SAGUS SPEAKS

This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY AND POLICY UPDATES

SEBI amends the Real Estate Investment Trusts Regulations

The Securities and Exchange Board of India ("SEBI") *vide* Notification No. SEBI/LAD-NRO/GN/2025/258 dated 01.09.2025 has introduced the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2025 ("REIT Amendment Regulations")[1]. The REIT Amendment Regulations further amend the SEBI (Real Estate Investment Trusts) Regulations, 2014.

Key highlights of the REIT Amendment Regulations are as follows:

(i) The definition of "public" under Regulation 2(1)(ze) has been substituted, explicitly clarifying the exclusion of related parties of a Real Estate Investment Trust ("REIT"), its sponsors, and managers from the public category.

(ii) Changes to reporting timelines and disclosure requirements for REIT managers regarding quarterly financial results, valuation reports, and compliance status have been notified, aligning these with timelines as specified by SEBI instead of fixed day periods.

(iii) A new proviso in Regulation 10(18) requires valuation reports under Regulations 21(4) and 21(5) to be simultaneously submitted to the trustees when filed with the stock exchange(s).

(iv) Furthermore, it has been clarified that if net distributable cash flow at holding company level is negative, then it may adjust it against the cash flows

[1] SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2025.

received from its underlying special purpose vehicles ("SPVs"), provided specific disclosures are made to unitholders as specified by SEBI.

(v) Amendments to Regulation 21 have been made to recalibrate the timeline and synchronisation of annual and half-yearly valuation reports with the submission of annual and September quarter financial results, including simultaneous filing with the stock exchanges and timely disclosures to unitholders.

The REIT Amendment Regulations came into force from the date of publication in the Official Gazette, i.e., 03.09.2025.

SEBI introduces provisions for delisting of PSUs under the Delisting Regulations

SEBI, by way of Notification No. SEBI/LAD-NRO/GN/2025/257 dated 01.09.2025, has introduced the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2025 ("Delisting Amendment Regulations")[2] providing provisions for delisting of Public Sector Undertakings ("PSUs") under the SEBI (Delisting of Equity Shares) Regulations, 2021 ("Delisting Regulations").

SEBI has introduced a new Part-F in Chapter VI of the Delisting Regulations, establishing a streamlined framework for delisting PSU equity shares, excluding banks, NBFCs, and insurance companies. Under this framework, the acquirer along with other PSUs must collectively hold at least 90% (ninety per cent) of the issued shares of the relevant class. The delisting must be approved by the shareholders of the PSU through a special resolution.

The Delisting Amendment Regulations mandate that delisting must be undertaken through the fixed price process, with the floor price not being less than the highest of three determinants, which include (i) the volume weighted average price paid by the acquirer and persons acting in concert during the 52 (fifty-two) weeks immediately preceding the reference date, (ii) the highest price paid by such parties during the preceding 26 (twenty-six) weeks, and (iii) the price determined under a joint valuation report obtained from two independent registered valuers using industry-standard valuation parameters. Importantly, the actual delisting price must be at least 15% (fifteen per cent) higher than the determined floor price.

For PSUs undergoing voluntary strike-off within 1 (one) year of delisting but not later than 30 (thirty) days from the expiry of such 1 (one) year period, comprehensive investor protection measures have been established. The amount due to the remaining public shareholders who have not tendered their shares in the delisting process shall be transferred to a specified account of the designated stock exchange, which shall hold such amount for 7 (seven) years during which investors may claim their dues. After completion of this 7 (seven) year period, such amount shall be transferred to the Investor Education and Protection Fund established under the Companies Act, 2013 ("Act"), or alternatively to SEBI's Investor Protection and Education Fund if the transfer cannot be effected under the Act.

The Delisting Amendment Regulations shall apply to delisting offers where initial public announcement has not been made. The Delisting Amendment Regulations came into force from the date of publication in the Official Gazette, i.e., 03.09.2025.

SEBI notifies Third Amendment to InvIT Regulations

SEBI, by way of Notification No. SEBI/LAD-NRO/GN/2025/259 dated 01.09.2025 has introduced the SEBI (Infrastructure Investment Trusts) (Third Amendment) Regulations, 2025 ("InvIT Amendment Regulations")[3] which amend the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations").

