-profit Section 8 company and must fulfil certain minimum net worth criteria to ensure financial stability. The shareholding of such SRO-AA must be sufficiently diversified to maintain neutrality (with a cap of 10% on shareholding per entity), and it must, *inter alia*, have a strong governance structure and IT infrastructure to support compliance monitoring and data security. The recognition process for an SRO-AA requires submission of essential documents, inter alia, MoA and AoA, financial records, governance details, and board composition, with applications signed by an authorized representative.

b) Membership Criteria: Membership to the SRO-AA must be open to NBFC-AA, FIPs, FI-Us and REs participating in the AA ecosystem. An SRO-AA must have at least 25 members each from the FIP and FI-U category, at all times.

c) Governance & Management: At least one-third of the board members of the SRO-AA, including the Chairperson, must be independent and have no active association with participants in the AA ecosystem; and only one-fourth of the board members can be nominated by NBFC-AAs. A rotation policy for key positions must be in place, and any changes in directorship or adverse developments must be reported to RBI immediately, to ensure transparent governance.

d) Functions: It is responsible for establishing a Code of Conduct, setting industry-wide compliance and ethical standards, and ensuring that NBFC-AAs, FIPs, and FI-Us adhere to regulatory norms. The SRO-AA must monitor and report violations, promote data security and fair practices, and facilitate grievance redressal and dispute

resolution among its members. Additionally, it must drive capacity building through training and awareness programs, develop standardized agreements and operational frameworks, and assist RBI in providing industry insights and compliance reports.

SEBI'S CIRCULAR ON HARNESSING DIGILOCKER AS A DIGITAL PUBLIC INFRASTRUCTURE FOR REDUCING UNCLAIMED ASSETS

The Securities and Exchange Board of India ("**SEBI**") has, on March 19, 2025 *via* its circular, announced the integration of *DigiLocker* as a Digital Public Infrastructure (DPI) to reduce unclaimed assets ("**UA**") in the Indian securities market *(accessible here)*. The initiative aims to safeguard investor interests by minimizing the creation of unidentified UA. The circular is set to come into force from April 01, 2025. Key highlights of the circular are as follows:

a) Digilocker integration: The use of *DigiLocker* for holding and storing financial documents like mutual fund (MF) statements, demat account statements and other securities-related records have been mandated. This will enable better tracking and management of financial assets.
b) Nominee mechanism: *DigiLocker* will also allow users to nominate individuals, ensuring seamless access to their financial information upon their demise.
c) Automatic updates on demise: Upon the user's death, the *DigiLocker* system will automatically notify the nominee and update the status. The nominee can then access the deceased user's financial information.
d) Directions to intermediaries: Asset Management Companies (AMCs), Registrar and Transfer Agents (RTAs), depositories, and KYC Registration Agencies (KRAs) have been directed to register with *DigiLocker* as issuers.
e) Advisory for investors: Investors have been encouraged to use *DigiLocker* and register nominees to prevent their assets from becoming unclaimed.

SEBI'S CIRCULAR ON ONLINE FILING SYSTEM FOR SUBTANTIAL ACQUISITION DISLOSURES

SEBI has, on March 20, 2025 *via* its circular, announced the introduction of an online filing system for reports under Regulation 10(7) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulation**") *(accessible here)*. This new system will streamline the submission process through the SEBI Intermediary Portal ("**SI Portal**"), replacing the current email-based filing system.

The circular aims to enhance efficiency, improve regulatory compliance, and promote digital transformation in the securities market.

Key highlights of this circular are as follows:

a) Phase 1 implementation: The portal will support the filing of 2 reports related to exemptions from making open offer pertaining to Regulation 10(1)(a)(i) (transfer amongst immediate relatives) and Regulation 10(1)(a)(ii) (transfer amongst persons named as promoters in the shareholding pattern filed not less than 3 years prior to the proposed acquisition) in the initial phase. Other exemption filings will continue *via* email.
b) Transition period: From the date of issuance of the circular (i.e. March 20, 2025) and until May 14, 2025, both email and portal-based submissions will be accepted for the aforesaid 2reports. From May 15, 2025, only the SI Portal will be permissible for compliance.
c) Fee Payment: Payment of fees for these 2 reports will only be possible through the SI Portal, and the SEBI payment module will no longer be valid for these reports.

NPCI'S ADDENDUM TO CIRCULAR ON NUMERIC UPI ID RESOLUTION

The National Payments Corporation of India ("**NPCI**") has, on March 03, 2025, issued the circular bearing no. NPCI/UPI/OC No. 115E/2024-25 *(accessible here)* being an addendum to its earlier circular NPCI/UPI/OC No. 115/2024-25 on introduction of UPI number and mapping of UPI ID. The circular aims to reduce Unified Payments Interface ("**UPI**") payment errors, improve database accuracy and ensure consistent reporting to NPCI.

The circular adds the following to the guidelines relating to a UPI number to enhance interoperability and user convenience in number-based UPI payments:

a) Banks and Payment Service Provider ("**PSP**") applications are required to use the Mobile Number Revocation List (MNRL) or Digital Intelligence Platform (DIP) to update their databases weekly to prevent errors caused by recycled or churned mobile numbers.
b) Further, PSP applications are required to obtain explicit user consent with a clear opt-out option for seeding or porting UPI numbers. Such a consent cannot be obtained before or during a transaction and such consent must be clear and non-intrusive, without forceful messaging.
c) Seeding or porting (i.e., linking or transferring a user's UPI number) communications of UPI numbers shall exclude miscommunications.
d) In the event the response of the NPCI mapper *(i.e., repository maintained by NPCI)* is not as per requirements, PSP applications may locally resolve the number, subject to the PSP applications reporting such occurrences to NPCI on a monthly basis.

NPCI'S CIRCULAR ON IMPLEMENTATION OF GENERIC GOOD FAITH DEBIT ADJUSTMENTS

NPCI has, on March 12, 2025, issued a circular bearing no. NPCI/UPI/OC No. 206A/2024-25 *(accessible here)*, introducing an addendum to its earlier circular OC-206, superseding it to the extent of Generic Good Faith Debit Adjustments ("**BGGD**"). This circular outline the implementation of BGGD under the UPI system to streamline the process of handling offline IPO/mandate transactions with block functionality. This circular aims at ensuring quicker settlements, better validation and minimizing manual intervention by NPCI. It also reduces the risk of penalties and ensures transparency in debit adjustments. Key highlights of this circular are as follows:

a) Purpose: The circular aims to simplify the process of claiming offline IPO/mandate transactions with block functionality executions. It allows sponsor/acquiring banks to directly manage such exceptional transactions through the UPI back-office system (UPI Real Time Clearing System, "**URCS**") without NPCI intervention.

b) BGGD adjustment process: Sponsor/ acquiring banks can raise generic good-faith debit adjustments using mandate creation entry details (e.g., TRAN ID, RRN, etc.). The turnaround time for raising a BGGD adjustment is 45 days from the mandate creation date. The issuing bank is required to accept or reject the adjustment within 3 calendar days, failing which the adjustment window would close on deemed acceptance basis on the 4th calendar day. The funds will thereafter be debited from the issuing bank and credited to the accepting bank.

c) Validation of Adjustments: URCS will validate the debit adjustment details, checking for mandate creation verification, status codes and duplicate transactions. Once the BGGD is settled successfully, URCS will store the adjustments in the repository and will not allow duplicate BGGD adjustments.

The new functionality has been made available to banks from March 15, 2025.

LAUNCH OF INTEROPERABLE CARDLESS CASH WITHDRAWAL (UPI-ATM)

NPCI has, on March 10, 2025, launched Interoperable Cardless Cash Withdrawal (ICCW) through UPI-ATMs, marking a significant step in enhancing digital banking accessibility. This feature allows users to withdraw cash from ATMs using UPI without the need for physical debit or credit cards.

To use this service, customers need to select the UPI-ATM option, scan the QR code displayed on the ATM screen using their preferred UPI app, and authorize the transaction through their smartphone. This eliminates the risk of card skimming and cloning, thereby making cash withdrawals more secure. The service also promotes contactless transactions and accordingly reducing the dependency on physical cards. ICCW is designed to be interoperable, meaning users can withdraw cash from any participating bank's ATM, regardless of their bank affiliation.

The launch of UPI-ATM withdrawals is expected to drive financial inclusion, offering a seamless, secure and user-friendly cash access method. It also aligns with NPCI's vision of promoting digital payments and reducing reliance on physical banking instruments, thereby paving the way for a more cashless economy.

LAUNCH OF BHIM 3.0

NPCI BHIM Services Limited ("**NBSL**"), a subsidiary of the NPCI has, on March 25, 2025 *vide* its notification, announced the launch of Bharat Interface for money ("**BHIM**") 3.0 *(accessible here)*. The new version offers enhanced features, including support for 15+ Indian languages, improved functionality in low-internet areas and better money management tools. Key features for users of BHIM 3.0 include the following:

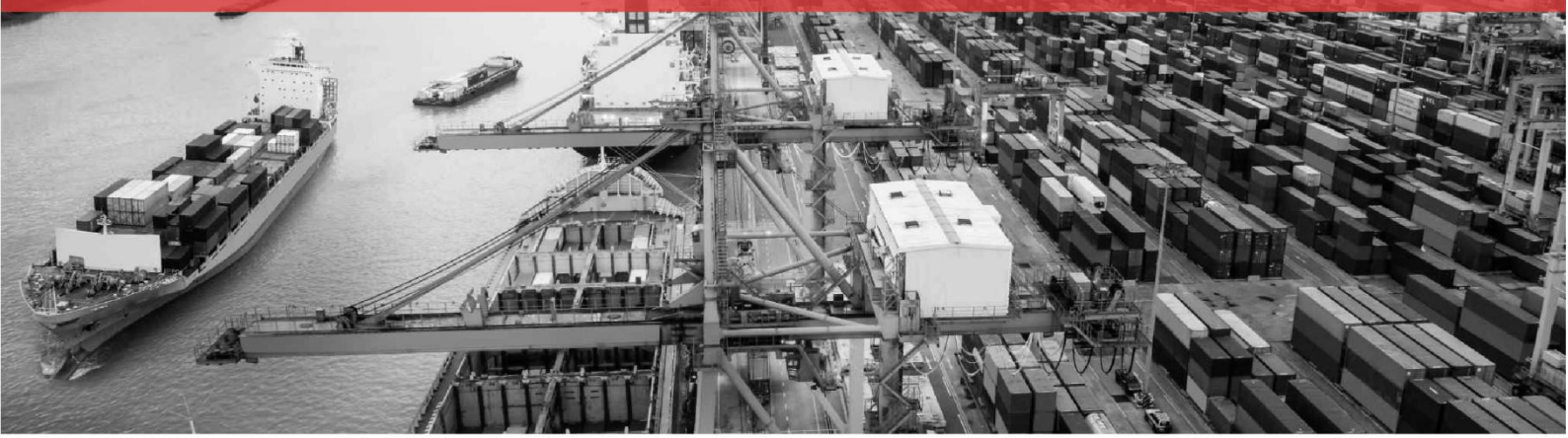
a) Split expenses: This feature will allow users to divide bills with friends and family.

b) Family mode: This feature will enable adding family members to track and manage shared expenses.

c) Spend analysis: This feature will provide a dashboard with spending patterns and automatic categorization.

d) Action needed: The feature introduces a task assistant that reminds users of pending bills and alerts them of low balances.