The key changes include, *inter alia*:

(i) Definition of "public" has been revised to exclude sponsor, sponsor group, investment manager, and project manager (related parties), except where a Qualified Institutional Buyer is an investor under an offer.

(ii) Regulation 10 has been amended to align the timing and manner of submission of fund flows, compliance status, performance reports, and valuation reports with financial reporting timelines prescribed by SEBI.

(iii) Reduced threshold for investment in certain cases from INR 1 Crore (Indian Rupees One Crore) to INR 25 Lakhs (Indian Rupees Twenty-Five Lakhs).

(iv) In cases where the holding/parent company has negative distributable cash flows, it may discharge debt obligations from underlying SPV cash flows, subject to necessary disclosures to unitholders.

(v) Strengthened valuation reporting requirements, including annual and half-yearly valuations, with additional quarterly valuation obligations if consolidated borrowings and deferred payments exceed 49% (forty-nine per cent) of InvIT assets.

(vi) Strengthened quarterly and half-yearly disclosure norms to align with financial statement submissions to stock exchanges.

[2] SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2025.

[3] SEBI (Infrastructure Investment Trusts) (Third Amendment) Regulations, 2025.

The InvIT Amendment Regulations came into force from the date of publication in the Official Gazette, i.e., 03.09.2025.

SEBI amends SBEB Regulations to allow promoter group to continue with granted employee benefits

SEBI, by way of Notification F. No. SEBI/LAD-NRO/GN/2025/262 dated 08.09.2025 has issued the SEBI (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025 ("SBEB Amendment Regulations")[4] to amend the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations").

SEBI has introduced a new Regulation 9A which provides that an employee who is identified as a "promoter" or part of the "promoter group" in the draft offer document filed by a company with SEBI in relation to an initial public offering, i.e., the draft red herring prospectus, and who was granted options, Stock Appreciation Rights ("SAR") or any other benefits under any scheme at least 1 (one) year prior to filing of the draft offer document, shall be eligible to continue to hold and/or exercise such options, SAR or any other benefits, in accordance with its terms and subject to compliance with the SBEB Regulations and other applicable laws.

The SBEB Amendment Regulations came into force from the date of publication in the Official Gazette, i.e., 08.09.2025.

SEBI amends LODR Regulations for compulsory demat securities issuance post arrangement and revised SSE compliance

SEBI, by way of Notification No. SEBI/LAD-NRO/GN/2025/261 dated 08.09.2025 has issued the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025 ("LODR Amendment Regulations")[5] to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

The key amendments are as follows:

(i) A new Regulation 39(2A) has been introduced whereby listed entities are now required to issue securities only in dematerialised form following any Scheme of Arrangement or sub-division, split or consolidation of securities. For investors without demat accounts, listed entities are required to open separate demat accounts for such securities.

(ii) Regulation 91C(1) has been substituted to state that all Not for Profit Organizations ("NPOs") registered on Social Stock Exchanges ("SSEs"), including those with listed designated securities, must now make annual disclosures with financial aspects by October 31st of each year or before the due date of filing of income tax return, whichever is later. The annual disclosures for non-financial aspects are to be made within 60 (sixty) days from the financial year end.

(iii) Regulation 91(E) is amended to replace 'Firm' with 'Organization' for Social Impact Assessors and establishes differentiated requirements where listed projects need professional assessment while non-listed projects may be self-certified. Further, annual impact reports must cover at least 67% (sixty-seven per cent) of program expenditure, and NPOs have a 2 (two) year grace period to raise funds post-registration and list at least one project, failing which they shall cease to be registered.

(iv) Amendments have been incorporated under Schedule VII (Transfer and Transmission of Securities under Section 40(7) and 61(4)) eliminating the requirement to maintain proof of delivery in the record(s) of listed entities from Clauses B(1) and B(2).

The LODR Amendment Regulations came into force from the date of publication of the Notification in the Official Gazette, i.e., 08.09.2025.

SEBI amends AIF Regulations to include co-investment schemes and revise framework for angel funds

SEBI, by way of Notification No. SEBI/LAD-NRO/GN/2025/265 dated 08.09.2025 has introduced the SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2025 ("AIF Amendment Regulations")[6] to amend the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations").