For merchants, BHIM Vega is introduced as an in-app payment solution, allowing seamless transaction within merchant platforms without third-party applications. BHIM 3.0 will be rolled out in phases with full availability expected by April 2025.



REVIVING THE INDIA-NEW ZEALAND CECA TALKS: FUTURE PROSPECTS

The revival of Free Trade Agreement (FTA) negotiations between India and New Zealand in March 2025 marks a significant step towards enhancing bilateral trade and economic cooperation between the two countries. These discussions, which originally began in 2010 stalled in 2015, after 9 rounds of negotiations, due to differences in key sectors (most importantly dairy and agriculture). The FTA was originally intended as a Comprehensive Economic Cooperation Agreement (CECA) in April 2010 covering trade in goods, services, and investment.

Given India's increasing focus on securing trade pacts with multiple countries, an FTA with New Zealand would further solidify its position as a key global economic player.

Current Trade Landscape

As per the available data, in the year ended December 2024, New Zealand exported goods worth NZ$ 718.18 million to India and imported NZ $1.17 billion, representing a total trade value of $1.89 billion.[16] Therefore, the balance of trade is currently in India's favor wherein key export items from India include Pharmaceuticals, Machinery (both mechanical & electrical), Textiles & Apparels, Vehicles, Precious metals and stones, etc.[17]On the other hand, items exported from New Zealand to India mainly include Iron & Steel, Fruits & Nuts, Wool, Wood, Wood-pulp, Paperboard, Aluminum, Albumin, etc.[18]

For the proposed FTA to be successful, it must address key sectoral concerns while ensuring balanced benefits for both importers and exporters. While the two economies are complementary in many respects, certain sectors, most notably Dairy and Agri products — remain sensitive areas that require careful negotiations. Therefore, it is widely expected that the most challenging aspect of the proposed FTA negotiations will be sectors such as dairy and agriculture. These have been discussed briefly below.

Likely Areas of Focus in the India-New Zealand FTA

1. **Addressing Dairy Sector Concerns**

   New Zealand is one of the world's largest dairy exporters, and its producers seek broader access to India's massive consumer market. However, India's dairy industry is largely made up of small and medium-sized farmers, many of whom rely on government support to compete with global producers. Allowing unrestricted imports of New Zealand dairy products could put significant pressure on these local farmers.

   India's reluctance to open its dairy sector to foreign competition stems from its commitment to protecting the livelihoods of 70 million small and marginal dairy farmers. Unlike large-scale dairy producers in countries like New Zealand, India's dairy industry is deeply decentralized, with millions of rural households depending on it for income and food security. High import tariffs of 30-60% act as a crucial safeguard against global dairy giants that could flood the market with cheaper products, potentially undercutting local producers. The political and economic significance of the sector—dominated by cooperatives like Amul—makes liberalization a highly sensitive issue.

   India's cautious stance on dairy trade was a key reason for its decision to opt out of the Regional Comprehensive Economic Partnership (RCEP)[19]. The free trade agreement, which includes New Zealand and other major economies, posed a risk of unrestricted dairy imports that could have severely impacted Indian farmers. Concerns over unfair competition, price

16 Available at - https://statisticsnz.shinyapps.io/trade_dashboard/
17 Ibid.
18 Ibid.

19 EXPLAINED: Why dairy industry wants its products out of RCEP deal - Economy News | The Financial Express

volatility, and food security led India to withdraw, emphasizing its strategy of economic self-reliance. The RCEP experience underscores why India remains wary of trade deals that could disrupt its domestic dairy ecosystem, making negotiations with New Zealand particularly complex.

To strike a balance, negotiators could consider:

- **Gradual Market Access:** Phased reductions in tariffs and quotas to prevent market shocks.
- **Protective Safeguards:** Implementation of measures such as minimum import prices, emergency tariff hikes or imposition of quantitative and tariff quotas to protect local dairy producers from sudden surges in imports.
- **Joint Ventures and Technology Sharing:** Encouraging investment in India's dairy sector through technology transfer and collaborative projects rather than direct competition.

2. **Tariff Reductions and Trade Facilitation**
India has an average tariff rate of 12%, significantly higher than New Zealand's 2.3%[20]. This discrepancy has been a key hurdle in past FTA negotiations, as New Zealand has sought lower tariffs on its key exports, while India remains cautious about market liberalization.

Possible solutions include:

- **Phased Tariff Reductions:** A gradual approach to tariff cuts to give domestic industries time to adjust.
- **Sector-Specific Exemptions:** Identifying priority sectors where immediate tariff reductions can be implemented without harming domestic producers.
- **Trade Facilitation Measures:** Simplification of customs procedures and mutual recognition of regulatory standards to ease business transactions.

3. **Boosting Services Trade and Workforce Mobility**
India has a competitive edge in IT services, business outsourcing, and education. The FTA could focus on:

- **Mutual Recognition of Professional Qualifications:** Facilitating the entry of Indian professionals into New Zealand's workforce, particularly in healthcare, engineering, and IT.
- **Easier Visa Regulations:** Allowing smoother movement of business professionals and skilled workers (IT, Healthcare) between the two countries.

4. **Non-Tariff Barriers and Trade Regulations**
Even if tariff barriers are reduced, trade can still be hindered by complex regulatory frameworks. To mitigate these challenges, the agreement could incorporate:

- quality certification and safety standards to avoid redundant testing requirements.
- **Simplification of Trade Documentation:** Reducing bureaucratic hurdles for exporters and importers.
- **Transparency in Trade Policies:** Establishing clear guidelines to ensure stable and predictable trade regulations.
- **Mutual Recognition of Standards:** Aligning **Rules of Origin Requirements**

Clear and enforceable rules of origin are necessary to prevent third-party countries from circumventing agreed-upon tariff structures. These rules should define the minimum level of domestic processing or value addition required for a product to qualify for preferential trade benefits under the agreement. Stringent verification and certification procedures should be implemented to prevent trade distortions and ensure that only genuinely originating goods benefit from reduced tariffs.

5. **Dispute Resolution Mechanisms**
To ensure a fair and predictable trading environment, it is essential to establish transparent and efficient mechanisms for resolving trade disputes between the parties. These mechanisms should include a structured consultation process, and binding dispute resolution procedures, and proper appellate mechanisms.

DSK Views

In recent years, India has aggressively pursued trade agreements with key global players, including the India-UAE CEPA in 2022, which strengthened trade ties with the Gulf region, and the India-Australia ECTA in 2023, which deepened economic engagement within the Indo-Pacific. Additionally, ongoing negotiations with the United Kingdom, European Union, and Oman signal India's intent to expand its global trade footprint. An FTA with New Zealand would further reinforce India's position as a global trade powerhouse, enhancing its influence in the Indo-Pacific and strengthening its position as a preferred trade partner. With multiple FTAs in place, India can enhance export competitiveness by securing preferential market access, attract foreign investment through stable trade policies, and leverage trade as a strategic tool to forge stronger

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geopolitical alliances. A well-structured FTA between India and New Zealand holds immense potential to unlock new economic opportunities while reinforcing diplomatic and strategic ties.

From a legal standpoint, the negotiations will require extensive support in structuring sectoral safeguards, drafting clear trade rules, and ensuring WTO-compliant dispute resolution mechanisms. Legal professionals will play a key role in advising businesses on tariff implications, regulatory compliance, and mutual recognition of standards. Additionally, the implementation of rules of origin and non-tariff measures will require expert guidance to prevent third-party trade circumvention. With India's increasing emphasis on securing favourable FTAs, legal expertise in trade policy, investment structuring, and cross-border dispute resolution will be critical once the FTA is in force.

MEDIA & ENTERTAINMENT

PARLIAMENTARY STANDING COMMITTEE ADVOCATES FOR A UNIFIED MEDIA COUNCIL TO OVERSEE PRINT, BROADCAST, AND DIGITAL MEDIA

The Parliamentary Standing Committee on Communications and Information Technology has formally recommended that the Ministry of Information and Broadcasting (MIB) establish a Media Council to regulate various forms of media, including print, broadcast, and digital, under a unified framework. This proposed council is intended to streamline coordination across different media formats and ensure better implementation of governing laws. Currently, print media is regulated by the Press Council of India, while broadcasting and digital platforms are overseen by the MIB and the Ministry of Electronics and Information Technology (MeitY), respectively. The committee's recommendation seeks to address this fragmented regulatory structure. In addition to proposing the Media Council, the committee has suggested merging the MIB, MeitY, and the Department of Telecommunications to address challenges arising from technological convergence in media and communications. This integration is expected to simplify policymaking and enhance monitoring processes. The recommendation aligns with discussions surrounding the Broadcasting Services (Regulation) Bill, 2023, which aims to extend MIB's regulatory authority to over-the-top (OTT) platforms such as Netflix and Amazon Prime. Currently, these platforms are governed by the Information Technology Rules, 2021, a framework that has faced legal scrutiny. The proposed Media Council would likely retain emergency powers to block content in cases related to national security or public order. It might also be empowered to issue takedown notices for unlawful content and impose financial penalties for violations. These measures aim to ensure comprehensive oversight while addressing concerns about harmful or illegal content across all media formats.

X CORP HAS CHALLENGED THE INDIAN GOVERNMENT'S ALLEGED UNLAWFUL CENSORSHIP VIA SAHYOG PORTAL AND IT ACT BEFORE THE KARNATAKA HIGH COURT

Elon Musk's X (formerly Twitter) has filed a petition in the Karnataka High Court ("Court"), challenging the Indian government's invocation of Section 79(3)(b) of the Information Technology Act ("Act"). X has argued that this provision, along with the Sahyog Portal, creates an illegal and unregulated mechanism for censorship that circumvents established legislative safeguards. X has further claimed that the authorities are misusing Section 79(3)(b) of the Act to mandate content removals while avoiding the procedural requirements laid out in Section 69A of the Act. Section 79 of the Act provides a "safe harbour" for intermediaries, protecting them from liability for third-party content, but Section 79(3)(b) allows for liability if intermediaries fail to remove unlawful content upon government notification. X contends that this provision is being improperly used to establish a parallel content-blocking process that violates the Supreme Court's ruling in the 2015 Shreya Singhal case. In the aforementioned case, the Supreme Court had determined that content could only be blocked through a competent court order or under a structured process as outlined in Section 69A. X's petition highlights concerns over the Sahyog Portal, which was launched to facilitate blocking orders under Section 79(3)(b). X claims this portal represents a form of censorship that lacks legal foundation and undermines existing protections against arbitrary content removal. X is seeking judicial intervention to prevent the government from enforcing orders that do not comply with the established legal framework and is also requesting protection from being compelled to onboard personnel related to the Sahyog Portal.

MADRAS HIGH COURT OVERTURNS NOVEX V. DXC ORDER, PERMITTING NOVEX TO ISSUE LICENSES WITHOUT COPYRIGHT SOCIETY REGISTRATION

The Madras High Court ("Court") has overturned its earlier order dated December 8, 2021, in the case of *Novex Communications Private Limited v. DXC Technologies Private Limited*, through a new ruling issued on March 10, 2025. The Court restored the suits filed by both parties and allowed them to be unconditionally withdrawn at the request of Novex Communications. This decision paves the way for Novex to issue licenses without being a registered copyright society, marking a significant shift in copyright licensing practices. Previously, the Court had held that while individual copyright owners could issue licenses under Section 33 of the Copyright Act, any business of licensing must be conducted exclusively through a registered copyright society. The latest ruling challenges this interpretation, empowering Novex Communications as a copyright assignee to operate independently without registration as a copyright society. This aligns with a similar precedent set by the Bombay High Court in January 2024, which recognized copyright assignees as "owners" with the authority to issue licenses. This landmark decision offers greater flexibility for music owners and assignees to issue licenses directly, bypassing the restrictions imposed by Section 33(1) of the Copyright Act. Additionally, it sets a precedent for entities like Novex Communications to protect their copyrights and manage licensing without being bound by copyright society regulations.

THE HEALTH MINISTRY ASKS IPL, BCCI TO BAN TOBACCO AND ALCOHOL PROMOTIONS

The Ministry of Health and Family Welfare ("Ministry") has urged the chairman of the Indian Premier League (IPL) and the Board of Control for Cricket in India (BCCI) to enforce a strict ban on tobacco and alcohol advertising, including surrogate ads, during the 2025 IPL season. Director General of Health Services Atul Goel has also called for a prohibition on the sale of these products at all events and venues affiliated with the IPL. The Ministry pointed out that as India's most viewed sporting event, the IPL has a social responsibility to promote public health and encourage a healthy lifestyle. The move aligns with ongoing concerns about public health and the impact of tobacco and alcohol use on society.

KARNATAKA HIGH COURT STAYS CONSUMER FORUM ORDER PENALIZING PVR FOR MOVIE DELAY DUE TO ADVERTISEMENTS

The Karnataka High Court ("Court") has issued a stay on the Bengaluru Urban District Consumer Disputes Redressal Commission's order, which had imposed a ₹1 lakh fine on PVR INOX for delaying a movie screening by 25 minutes due to advertisements. The consumer forum had also directed PVR to print actual movie start times on tickets, calling the delay an "unfair trade practice". The complaint was filed by a consumer, who claimed that the extended advertisements before the start of the film *Sam Bahadur* in December 2023, disrupted his schedule. The Court observed that the consumer forum exceeded its jurisdiction by treating the complaint as a public interest litigation (PIL) and issuing directives beyond its authority. The Court noted that such directions violated the commission's jurisdiction and temporarily stayed the order. The interim relief was granted following petitions from the Multiplex Association of India and PVR shareholder Santanu Pai, challenging the consumer forum's ruling.

SUPREME COURT ADVOCATES FOR ONLINE CONTENT REGULATIONS WHILE GRANTING CONTINUED PROTECTION TO YOUTUBER RANVEER ALLAHBADIA

The Supreme Court of India ("Court") has permitted podcaster Ranveer Allahbadia, known for his show *The Ranveer Show*, to continue airing his content under specific conditions aimed at maintaining decency. This decision follows a controversial incident involving Allahbadia's remarks on another show *India's Got Latent*, which led to public outrage and multiple FIRs filed against him in various states. The Court emphasized that Allahbadia must ensure his content adheres to standards of morality suitable for all age groups. This ruling was influenced by the significant impact on the livelihoods of his 280 employees, as the suspension of his show had jeopardized their jobs. The Court also highlighted the need for a balance between freedom of expression and societal moral standards, suggesting that limited regulations might be necessary to manage vulgar content in online media while protecting fundamental rights under Article 19 of the Constitution. The Court agreed that a regulatory framework should be developed and made public for stakeholder feedback before any legislative or judicial actions are taken.

DISNEY PREVAILS IN COPYRIGHT TRIAL OVER *MOANA*, COURT DISMISSES INFRINGEMENT CLAIMS

The Federal Court in Los Angeles ("Court") has ruled in favor of Disney in a copyright infringement case over the animated film *Moana*, rejecting claims by screenwriter Buck Woodall ("Plaintiff") that the movie was based on his 2011 screenplay, *Bucky the Wave Warrior*. The Court delivered a unanimous verdict, finding no evidence that Disney had access to the Plaintiff's work. Disney argued that *Moana* was independently created, emphasizing significant differences between the two works. The Plaintiff's claims were further weakened by the statute of limitations, though he is pursuing a separate lawsuit related to *Moana 2*. Despite the verdict, the Plaintiff's legal team is considering further legal options.

MARIAH CAREY PREVAILS IN COPYRIGHT CASE OVER CHRISTMAS SONG, LAWYERS PENALIZED

Mariah Carey has won a copyright lawsuit regarding her song, *All I Want for Christmas Is You*. The lawsuit, filed in November 2023 by country musician Andy Stone (known as Vince Vance) and co-writer Troy Powers ("Plaintiffs") before the Federal Court in Los Angeles, California, alleged that Carey's song infringed on the Plaintiffs 1989 track of the same name. The Plaintiffs sought $20 million in damages, claiming that Carey's song copied the "compositional structure" and shared similarities in lyrics and themes. However, Federal Court dismissed the case, ruling that the Plaintiffs failed to demonstrate substantial similarity between the two songs. Expert testimony revealed that both tracks relied on common Christmas song tropes found in numerous compositions, rather than unique elements that would constitute copyright infringement. The Federal Court also criticized the Plaintiffs' legal team for presenting "frivolous" arguments and causing unnecessary delays, ordering them to pay Carey's legal expenses. This ruling marks a significant victory for Carey and her co-writer Walter Afanasieff, solidifying the status of *All I Want for Christmas Is You* as an original work.

TREATMENT OF 'RIGHT-OF-USE' ASSET FOR CAPITAL ADEQUACY NORMS APPLICABLE TO REGULATED ENTITIES

The Reserve Bank of India ("**RBI**") on March 21, 2025 has issued the Circular on treatment of Right-of-Use (ROU) asset for regulatory capital purposes ("**ROU Asset Guidelines**") in which it has amended/clarified that non-banking financial companies ("**NBFCs**"), housing-finance companies ("**HFCs**"), asset reconstruction companies ("**ARCs**") and core investment companies ("**CICs**") (collectively, "**Regulated Entities**") do not need to deduct a 'right to use' asset which is required to be reflected on a lessee's balance sheet as per the requirements of the Indian Accounting Standards (IndAS) 116 – Leases for the purposes of computation of 'Owned Fund' / 'CET 1 capital' / 'Tier 1' capital (as the case may be) provided the underlying asset taken on lease is a tangible asset.

Capital adequacy required for undertaking business conducted by Regulated Entities is regulated by RBI through requirement of maintenance of minimum margins/thresholds of 'Owned Fund' / 'CET 1 capital' / 'Tier 1' by the RBI as part of its extant guidelines.

As per the Indian Accounting Standards (IndAS) 116 – Leases, leases are generally required to be reflected on a lessee's balance sheet as an obligation to make lease payments (a liability) and a related 'right to use' asset.

In light of the above requirement, various references were made by Regulated Entities for clarification by the RBI on treatment of 'right to use' assets in light of requirement of computation of 'Owned Fund' / 'CET 1 capital' / 'Tier 1' capital as per the extant guidelines of the RBI.

Accordingly, the aforesaid clarifications have been incorporated in the following directions issued by RBI:

a) Master Direction - Reserve Bank of India (Non-Banking Financial Company (NBFC) – Scale Based Regulation) Directions, 2023;

b) Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021;

c) Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016;

d) Master Directions - Mortgage Guarantee Companies (Reserve Bank) Directions, 2016;

e) Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024; and

f) Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016.

***DSK View**: Capital adequacy required for undertaking business conducted by Regulated Entities is regulated by RBI through requirement of maintenance of minimum margins/thresholds of 'Owned Fund' / 'CET 1 capital' / 'Tier 1' by the RBI as part of its extant guidelines. Since recognition of 'right to use' assets on books of accounts of Regulated Entities are stemming from the accounting treatment of leases under the Indian Accounting Standards, the above clarifications will ensure that such accounting entries will not be taken into account (considering that such entries are due to assets which are not owned but rather leased for a limited period of time by the Regulated Entities) for determination of Owned Fund' / 'CET 1 capital' / 'Tier 1' which are measures used by RBI to determine the actual financial health of Regulated Entities and their ability to conduct business and continue to hold licenses granted by the RBI, as the same has a significant impact on the overall Indian economy.*

CLARIFICATION ISSUED BY THE RESERVE BANK OF INDIA ON VARIOUS DISCLOSURE REQUIREMENTS OF BANKS AS PART OF THEIR FINANCIAL STATEMENTS

The RBI has on March 20, 2025, issued a clarification with respect to its Reserve Bank of India (Financial Statements – Presentations and Disclosures) Directions, 2021 ("**Financial Statement Disclosures Clarification**"). Various banks along with Indian Banks' Association (IBA) sought clarifications regarding the disclosures to be made in the notes to accounts to the financial statements and directions which are to be complied with during preparation of notes to accounts to the books of accounts/balance sheet prepared by banks for any financial year.

As part of the Financial Statement Disclosures Clarification, RBI has clarified the following:

a) RBI has clarified that the margin money received in form of deposits where lien is marked in the ordinary course of business shall continue to be classified under '*Schedule 3: Deposits with suitable disclosures*' as part of the notes to accounts to the books of accounts/balance sheet prepared by banks for any financial year.

b) RBI clarified that advances received by banks under Credit Guarantee Fund Trust for Micro and Small Enterprises ("**CGTMSE**") and Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH), and individual schemes under National Credit Guarantee Trustee Company Ltd. (NCGTC) which are backed by a central government guarantee, are required to be disclosed under '*Schedule 9(B) (ii) i.e., Advances Covered by Bank/Government Guarantee*' in the notes to accounts to the books of accounts/balance sheet prepared by banks for any financial year.

c) RBI has also clarified that repo and reverse repo transactions are required to be recorded at both market value as well as on face value terms in order to reflect the overall impact of such transactions on the books of account and balance sheet prepared by banks for any financial year.

DSK View: *Such clarifications have been issued at a time when RBI and other regulatory authorities have been investigating accounting disclosure lapses by various reputed banks and other regulated entities. These clarifications provide much needed clarity as sought by Indian Banks' Association (IBA) with respect to disclosures required to be made to the notes to accounts to the books of accounts/balance sheet prepared by banks for any financial year by banking companies.*

RESERVE BANK OF INDIA ISSUES THE MASTER DIRECTIONS – RBI (PRIORITY SECTOR LENDING) – TARGETS AND CLASSIFICATION) DIRECTIONS, 2025 THEREBY OVERHAULING THE EXTANT GUIDELINES FOR LENDING TO PRIORITY SECTORS AFFECTING THE INDIAN ECONOMY

The RBI has on March 24, 2025 issued Reserve Bank of India (Priority Sector Lending) Targets and Classification Directions, 2025 ("**PSL 2025 Directions**") with the objective of providing a uniform framework to regulate and facilitate 'Priority Sector Lending' ("**PSL**"), which directions will come into force on April 01, 2025. The PSL 2025 Directions will supersede earlier master directions and all loans and advances eligible to be categorised as PSL under the erstwhile directions will continue to be eligible for such categorisation under the PSL 2025 Directions till maturity.