Through this amendment, SEBI has revised the regulatory framework for co-investments and angel funds under the AIF Regulations. The key changes include, *inter alia*:

(i) A new regulatory framework for co-investments has been created. Previously, the AIF Regulations did not separately define or regulate co-investments made by investors alongside AIFs. Under the amended regime, SEBI has introduced definitions of "Co-investment", "Co-investment Scheme" and "Shelf Placement Memorandum".

(ii) Investors in Category I and II AIFs can now participate in co-investments only through a co-investment scheme ("CIV Scheme") registered under the AIF Regulations or through a SEBI registered Co-

[4] SEBI (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025.
[5] SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025.
[6] SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2025.

investment Portfolio Manager. A separate CIV Scheme must be launched for each transaction, and a shelf placement memorandum must be filed with SEBI through a merchant banker, accompanied by a filing fee of INR 1,00,000 (Indian Rupees One Lakh). Importantly, only accredited investors ("AI") are permitted to participate in the CIV Schemes.

(iii) Each CIV Scheme is restricted to investing in a single investee company and is prohibited from investing in units of other AIFs. SEBI has further mandated that the terms of a co-investment cannot be more favourable than those offered to the AIF itself, and that the timing of exit from such investments must mirror the exit of the AIF. CIV Schemes are required to be wound up immediately after exit from the co-investment.

(iv) Alongside this, SEBI has substantially revised the framework governing angel funds. The concept of "angel investors" has been aligned with that of AIs, and the earlier requirement for minimum investment thresholds by angel investors has been removed, thereby offering greater flexibility.

(v) Angel funds are now permitted to invest only in start-ups that are not promoted or sponsored by corporate groups with a turnover exceeding INR 300 Crore (Indian Rupees Three Hundred Crores). While this condition restricts the scope of eligible investee companies, SEBI has allowed follow-on investments in existing investee companies that cease to qualify as start-ups, provided such investments comply with conditions specified by SEBI.

(vi) Further, each investment by an angel fund must now include contributions from at least two AIs, and angel funds are prohibited from accepting contributions from investors who are related parties of the investee company.

(vii) The AIF Amendment Regulations also impose enhanced disclosure and approval obligations on fund managers. Managers of angel funds must disclose all investment opportunities to investors, obtain their prior approval before accepting contributions, and adopt a defined methodology for allocation of investments, which must be disclosed in the placement memorandum. SEBI has also clarified that investors' rights in investments and proceeds must be proportionate to their contributions, ensuring equitable treatment of all participants.

(viii) In addition to the existing fees applicable to AIFs, a fee of INR 1,00,000 (Indian Rupees One Lakh) is now payable for filing a shelf placement memorandum for launching CIV Schemes, and angel funds are required to pay a refiling fee of INR 1,00,000 (Indian Rupees One Lakh) if they fail to declare the first close of the fund within the prescribed timeline and need to refile their placement memorandum.

The AIF Amendment Regulations came into force on 09.09.2025, being the date of their publication in the Official Gazette.

SEBI amends the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

SEBI, by way of Notification No. SEBI/LAD-NRO/GN/2025/264 dated 08.09.2025 has introduced the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025 ("ICDR Amendment Regulations")[7]. These have been issued under Section 30 of the SEBI Act, 1992 to further amend the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

The ICDR Amendment Regulations bring in the following changes:

(i) Dematerialisation Requirement (Regulations 7 and 230): Under the existing ICDR framework, only securities held by promoters had to be in dematerialised form before filing the draft offer documents, however, the amendment extends this obligation to securities held by promoter group entities, directors, KMPs, senior management, QIBs, employees, SR shareholders, and entities regulated by financial sector regulators. This change applies both to initial public offers and rights issues.

(ii) Offer for Sale ("OFS") for securities under Schemes of Arrangement (Regulations 8 and 105): Shareholders could earlier sell securities received under court or government approved schemes through OFS in an IPO or FPO without a track record requirement. The amendment now allows such OFS only if the underlying business and capital have existed for at least 1 (one) year prior to scheme approval, preventing immediate public exits from freshly reorganised entities.