The PSL 2025 Directions has been introduced to ensure that there is adequate flow of credit to the specific sectors of the economy that contribute towards socio-economic development and are in the overall interest of the nation and the Indian economy. The PSL 2025 Directions has clarified that the priority sectors for grant of PSL by banks include agriculture, export credit, renewable energy and micro, small and medium enterprises ("**MSMEs**") etc. which remain key and priority sectors which should have access to easy low interest capital from banks for the overall health of the Indian economy and the overall socio-economic development interests for the country.

As part of the PSL 2025 Directions, banks are set targets and sub-targets for PSL lending which are linked to a stipulated percentage of the 'Adjusted Net Bank Credit' ("**ANBC**") or 'Credit Equivalent of Off-Balance Sheet Exposures' ("**CEOBSE**") whichever is higher as on the corresponding date of preceding year. For the purposes of illustration, domestic commercial banks and foreign banks with 20 branches and above have to now achieve 40% (forty percent) of their ANBC or CEOBSE (whichever is higher) for overall PSL lending dung a financial year and 7.5% (seven point five percent) of their ANBC or CEOBSE (whichever is higher) for overall PSL lending to micro enterprises.

As part of the PSL 2025 Directions, all bank loans to MSMEs will now qualify for classification under PSL lending. Further, loans and advances granted up to Rs. 50 crores to start-ups which also fall under PSL lending . Further, '*with recourse*' factoring transactions by banks to such priority sectors such as lending to MSMEs will also be taken into account for meeting PSL lending targets by banks, provided that such transactions are consummated and reported through the Trade Receivables Discounting System (TReDS) available for MSMEs.

The PSL 2025 Directions also clarifies that export credit transactions such as grant of letters of credit etc. to agriculture and MSMEs are eligible for classification as PSL

lending. For the renewable sector, loans of up to INR 35,00,00,000/- granted to businesses dealing with products in the renewable energy sector are now covered under PSL lending.

The PSL 2025 Directions have also clarified that such targets for PSL lending can be met by banks through investments made by the banks in the securitization notes and pass-through-certificates subject to certain conditions such as assets being eligible as priority sector advances prior to securitization. Further, transfer of portfolios of financial assets through direct assignment or outright purchase by the banks through various priority sector categories viz. MSME, export credit, renewable sector etc. will also be considered as PSL lending.

The PSL 2025 Directions have also clarified that, with respect to the Priority Sector Lending Certificates ("**PSLCs**") sold/purchased by the banks and financial institutions, nominal value of the PSLCs issued and purchased by the banks/financial institutions will be eligible for classification under the respective PSL categories provided the underlying assets originated by banks are eligible to be classified as PSL lending.

Further, bank credit given to NBFCs for on-lending will also be eligible for classification as PSL if the loan is utilized in the following categories i.e. up to INR 10,00,000/- per borrower in the agriculture sector and INR 20,00,000/- per borrower in cases of MSME sector with a cap of 5% (five percent) of the individual bank's total PSL lending through the on-lending route. Further, the PSL 2025 Directions continue to recognize co-lending by scheduled commercial banks and NBFCs to priority sectors as meeting PSL lending targets.

DSK View: *The PSL 2025 Directions are an important announcement by the central bank of India as such directions greater flexibility to the banks and financial institutions to meet their specified targets for priority sector lending and the RBI has recognized various innovative methods of financing priority sector lending towards fulfilling its broader objective of ensuring credit availability to the priority sectors such as agriculture, MSMEs etc. that play a pivotal role in the socio-economic development of India. RBI has also formally recognized direct assignment transactions and securitization transactions undertaken by banks with respect to 'Priority Sector Lending' loans and advances as meeting relevant credit targets for such priority sectors. This may lead to banks increasingly participating in such direct assignment transactions and securitization transactions towards meeting their targets for 'Priority Sector Lending' and increasing volume of such transactions in this space.*

WHETHER SOCIETY FALLS UNDER THE DEFINITION OF THE TERM 'PROMOTER'?

In an appeal filed by New Sangeet Co-operative Housing Society Limited ("**Society**") before the Hon'ble High Court of Judicature at Bombay ("**Hon'ble High Court**"), the Society has sought to challenge the order dated December 20, 2024, passed by the Maharashtra Real Estate Appellate Tribunal ("**MREAT**") whereunder the MREAT has held that since a landowner is covered under the definition of a 'Promoter' as provided under Section 2(zk)(i) of the Real Estate (Regulation and Development) Act, 2016 ("**RERA Act**"), a society, being a landowner, would be covered under the definition of a promoter.

Impugned Order

Obligation of Society as Promoter

The MREAT had further held that perusal of Section 15(2) read with definition of 'promoter' under Section 2(zk) clearly indicated that the Society being a promoter becomes liable to independently comply with all pending obligations of the developer under the provisions of RERA Act and rules and regulations thereunder. Further, MREAT relied on the judgment of the Hon'ble High Court in the case of *Wadhwa Group Housing Private Limited vs. Mr. Vijay Choksi and Another* whereby the Hon'ble Hight Court had held that RERA does not demarcate or restrict liabilities of different promoters in different areas. The liability is joint for all purposes under the RERA Act, rules and regulations.

Obligation of Society as Promoter towards Allottees

MREAT held that since the Society had executed a Power of Attorney in favour of the developer, which created a relationship of principal and agent between the society and the developer respectively, any and all acts done by the agent in furtherance of the powers granted would be binding on the principal. Therefore, the Society would be liable to the allotees for any acts done by the developer.

Lasty, MREAT observed that one of the principle objectives of RERA is to bring about transparency in real estate sector and to protect the interest of home buyers. Therefore, considering that the rehab building was constructed out of the monies contributed by the flat purchasers which meant that the Society was a major beneficiary of the funds contributed by the allottees, MREAT held that the allottees cannot be left at lurch by the Society under the garb of absence of privity of contract between the society and flat purchasers.

Current Status

By and under an order dated March 19, 2025, in Second Appeal No. 148 of 2025 filed by the Society against the impugned order, the Hon'ble High Court has admitted the appeal.

Download Order

WHETHER MAHARERA CAN WAIVE OR REFUND THE PENALTY IMPOSED ON THE PROMOTER?

MahaRERA ("**Authority**") in an application filed by a developer-promoter recently had an opportunity to examine provisions of the RERA Act, specifically, Section 40, to analyse whether it had the authority/powers to waive or refund the penalty imposed on a promoter for non-compliance of its orders/directions.

The application was filed by a developer-promoter seeking waiver of penalty imposed by the Authority for non-compliance of a final order dated December 26, 2017 wherein the promoter-developer was *inter-alia* directed to pay certain sums to the allottee along with interest thereon and also for execution of a Deed of Cancellation of Agreement for Sale executed with the allottee.

The promoter-developer had filed an appeal challenging the said order dated December 26, 2017. Thereafter, an execution application was filed by the allottee during the

pendency of which settlement was arrived at between the parties. In light of the settlement, the MREAT allowed the allottee to withdraw the execution application.

It was the case of the promoter-developer that as it had already complied with the order of the Authority, namely, execution of Deed of Cancellation, the imposition of penalty was unfair and unreasonable. However, prior to the hearing in respect of the application, the promoter-developer paid the penalty to the Authority.

Analysing the application of the promoter-developer, the Authority observed that the promoter-developer had filed the application in the nature of review of the non-compliance order and had failed to establish as to which provisions of the RERA Act provides for waiver of a legally enforceable penalty. The Authority further observed that imposition of penalty acts as a deterrent against the defaulting party, therefore, waving or refunding such legally recoverable administrative penalty by exercising discretionary powers would amount to acting in excess of its jurisdiction. The Authority further observed that since the penalty had already been paid, the question of waiving the same would not arise as the penalty once paid would form a part and parcel of the state revenue. In light of the above observations, the Authority concluded that the regulatory application filed in the nature of review would be liable to be dismissed on the preliminary ground of maintainability.

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RESTRUCTURING & INSOLVENCY

REGULATORY DEVELOPMENTS

CIRCULAR DATED MARCH 17, 2025 ISSUED BY IBBI REGARDING DISCLOSURE OF INFORMATION RELATING TO CARRY FORWARD OF LOSSES IN INFORMATION MEMORANDUM[21]

In furtherance of the amendment to Regulation 36 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, IBBI issued a circular to all the registered insolvency professionals ("**IPs**"), registered insolvency professional entities and registered insolvency professionals agencies directing them to disclose additional information regarding the carry forward of losses while circulating information memorandum ("**IM**") to the prospective resolution applicants.

The IPs were directed to include a dedicated section in the IM explaining carry forward of losses under the Income Tax Act, 1961. The said section shall include and highlight (a) the quantum and breakdown of carry forward losses under the applicable heads of Income Tax Act, 1916 available to the concerned corporate debtor; (b) the specified time limits for the utilisation of losses; and (c) explicitly specify in the IM if there are no carry forward of losses available to the corporate debtor with the view to better equip the prospective resolution application regarding the financial position of the corporate debtor which they intend to acquire under Insolvency and Bankruptcy Code, 2016 ("**IBC**").

JUDGEMENTS

ORDER TERMINATING THE LEASE HOLD RIGHTS OF THE CORPORATE DEBTOR CANNOT BE PASSED DURING CIRP MORATORIUM

The Hon'ble National Company Law Appellate Tribunal, Principal Bench, New Delhi ("**NCLAT**") in the matter *Divyesh Desai, RP of GPT Steel Industries Limited v. Gujarat Industrial Development Corporation Bhuj,*[22] discussed termination of lease hold rights granted in favour of the corporate debtor during corporate insolvency resolution process ("**CIRP**").

In the present case, Divyesh Desai ("**Appellant**"), the resolution professional of GPT Steel Industries Limited (**"Corporate Debtor**") had filed an appeal against *inter alia* the impugned order dated April 08, 2024 passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("**Adjudicating Authority**") wherein the interim application filed by the Appellant to set aside the notice of Gujarat Industrial Development Corporation ("**GIDC**") terminating the lease hold rights of the Corporate Debtor was dismissed by the Adjudicating Authority and GIDC was restrained from taking any coercive action during moratorium period.

The Hon'ble NCLAT, held that the order passed by GIDC is hit by the provisions of section 14(1) of the IBC and in essence held that the lease deed cannot be terminated by GIDC during moratorium under CIRP and held that any action resulting in violation of moratorium granted under section 14 of the IBC, can be dealt with by the National Company Law Tribunal under section 60(5) of the IBC.

21 IBBI Circular dated March 17, 2025 bearing reference no. IBBI/CIRP/83/2025.

22 Company Appeal No. 1103 of 2024.

STATUTORY DUES NOT PART OF THE RESOLUTION PLAN STAND EXTINGUISHED AFTER NCLT APPROVAL OF THE PLAN

In the matter of *Vaibhav Goel & Anr. v. Deputy Commissioner of Income Tax & Anr.*,[23], Vaibhav Goel along with another applicant ("**Appellants**") appealed against the order dated November 25, 2021 passed by the Hon'ble NCLAT wherein the application filed by the monitoring professional ("**Respondent No.2**") challenging the demand notices issued to the corporate debtor by the Deputy Commissioner of Income Tax ("**Respondent No.1**") was dismissed by both NCLAT and NCLT. The main contestation of the Appellants was that once the resolution plan is approved by the adjudicating authority, all the claims including the claim for statutory dues stand extinguished. The income tax department had filed their dues for the assessment year 2014-15 and was shown under the heading of 'contingent liabilities' by the Appellants under the resolution plan. However, pursuant to the approval of the resolution plan by the adjudicating authority, the Respondent issued demand notices for assessment year 2012-13 and 2013-14 towards claiming its dues which did not form part of the claim filed during the CIRP of the corporate debtor.

Placing reliance on the *Ghanashyam Mishra Judgment*, the Hon'ble Supreme Court held that as an effect of approval of the plan under section 31 of the IBC, all the dues owed to the central or state government or local authority, if not forming part of the resolution plan, would stand extinguished and no proceedings can be continued against such claims.

The Hon'ble Supreme Court observed that after the resolution plan is approved by the Adjudicating Authority, all the dues including the statutory dues owed to the central government, any state government or any local authority not forming part of the resolution plan shall stand extinguished and no proceedings with respect to such a claim can be continued post the approval granted by the adjudicating authority under Section 31 of the IBC.

PROCEEDINGS UNDER SECTION 138 CANNOT BE INITIATED AGAINST A DIRECTOR AFTER THE IMPOSITION OF CIRP MORATORIUM

The Hon'ble Supreme Court in the matter of *Vishnoo Mittal vs. M/s Shakti Trading Company*[24] (March 17, 2025) deliberated on the matter of proceedings under Section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**") after imposition of moratorium under Section 14 of the IBC.

In the present matter, the Vishnoo Mittal ("**Appellant**") challenged the order of Single Judge of the Punjab and Haryana High Court dated December 21, 2021 where the petition of the Appellant under Section 482 of Criminal Procedure Code, 1973 to quash the proceedings initiated under Section 138 of NI Act against the Appellant was dismissed. The Appellant, in his capacity as a director of Xalta Food and Beverages Private Limited ("**Corporate Debtor"**), had drawn eleven cheques in favour of the respondent of varying amounts, the total amount being Rs.11,17,326/-. These cheques were subsequently dishonoured, post which a legal notice under Section 138 of the NI Act was issued to the Appellant by M/s Shakti Trading Company ("**Respondent**"). Consequently, in September 2018, a complaint was filed before the appropriate Court by the Respondent against the Appellant for offences under Section 138 of NI Act. Meanwhile, on July 25, 2018, insolvency proceedings were commenced against the Corporate Debtor, of which the Appellant was the director, and a moratorium under Section 14 of the IBC was imposed on the Corporate Debtor.

The Hon'ble Supreme Court analysed the requirements under Sections 14 and 17 of the IBC and Section 138 of the NI Act to determine the applicability of moratorium. The Hon'ble Supreme Court drew a distinction from the case of *P. Mohan Raj v. M/S Shah Brothers Ispat Pvt. Ltd.* where it had been held that the immunity granted under Section 14 of the IBC can only be obtained by a corporate debtor and not by a natural person on the grounds that the cause of action in the present case arose after the commencement of the insolvency process.

The Hon'ble Supreme Court clarified that the cause of action under Section 138 of NI Act arises only when the amount remains unpaid even after the expiry of fifteen days from the date of receipt of the demand notice. Further, the Court observed that the appellant did not have the capacity to fulfil the demand raised by the Respondent by way of the legal notice issued as the appellant was not in charge of the Corporate Debtor when the notice had been issued. The Appellant had been suspended from his position as the director of the Corporate Debtor as soon as insolvency resolution professional had been appointed and all the bank accounts of the corporate debtor were operating under the instructions of the insolvency resolution professional, making it impossible for the appellant to repay the amount in light of section 17 of the IBC.

23 Civil Appeal No. 49 of 2022.

24 Special Leave Petition (CRL) No.1104 of 2022

SPORTS AND GAMING

SPORTS

MINISTRY INVITES COMMENTS ON DRAFT CODE AGAINST AGE FRAUD

The Department of Sports of the Ministry of Youth Affairs and Sports, on March 12, 2025, released the Draft National Code Against Age Fraud in Sports (NCAAFS) 2025, inviting public feedback by March 31, 2025. The Code, set to overhaul the existing framework on age fraud to align with the existing international standards and best practices, introduces provisions relating to centralized age verification, documentation requirements, penalties for violations, an appellate mechanism, a one-time amnesty program, a whistleblower mechanism, etc. to ensure fair competition and transparency. Stakeholders can submit feedback *via* email to section.sp3-moyas@gov.in or by post to the Department of Sports, New Delhi by March 31, 2025.

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SUPREME COURT CRITICIZES INDIA'S SPORTS BODIES AS "AILING" AMID WRESTLING FEDERATION DISPUTE

The Supreme Court has strongly criticized the governance of sports associations in India, calling them "ailing bodies" during a hearing on the de-affiliation of the Maharashtra Wrestling Association by the Wrestling Federation of India (WFI). Justices Surya Kant and N Kotiswar Singh expressed concerns over the lack of proper management in these organizations.

The dispute arose after the Bombay High Court upheld the Maharashtra Wrestling Association's de-affiliation on October 8, 2024. The state body challenged the decision in the Supreme Court, which has sought responses from the Centre and WFI. This case highlights broader governance issues in Indian sports, raising concerns about transparency and accountability. The Supreme Court's intervention could set significant precedents for the future of sports administration in the country.

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DELHI HIGH COURT DIRECTS SPORTS MINISTRY TO ENSURE GENDER PARITY IN ATHLETE SELECTION

The Delhi High Court has instructed the central sports ministry to ensure gender parity in athlete participation at national sports federation events. Justice Sachin Datta emphasized that selection pools should not only include international participants but also athletes from domestic and Khelo India events.

The ruling came in response to a plea challenging the Badminton Association of India's (BAI) February 13, 2025 notification, which allocated only eight slots for women para-athletes per event compared to 16 for men. The Court deemed this disparity unacceptable and cited the National Sports Development Code of India, 2011, as the basis for ensuring equal opportunities.

BAI's justification that fewer women had participated internationally was dismissed as "untenable", with the Court stating that participants from domestic competitions should be considered. BAI has now committed to increasing women's slots for the upcoming Khelo India Para Games 2025, prompting the Court to refrain from issuing binding directions.

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SPORTS MINISTRY LIFTS SUSPENSION ON WRESTLING FEDERATION OF INDIA AMID GOVERNANCE CONCERNS

The Sports Ministry has revoked the suspension of the Wrestling Federation of India (WFI) after initially barring its newly elected Executive Committee from managing daily operations. The suspension, imposed in December 2023, was due to governance failures and procedural violations under the National Sports Development Code of India, 2011. The Ministry had also cited undue influence from former office bearers.

The previous ad-hoc committee, led by Bhupinder Singh Bajwa, has been disbanded, and all its decisions annulled. The suspension stemmed from WFI President Sanjay Singh's unauthorized scheduling of junior national competitions without proper notice. Additionally, the Delhi High Court had reinstated the ad-hoc committee in response to allegations of misconduct raised by wrestlers like Bajrang Punia and Vinesh Phogat.

With the suspension lifted, WFI can now resume full operations, but governance reforms remain a key concern for the Ministry.

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POSTPONEMENT OF BOXING FEDERATION OF INDIA (BFI) ELECTIONS OVER STAYS ISSUED BY DELHI AND HIMACHAL PRADESH HIGH COURTS

The Hon'ble Delhi and Himachal Pradesh High Courts set aside a circular dated March 07, 2025, issued by the President of the Boxing Federation of India (BFI), which restricted electoral representation in its elections, previously scheduled for March 28, 2025, to only elected members of the State units affiliated with the BFI. The ruling came in response to a petition filed by the Delhi Amateur Boxing Association (DABA) challenging the circular's mandate, terming it illegal, arbitrary and unconstitutional. DABA contended that as per clause 4 of the Model Election Guidelines, each permanent member, State, or Union Territory should be represented by two authorized individuals, and imposition of additional eligibility conditions is arbitrary. While the Delhi HC had permitted BFI to go ahead with the elections, with the result being subject to judicial scrutiny, the BFI postponed its elections in line with the Himachal Pradesh HC's order requiring BFI to extend nomination deadlines.

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NEW LAW TO TACKLE GOALKEEPER TIME-WASTING APPROVED

The new law wherein a goalkeeper holding the ball for more than eight seconds will be punished with a corner for the opposition was unanimously approved by the International Football Association Board (IFAB) at its annual general meeting and will be in place at FIFA's Club World Cup, from June 15, 2025 to July 13, 2025. Under the current law keepers should be punished if they hold the ball for more than six seconds, with the opposition being awarded an indirect free-kick. Already trialled in over 400 games in three different competitions, including the Premier League 2, referees will also warn the goalkeepers with a five-second countdown before they are penalised.

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TENNIS PLAYERS TAKE LEGAL ACTION AGAINST GOVERNING BODIES OVER UNFAIR SYSTEM

A group of professional tennis players, led by the Professional Tennis Players Association (PTPA), has filed a 163-page antitrust lawsuit against the sport's governing bodies, accusing them of operating as a "cartel" that suppresses player wages, limits opportunities, and stifles competition. The lawsuit, filed in New York, London, and Brussels, names the Association of Tennis Professionals (ATP), Women's Tennis Association (WTA), International Tennis Federation (ITF), and International Tennis Integrity Agency (ITIA) as defendants.

Notable players, including Nick Kyrgios, Sorana Cîrstea, and Reilly Opelka, are among the plaintiffs, though PTPA co-founder Novak Djokovic opted out to keep the focus on the broader player movement. The PTPA argues that players face an 11-month gruelling schedule, lack control over their own name, image, and likeness (NIL) rights, and must manage their own travel and expenses without the benefits of a union.

Governing bodies have rejected the lawsuit's claims, with ATP, WTA, and ITIA defending their operations. However, PTPA Executive Director Ahmad Nassar stated that players have exhausted all reform efforts and now have no choice but to seek legal action. The lawsuit also accuses the ATP and WTA of price-fixing, preventing tournaments from increasing prize money and limiting earnings potential. Players argue that, unlike other major sports, tennis lacks a true player union, leaving them without a voice in critical decisions.

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WORLD BOXING NEARS CONCLUSION ON GENDER ELIGIBILITY INVESTIGATION AMID OLYMPIC REVIVAL

World Boxing is in the final stages of its investigation into the gender eligibility controversy that overshadowed the sport at the last Olympic Games, with findings expected within weeks. The issue arose after gold medalists Imane Khelif (Algeria) and Lin Yu-ting (Taiwan) were disqualified due to chromosome test results under the previous governing

body, the International Boxing Association (IBA). Khelif has denied claims that she is transgender and remains determined to compete in Los Angeles 2028.

World Boxing, led by Boris van der Vorst, has formed a working group to establish a new eligibility policy, ensuring fairness and safety. The controversy adds urgency to the matter, especially after the International Olympic Committee (IOC) reinstated boxing for the 2028 Olympics under World Boxing's governance. Van der Vorst emphasized the need for scientific guidance and fairness while distancing the issue from political debates.

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PREMIER LEAGUE DELAYS SEMI-AUTOMATED OFFSIDE TECHNOLOGY AFTER VAR CONTROVERSY

The Premier League has postponed the introduction of semi-automated offside technology (SAOT) following its failure during an FA Cup match between Bournemouth and Wolves. The system malfunctioned due to a "congested penalty area", leading to a record eight-minute VAR check before Bournemouth's Milos Kerkez had his goal disallowed for offside.

Originally planned for introduction after the international break, SAOT will undergo further trials in the FA Cup quarter-finals, semi-finals, and final. The earliest it could debut in the Premier League is April 5-6, 2025, but clubs are hesitant to implement a major change with only eight matches remaining.

Although SAOT is designed to speed up offside decisions to 30 seconds, its failure in a high-profile match has raised doubts, with Premier League officials wary of further controversy surrounding VAR. Fans at the stadium voiced their frustration over the long delay, highlighting concerns about the technology's reliability.

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CADILLAC SECURES ENTRY AS FORMULA ONE'S 11TH TEAM FOR 2026

Formula One will expand to 11 teams in 2026 after approving Cadillac's long-anticipated entry. Backed by General Motors and TWG Motorsports, Cadillac will initially use Ferrari engines before developing its own power unit.

The bid, originally led by Andretti (owned by former driver Michael Andretti), was initially rejected but gained approval due to Cadillac's long-term commitment as a full works team and significant financial backing. Despite opposition from existing teams over prize money dilution, F1 saw Cadillac's entry as too valuable to ignore.

The team will be based in Silverstone under principal Graeme Lowdon, with at least one American driver expected. FIA President Mohammed Ben Sulayem called the move a transformative moment, while F1 CEO Stefano Domenicali welcomed GM's commitment.

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PREMIER LEAGUE'S ASSOCIATED PARTY TRANSACTION (APT) RULES DECLARED VOID AFTER TRIBUNAL'S RULING

Premier League's Associated Party Transaction Rules, 2021 (APT Rules) to regulate transactions with associated parties, have been declared void following the ruling by an independent tribunal in the challenge brought by Manchester City. In the first decision, three provisions of the APT Rules, i.e., on exclusion of shareholder loans, the market value assessments process, and mechanism for challenging valuation, were held to be unlawful. Thereafter, second decision, the tribunal ruled such provisions to be inseverable from the APT Rules, thereby holding the entire APT Rules to be void and unenforceable. With their annulment, the previous Related Party Transaction (RPT) Rules are reinstated. Manchester City continues to challenge the amended rules, while clubs may now pursue compensation claims for financial losses linked to missed or undervalued sponsorships. The decision is expected to bring heightened scrutiny to future financial regulations in football.

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WADA ANNOUNCES EXPANSION OF INTELLIGENCE & INVESTIGATIONS CAPABILITY AND CAPACITY BUILDING PROJECT INTO ASIA AND OCEANIA

The World Anti-Doping Agency (WADA) has announced the expansion of its Intelligence & Investigations (I&I) Capability and Capacity Building Project to Asia and Oceania, building on its success in Europe. The initiative, spanning 61 countries, aims to strengthen anti-doping investigations and enhance collaboration with law enforcement agencies. As part of the two-year program, six advanced workshops will be held in 2025, with sessions hosted in Australia, Saudi Arabia, Thailand, and India. The project will bolster in-house I&I capacity for National Anti-Doping Organizations (NADOs) and law enforcement, concluding with a final conference funded by India's NADO. WADA plans further expansion into the Americas (2026-27) and Africa (2028-29).

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GAMING

CHALLENGE AGAINST TAMIL NADU ONLINE GAMING ACT

Gaming companies are contesting the Tamil Nadu Online Gaming (Regulation) Act, 2022 (TNOGA), claiming specific provisions are unconstitutional and arbitrary. Senior advocates Mukul Rohatgi and Sajan Poovayya represented major platforms, including A23 and RummyCircle, during a recent Madras High Court hearing.

The petitioners raised three main issues:

- Curfew on Gaming: TNOGA imposes a ban on online gaming from midnight to 5 AM, which the petitioners argue infringes on players' rights and is arbitrary. Rohatgi suggested that the law should permit gaming for 19 hours daily, noting inconsistencies in restricting only certain activities.
- Aadhaar Authentication: The law mandates Aadhaar verification for users, which the gaming companies argue is non-compliant with the Aadhaar Act, 2016. They propose allowing alternative identification methods, such as driving licenses or passports.
- Jurisdiction Concerns: The petitioners assert that online skill-based gaming falls under the central government's IT Rules, 2021, and that the state lacks authority to regulate it.

The court raised concerns about the potential social harms of real-money gaming, including addiction and financial loss among vulnerable individuals.

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MAHARASHTRA'S INITIATIVE ON ONLINE GAMING REGULATION

The Maharashtra government is developing a comprehensive legal framework to regulate online gaming and combat cybercrime, aiming to prevent financial fraud and clarify regulations in the expanding digital gaming sector. Minister of State for Home Affairs Yogesh Kadam outlined the government's plans during a Legislative Council session, addressing concerns about cybercrime linked to gaming platforms. Notable council members participated in the discussion, emphasizing the need for action. Kadam noted that online gaming is categorized into skill-based games, which are permitted, and chance-based games, which are not. Despite the Supreme Court's endorsement of skill-based gaming, issues like financial fraud persist through practices such as “Loot Boxes.” To address these challenges, the government is drafting policies with input from industry experts, focusing on enforcement and consumer protection to ensure a safer digital gaming environment.

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HARYANA ASSEMBLY ENACTS GAMBLING BILL

The Haryana Assembly has passed the Haryana Prevention of Public Gambling Bill, 2025, which establishes strict penalties for gambling, match-fixing, and spot-fixing in sports. Introduced on March 18, the bill aims to address gambling-related offenses by imposing rigorous imprisonment and significant fines.

Key provisions include up to one year in prison or a ₹10,000 fine for individuals found gambling in public, and three to five years of imprisonment along with a fine of up to ₹1 lakh for owners or financiers of gambling houses. The bill also stipulates a minimum three-year sentence and a ₹5 lakh fine for match-fixing and organized gambling syndicate members.

The legislation empowers magistrates and police to conduct warrantless searches and arrests based on credible information. Those who refuse to provide identification or give false information could face up to three years in prison and a ₹10,000 fine.

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TELANGANA FORMS SIT TO COMBAT ONLINE BETTING

Telangana Chief Minister announced the formation of a Special Investigation Team (SIT) to combat the rising issue of online betting and its impact on families. This initiative includes plans to amend the 2017 law prohibiting online gambling, aiming for stricter penalties beyond the current two-year maximum.

The state has begun taking action against illegal betting promoters, including filing a complaint against influencer Bayya Sunny Yadav for misleading endorsements. Additionally, Hyderabad Police have charged 25 celebrities, such as Rana Daggubati and Vijay Deverakonda, for promoting betting apps in violation of the Public Gambling Act. Authorities warn of continued action against such promotions.

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ADVOCATE URGES CCPA ACTION AGAINST BETTING APP ENDORSEMENTS

Advocate Krishnakant has lodged a complaint with the Central Consumer Protection Authority (CCPA) seeking strict penalties and a three-year ban on celebrities endorsing betting apps. He argues that such endorsements mislead consumers, especially youth, and could lead to financial and psychological harm.

Krishnakant recommends fines of ₹10 lakh to ₹50 lakh for celebrities promoting these platforms and calls for stricter enforcement of advertising regulations to prevent misleading promotions. The CCPA has yet to respond, but there is growing support for stronger action against these endorsements.

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SUPREME COURT REINSTATES PIL AGAINST OPINION TRADING APPS

The Supreme Court of India has reinstated a Public Interest Litigation (PIL) seeking a ban on opinion trading apps, criticizing the Gujarat High Court for prematurely dismissing the case due to a similar petition in the Bombay High Court without proper examination.

In the case of Sumit Kapurbhai Prajapati v. Union of India & Others, the Supreme Court, led by Justices Abhay S. Oka and Ujjal Bhuyan, emphasized that the differing gaming laws in Maharashtra and Gujarat warranted separate consideration of the matter. Prajapati raised concerns about the harmful effects of these apps, particularly on vulnerable users, including children, who are misled into gambling.

Despite arguments from senior counsels for the opinion trading platforms advocating for the case to return to the Gujarat High Court, the Supreme Court directed an April 14, 2025, hearing in the Gujarat High Court, allowing all parties to present their contentions.

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PIL CALLS FOR BAN ON BETTING APPS AND ACTION AGAINST CELEBRITIES

A Public Interest Litigation (PIL) has been filed in the Supreme Court seeking an immediate ban on betting apps and platforms in India and demanding action against celebrities promoting them. The petition, filed by social activist Dr. K.A. Paul, cites the detrimental impact of these apps on society, particularly the youth, leading to financial ruin and addiction.

Dr. Paul urges the Supreme Court to direct the government to enforce stricter regulations, emphasizing that many apps operate freely despite existing laws. He highlights the influence of celebrity endorsements in increasing gambling addiction, calling for accountability for public figures misleading their followers.

The petition mentions that, in Telangana alone, 978 young individuals committed suicide over the past year due to financial distress linked to betting apps. Dr. Paul has issued a 72-hour ultimatum to celebrity endorsers to either apologize publicly and return their earnings or face legal actions. He advocates for urgent intervention to protect vulnerable individuals from exploitation by these platforms.

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CAIT APPEALS FOR BAN ON OPINION TRADING PLATFORMS

The Confederation of All India Traders (CAIT) has formally requested the Indian government to ban opinion trading apps and websites, referring to them as a form of "digital satta" (online gambling). In a letter to key ministers, CAIT highlighted the rapid growth of these platforms, which have over 50 million users and facilitate annual transactions exceeding ₹50,000 crores.

CAIT's National President, B.C. Bhartia, argues that these platforms misrepresent their services as skill-based, misleading consumers and disproportionately impacting young, inexperienced individuals. He also expressed concerns about their potential to influence electoral democracy by allowing betting on election outcomes.

To mitigate these risks, CAIT urged the government to enforce regulations against opinion trading platforms, including removing related content from intermediaries and utilizing Section 79(3)(b) of the IT Act, 2000, to prohibit such activities. CAIT called for collaboration among multiple regulatory bodies to create a robust framework to safeguard consumers and uphold democratic integrity.

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ANCHOR SHYAMALA IN TROUBLE AS BETTING APP CASE REACHES HC

Shyamala Reddy, anchor and YSR Congress Party spokesperson, has approached the Telangana High Court to quash a FIR alleging her promotion of illegal betting applications on social media. Filed on March 17 by Vinay Vagala, the FIR claims violations of the Public Gambling Act.

Shyamala argues the allegations are baseless and politically motivated, lacking substantial evidence. Justice N. Tukaramji directed the Panjagutta police to adhere to proper procedures and required Shyamala to cooperate with the investigation.

This case is part of a broader crackdown on celebrities promoting betting apps, with 11 individuals, including Shyamala, facing similar charges. The Enforcement Directorate is also investigating actors linked to illegal betting endorsements under the Prevention of Money Laundering Act.

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ED INVESTIGATES CELEBRITY ENDORSEMENTS OF BETTING APPS

The Enforcement Directorate (ED) has intensified its investigation into celebrities endorsing online betting apps, focusing on potential violations of financial regulations and links to illegal activities. Officials are examining financial transactions associated with these endorsements to determine if they involved money laundering under the Prevention of Money Laundering Act (PMLA).

The investigation has expanded to include social media influencers and public figures, assessing whether they knowingly promoted unauthorized platforms. Some influencers have already been questioned regarding their involvement.

Experts warn that celebrity endorsements may mislead users into believing these platforms are legitimate, potentially resulting in significant financial losses. The ED is analyzing contracts and promotional deals, considering tighter regulations to prevent future endorsements of illegal betting apps.

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ANDHRA PRADESH CONSIDERS LIFTING BAN ON LOTTERIES AND ONLINE GAMING

Andhra Pradesh is contemplating lifting its ban on state lotteries and online gaming to increase tax revenue, potentially generating up to ₹13,100 crore. Chief Minister N. Chandrababu Naidu is expected to decide soon, with multiple revenue proposals under review.

Key proposals include:

- 1% Cess on State GST: Estimated revenue of ₹4,700 crore.
- Increased VAT on Liquor and Other Products: Expected revenue of ₹6,500 crore.
- Legalization of State Lotteries and Online Gaming: Aiming to create new income sources.
- Excise Duty Hikes: Additional revenue from increased duties.
- Revisions to Motor Vehicle Tax and Green Tax: Combined expected revenue of ₹600 crore.
- Surcharges on Property Transactions and Increases in Professional Tax: Estimated total revenues of ₹1,500 crore.
- Stamp Duty and Entertainment Tax Revisions: Potential for increased collections.

If legalized, the state plans to ensure regulatory oversight for lotteries and online gaming, with funds from these activities not allocated for Amaravati development but instead directing loans for capital projects. A decision is anticipated soon as economic and regulatory considerations are evaluated.

KARNATAKA TO REGULATE ONLINE GAMING INDUSTRY WITH NEW LAW

Karnataka plans to introduce a legal framework to regulate the online gaming industry by banning gambling while allowing skill-based games, following the Chhattisgarh model. This initiative aims to foster innovation and protect consumers from fraudulent operations.

IT-BT Minister Priyank Kharge stated that the government is evaluating regulatory models to create a supportive environment for the gaming industry while engaging with stakeholders. The proposed regulation distinguishes between games of chance, which will be banned, and skill-based games, which are exempt.

Discussions are ongoing between the IT, Law, and Home departments before drafting the bill. This move comes after the unsuccessful attempt to ban online gambling in 2021, which the Karnataka High Court struck down as unconstitutional.

With no uniform central regulation on online gaming, Karnataka's efforts aim to address inconsistencies across states, especially concerning illegal offshore operators. Legal challenges continue to arise in light of varying state regulations, as seen with Tamil Nadu's stricter rules facing opposition from gaming companies.

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YOUTUBE REVISES POLICIES ON GAMBLING CONTENT

YouTube is updating its policies on online gambling-related content, effective March 19, 2025. Under the new regulations, content creators will be prohibited from including URLs, links, logos, or verbal references to unapproved gambling sites or applications. Currently, links to gambling platforms are permissible only if they comply with local legal requirements.

Additionally, any content promising guaranteed returns from gambling will be removed, irrespective of the gambling site's certification status. Content promoting online casinos or betting applications will also face age restrictions, allowing access only to users over 18.

YouTube aims to ensure a safer environment for users, particularly younger viewers, with these changes impacting creators focused on gambling content, such as casino games. These updates coincide with regulatory pressures in India, where authorities have warned against promoting gambling

and betting services, aligning with a trend toward greater oversight of digital gambling promotions.

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CENTRE REAFFIRMS BETTING AND GAMBLING REGULATION AS A STATE SUBJECT

The Minister of State, Ministry of Home Affairs, Shri Bandi Sanjay Kumar, while responding to queries raised by Shri A.D. Singh on a *Comprehensive Regulatory Framework on Betting and Gambling*, clarified that betting and gambling fall under Entry 34 in the State List of the Seventh Schedule of the Constitution, granting state legislatures the authority to legislate on such matters. It was further emphasised that prevention, detection, investigation and prosecution of crimes related to such matters remain the responsibility of state governments through their law enforcement agencies. This comes amidst rumours of the Ministry of Home Affairs considering introducing a new central law to regulate online gaming, gambling, betting, and lotteries.

The response may be accessed **Here**

SUPREME COURT CLUBS WRIT PETITIONS AGAINST 28% GST ON GAMING COMPANIES

On March 18, 2025, the Supreme Court allowed transfer petitions seeking the transfer of writ petitions/ writ appeals pending before the High Courts of Calcutta, Hyderabad, Amravati, Madras, Bombay and Bengaluru, to be heard along with Special Leave Petition(C) Nos.19366-19369/2023 (*Director General of Goods and Services Tax Intelligence & Ors. vs. Gameskraft Technologies Pvt. Ltd. & Ors.*). The issue under consideration in the cases before the Supreme Court pertains to the 28% GST being charged to gaming companies, where gaming companies argue that the impugned tax should not apply to games of skill like rummy, poker, and fantasy sports. In the last hearing, the apex court ordered that further proceedings of all the impugned show cause notices, some of which were set to get time barred, shall remain stayed till the final disposal of the main matter, along with tagged matters. The next hearing is scheduled for April 8, 2025.

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GAMING FEDERATIONS ADOPT NEW CODE OF ETHICS FOR RESPONSIBLE GAMING

Industry bodies, including the likes of All India Gaming Federation (AIGF), E-Gaming Federation (EGF), and Federation of Indian Fantasy Sports (FIFS), have jointly adopted a new Code of Ethics (CoE) on March 10, 2025, with the objective of 'enhancing user safety and responsible gaming practices'. As part of its objective, the CoE has introduced guidelines on mandatory age-gating and stringent KYC verification for fantasy gaming platforms, implementation of user-defined spending limits, undertaking regular third-party audits, implementing self-exclusion mechanisms and support tools, etc. The CoE will have a graded implementation, requiring gaming companies with revenue more than ₹100 crore per year to implement the CoE within 6 months while companies with revenue less than ₹100 crore per year within 9 months.

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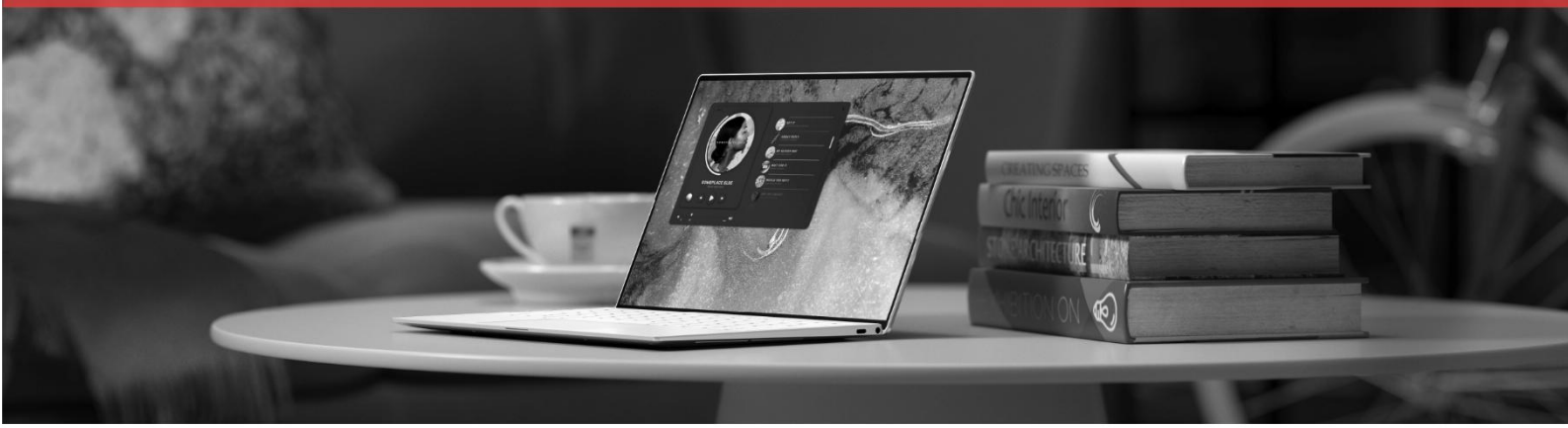

KARNATAKA EXPANDS KARNATAKA AGRICULTURAL PRODUCE MARKETING (REGULATION & DEVELOPMENT) ACT, 1976 TO E-COMMERCE PLATFORMS

On March 24, 2025, the Karnataka government passed the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2025 ("**Amendment Act**") (accessible *here*), thereby amending the Karnataka Agricultural Produce Marketing (Regulation & Development) Act, 1976 ("**APMA**") (accessible *here*) which regulates marketing and sale of agricultural produce, agri-processing and agri-export in a defined market area. The Amendment Act extends the provisions and scope of the APMA, to cover e-commerce platforms facilitating trade between the traders and by the farmers directly on the platform.

The Amendment Act defines 'e-commerce platforms' as online platforms that facilitate the sale of 'market fee suffered notified agricultural produce' by 'licensed traders' to 'licensed retail traders'. Notably, the definition of 'e-commerce platforms' does not extend to platforms facilitating business-to-consumer (B2C) transactions, by envisioning commerce only between different category of traders and not for purchase by the end domestic consumer. involving the direct sale of agricultural produce to the end consumer. Pertinently, the Amendment Act requires e-commerce platforms to obtain a license for facilitating trading in notified agricultural produce. The grant of such license is subject to the payment of fees and security deposit to the Director of Agricultural Marketing ("**DAM**"). Further, in an event where the notified agricultural produce has not been subject to a market fee prior to being traded, such market fee would have to paid by the e-commerce platform to the market committee.

Notably, Chapter XIII-D, introduced by the Amendment Act, also imposes, *inter alia*, the following duties and obligations on e-commerce platforms:

(a) Providing payment facilities for notified agricultural produce traded on the platform and facilitating the collection of applicable fees and charges;
(b) Allowing only traders licensed by the appropriate authority to register on the e-commerce platform;
(c) Providing services related to grading, quality certification, and standardization of commodities; and

Ensuring transparency and maintaining electronic records of all transactions conducted on the platform, and submit such periodical reports to the DAM.

SEBI ISSUES ADVISORY ON HOSTING OF ADVERTISEMENTS ON SOCIAL MEDIA PLATFORMS

Given the sharp increase in securities market-related frauds on social media platforms - such as the offering of fraudulent online trading courses and seminars, misleading or deceptive testimonials, and promises or guarantees of assured or risk-free returns - Securities and Exchange Board of India ("**SEBI**"), issued "*Advisory to SEBI registered intermediaries - Uploading advertisements on Social Media Platforms*" ("**Advisory**") (accessible *here*) on March 21, 2025. The Advisory has been issued pursuant to SEBI conducting consultations with platforms such as YouTube, Facebook, Instagram, WhatsApp, X (formerly Twitter), Telegram, Google Play Store, Apple Store, etc. ("**SMPP**").

The Advisory requires all SEBI registered intermediaries seeking to upload or publish advertisements on social media platforms such as Google and Meta (with the scope expected to be extended) to register with the identified SMPPs using the email IDs and mobile numbers registered on the SEBI Intermediary Portal ("**SI Portal**"). Following such registration, SMPPs must verify the advertisements of SEBI-registered intermediaries before permitting their publication on the platform.

Accordingly, all SEBI-registered intermediaries intending to upload or publish advertisements on social media platforms

have been advised to update their contact details on the SI Portal by April 30, 2025.

HARYANA GOVERNMENT NOTIFIES HARYANA PREVENTION OF PUBLIC GAMBLING BILL, 2025

On March 13, 2025, the Haryana government introduced the Haryana Prevention of Public Gambling Bill, 2025 ("**Bill**") (accessible *here*) to *inter alia* provide for prevention and punishment of public gambling, keeping of common gambling-houses, betting in sports or elections, match fixing or spot fixing in sports. The Bill is set to replace the Public Gaming Act, 1867 (accessible *here*) in its application in the state of Haryana. The key features of the Bill, *inter alia*, include the following:

(a) Prohibition on 'Gaming', 'Gambling', And 'Betting': The Bill prohibits, and prescribes imprisonment for, any person found guilty of engaging in the act of gambling or operating a gambling house. The term "gambling" under the Bill is defined to include both *"betting"* (*i.e.*, the act of placing a bet) and "*gaming*".

Under the Bill, a "bet" is defined as any agreement, whether written or oral, concerning the occurrence or non-occurrence of a future event with an uncertain/unknown outcome on which monetary or non-monetary consideration is at stake. The term "gaming" is defined as the playing of a game of chance using a gambling instrument, where the loser must forfeit a monetary or non-monetary consideration. This definition expressly excludes games of skill.

The Bill also defines both "games of skill" and "games of chance". A "game of skill" is defined as one in which skill predominates over chance, with success primarily dependent on the player's superior knowledge, attention, experience, and adroitness. This definition aligns with the criteria established by the Supreme Court in *Dr. K. R. Lakshmanan v. State of Tamil Nadu*. In contrast, a "game of chance" is defined as one where chance predominates over skill.

(b) Prohibition of 'Match Fixing' and 'Spot Fixing': Sections 2(1)(j) and 2(1)(o) of the Bill define "match fixing" and "spot fixing", respectively. Notably, the term "players" is broadly construed to include every individual involved in the organization of the game or match in any capacity. The Bill prescribes penalties for match fixing or spot fixing, including imprisonment for a term of no less than three years, extendable to five years, and/or a fine of INR 5 lakh.

(c) Power of the Police: Section 9 of the Bill empowers an executive magistrate or a gazetted police officer to authorize a police officer, not below the rank of sub-inspector, to search any premises or individual upon receipt of credible information or following an inquiry that an offence under the Bill is being committed. Additionally, the authorized officer may arrest any such persons without a warrant and seize all relevant articles.

(d) Government's Power to Exempt Certain Areas: Section 16 of the Bill grants the Haryana government the power to exempt any "market" from the application of the Bill, which may facilitate the creation of controlled gambling zones.

X FILES PETITION AGAINST INDIAN GOVERNMENT, CLAIMING UNLAWFUL AND ARBITRARY CONTENT REGULATION AND CENSORSHIP

On March 05, 2025, X Corp. (formerly Twitter) filed a writ petition before the High Court of Karnataka challenging the Indian Government's use and interpretation of Section 79(3)(b) of the Information Technology Act, 2000 ("**IT Act**") (accessible *here*), for the purpose of issuing information blocking orders, as unlawful and arbitrary.

For context, in October 2023, the Ministry of Electronics and Information Technology ("**MeitY**"), through Office Memorandum No.1(4)/2020-CLES-1 ("**MeitY Memo**"), directed, *inter alia*, central and state government agencies to appoint nodal officers for issuing information blocking orders under Section 79(3) of the IT Act. Additionally, the Ministry of Home Affairs, acting on MeitY's instructions, created the Sahyog Portal, through which such central and state government agencies may issue blocking orders.

X Corp. has argued that Section 79(3)(b) merely sets out an instance in which an intermediary would not be entitled to the safe harbour exemption. However, the provision is being employed by the government and its agencies to circumvent the process and safeguards laid down in *Shreya Singhal v. Union of India* with respect to Section 69A of the IT Act and the Information Technology (Procedure and Safeguards for Blocking Access of Information by Public) Rules, 2009 ("**Blocking Rules**") (accessible *here*). Furthermore, X Corp. has contended that the creation of the Sahyog Portal establishes an impermissible parallel mechanism to the procedure set out under Section 69A for issuing blocking orders.

In its writ petition, X Corp. has prayed the Court to, *inter alia*:

(a) declare that Section 79(3)(b) of the IT Act does not confer the authority to issue information blocking orders, and that such orders may only be issued under Section 69A of the IT Act read with the Blocking Rules;

(b) restrain government agencies from taking coercive action against X Corp. in relation to any blocking order not issued under Section 69A of the IT:

(c) restrain the Ministry of Home Affairs and MeitY from taking coercive action against X Corp. for not registering on or joining the Sahyog Portal; and

(d) quash the MeitY Memo and all subsequent notifications and memorandums issued by government agencies pursuant to the MeitY Memo.

WHITE COLLAR CRIME

DETENTION ORDER PASSED WITHOUT CONSIDERATION OF ORDER GRANTING BAIL FOR THE SAME OFFENCE LIABLE TO BE QUASHED

The ***Supreme Court*** set aside a preventive detention order and released the detenu, who was detained by the Detaining Authority under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 ("**COFEPOSA**") for his indulgence in smuggling activities, without considering that he was enlarged on bail by the Magistrate for the same offence. The court further observed that the Detaining Authority ought to have considered the efficacy of the conditions of bail granted by the Magistrate and whether the same would be sufficient to restrain the detenu from indulging in further identical smuggling activities.

Case - *Joyi Joseph Kitty v. Union of India*

DEMAND AND ACCEPTANCE OF BRIBE MUST BE PROVED BEYOND REASONABLE DOUBT TO SECURE CONVICTION UNDER THE PREVENTION OF CORRUPTION ACT, 1988

In a trap case laid by the Anti-Corruption Bureau, the Appellants were convicted by the Trial Court under S. 7 and 13(1)(d) read with S. 13(2) of the Prevention of Corruption Act, 1988 ("**PC Act**"). The conviction was upheld by the High Court. Consequently, the Appellants approached the Supreme Court. The ***Supreme Court*** found inconsistencies in the complainant's testimony regarding the alleged bribe demand in his original complaint and deposition in court and noted that the independent witnesses also turned hostile. The Court while setting aside the conviction of the Appellants held that the prosecution failed to establish the demand and acceptance of the illegal gratification beyond reasonable doubt and thus, the question of presumption under S. 20 of the PC Act will not arise.

Case - *Madan Lal v. State of Rajasthan*

SECTION 439, CRPC DOES NOT EMPOWER COURTS TO GRANT COMPENSATION FOR WRONGFUL CONFINEMENT

In the present case, the Allahabad High Court passed an order directing the Director of Narcotic Controls Bureau (**NCB**) to pay a sum of Rs. 5,00,000/- for wrongful confinement under a bail application filed under S. 439 of the Code of Criminal Procedure, 1973 ("**CrPC**"). During the pendency of the bail application before the High Court, NCB filed a closure report before the Special Judge NDPS, and the Respondent/Accused was released. The order passed by the Allahabad High Court was under challenge before the ***Supreme Court,*** where the court's observations were two-fold, firstly, that the bail application pending before the High Court had become infructuous since the District Court had already released the Respondent; secondly, that it is settled principle of law that the jurisdiction conferred upon a court under S. 439 CrPC is limited to grant or refusal of bail application. In view thereof, the Supreme Court held that the grant of compensation was without the authority of law and set aside the order of the High Court.

Case - *Union of India vs Man Singh Verma*

COURT HAS TO ASSESS A PRIMA FACIE CASE BEFORE GRANTING LEAVE UNDER SECTION 378(3), CRPC

In the present case, the State had challenged the judgement and order of acquittal passed by the Trail Court before the Bombay High Court, which declined to grant leave under S. 378(3) of CrPC. However, instead of State challenging the order of the High Court, the first informant (brother of the deceased) filed an appeal before the Supreme Court. The ***Supreme Court*** observed that, while considering grant of leave under S. 378(3), CrPC, the Court should not ignore the materials on record and ought to have granted leave on its own merits. The Supreme Court while remitting the matter back to the High Court permitted the first informant to file an appeal under proviso of S. 372, CrPC, which shall be

clubbed with the State's appeal and be heard together by the High Court.

Case *- Manoj Rameshlal Chhabriya vs Mahesh Prakash Ahuja & Anr.*

POLICE IS EMPOWERED TO CONDUCT PRELIMINARY ENQUIRY IN OFFENCES PUNISHABLE WITH MORE THAN 3 YEARS BUT LESS THAN 7 YEARS EVEN IF INFORMATION RECEIVED DISCLOSES COGNIZABLE OFFENCE

In this case, an FIR was lodged against the Appellant, a Rajya Sabha MP for a poem recited in the background of a video clip posted by him on X (formerly known as twitter), that purportedly attracted offences against public tranquillity and hurt religious sentiments. The Supreme Court while quashing the FIR held that the investigating officer ought to have conducted a preliminary enquiry (PE) under S. 173(3) of the BNSS (the officer in charge of a police station can, with the prior permission of the DCP, conduct PE to ascertain if there exists a prima facie case relating to the commission of a cognizable offence which is made punishable for 3 years or more but less than 7 years) before proceeding with the registration of an FIR. The Court also distinguished Lalita Kumari case whereby a PE was made permissible in relation to S. 154(1), CrPC (akin to S. 173(1), BNSS) only if the information received does not disclose a cognizable offence, to interpret and hold that S. 173(3) is an exception to S. 173(1), empowering a police officer to conduct a PE to ascertain whether a prima facie case is made out for proceeding in the matter even if the information received discloses commission of any cognizable offence. The Court further held that investigation being at a nascent stage, is not an embargo on the High Court's power to quash an offence by exercising its jurisdiction under Article 226 of the Constitution or S. 528 of the BNSS and prevent abuse of the process of law.

Case *- Imran Pratapgadhi vs. State of Gujarat and Anr.*

SUPPRESSION OF MATERIAL FACTS IN A PRIVATE COMPLAINT IS AN ABUSE OF PROCESS OF LAW

In this case, a private complaint was filed by the Respondent – lender, for dishonour of a cheque under S. 138 of the NI Act, issued in pursuance to the discharge of a loan and supressed material documents which could have led to the dismissal of the complaint. The Supreme Court while quashing and setting aside the complaint and the order of cognizance held that criminal law set into motion based on a complaint/statement of oath suppressing material facts and documents, is an abuse of the process of law. The court further observed that Magistrates are duty bound to put questions to the complainant to elicit the truth and apply his mind before issuing process.

Case *- Rekha Sharad Ushir vs. Saptashrungi Mahila Nagari Sahkari Patsansta Ltd.*

ARREST MEMO IS DIFFERENT FROM GROUNDS OF ARREST

The Supreme Court relying upon its decision in Prabir Purkayastha (reported here – link to May, 2024 Newsletter), set aside the arrest and the remand of the Appellant/Arrestee on the ground that grounds of arrest were not furnished to him. The Court held that the arrest memo furnished to the Appellant (which was only an intimation stating his name and that he was arrested based on the statement of co-accused) cannot be construed as grounds of arrest, as no particulars about the alleged crime was furnished to him.

Case *- Ashish Kakkar vs. UT of Chandigarh*

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