(iii) Eligible Selling Shareholders in Public Issues (Regulations 15 and 237): Earlier, eligible selling shareholders in public issues were largely limited to promoters. Under the ICDR Amendment Regulation additional categories of eligible selling shareholders in public issues are recognised, including AIFs, Foreign Venture Capital Investors, scheduled commercial banks, PFIs, insurance companies registered with IRDAI, certain non-individual public shareholders holding at least 5% (five per cent) of post-issue capital, and promoter group entities (other than the promoters themselves).

[7] SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025.

(iv) Social Stock Exchange (Regulations 292A, 292E and 292F): The amendment recognises charitable societies and certain public trusts as eligible entities, introduces Social Impact Assessment Organisations with minimum experience/assessor requirements, and mandates that Not-for-Profit Organisations list at least one project within two years of registration on the SSE or lose registration.

(v) Disclosure Requirements (Schedule VII): The issuers were previously required to provide general information on risk factors, financials, and litigations. However, the ICDR Amendment Regulations mandate more detailed, standardised and quantitative disclosures. Risk factors must now include past instances, financial or operational impact, and mitigation steps. A detailed capitalisation statement covering borrowings, equity, and key ratios before and after the issue is also required. Financial disclosures have been expanded to include audited balance sheet summaries, earnings per share, return on net worth, net asset value, and cash flows. Issuers must also provide a summary of their business and industry, details of directors and senior management, and tabulated disclosures on outstanding litigation and legal proceedings. The materiality of litigation must now be assessed against specific thresholds for the amounts involved (including 2% of turnover, 2% of net worth, or 5% of average post-tax profits).

The ICDR Amendment Regulations came into effect on 09.09.2025, except for certain provisions (Regulation 3(II) and 3(VI)) which will be effective 30 (thirty) days after the publication in the Official Gazette.

GOVERNMENT NOTIFICATIONS

MCA notifies Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025

The Ministry of Corporate Affairs ("MCA") by way of Notification No. G.S.R. 603(E) dated 04.09.2025 notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 ("CAA Amendment Rules")[8] to amend the existing Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Principal Rules"). The CAA Amendment Rules came into force from 08.09.2025, from the date of its publication in the Official Gazette.

The salient features of the CAA Amendment Rules are as follows:

(i) Notice of Scheme in Form CAA-9 (Rule 25(1)):

a) The notice inviting objections or suggestions for a proposed fast-track merger, which earlier had to be issued only to the Registrar and the Official Liquidator, must now, pursuant to the CAA Amendment Rules, also be issued to the concerned sectoral regulator such as Reserve Bank of India ("RBI"), SEBI, Insurance Regulatory and Development Authority of India ("IRDAI"), and Pension Fund Regulatory and Development Authority ("PFRDA") in case of regulated entities.

b) In case of listed companies involved in the merger, the notice shall now also be issued to the concerned stock exchanges.

(ii) Expanded scope of fast-track mergers (Rule 25(1A)):

a) The scope of companies eligible for fast-track mergers has now been expanded beyond small companies, start-ups, and mergers between a holding company and its wholly owned subsidiary.

b) Pursuant to the CAA Amendment Rules, the fast-track route shall now also include:

1. Mergers between unlisted companies (excluding Section 8 companies) where the total borrowings, including loans, debentures, and deposits, do not exceed INR 200 Crore (Indian Rupees Two Hundred Crores) and no default has occurred, provided that an auditor's certificate is filed in the newly introduced Form CAA-10A;
2. Mergers between a holding company (listed or unlisted) and its subsidiary (listed or unlisted), except where the transferor company is listed;
3. Mergers between subsidiaries of the same holding company, provided the transferor companies are not listed; and
4. Mergers of a foreign holding company with its wholly owned subsidiary incorporated in India.

(iii) Application to demerger (Addition of Sub-Rule 9): The fast-track provisions have now been expressly extended to apply *mutatis mutandis* to schemes of division or transfer of undertakings, i.e., demergers.

(iv) Other procedural refinements:

a) Form CAA-10 (declaration of solvency) shall now be required to be filed as an attachment to Form GNL-1, which is used for seeking approval of a Scheme of Arrangement.

b) Form CAA-11 (Notice of Approval of Scheme) shall now be required to be filed as an attachment

[8] Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025.

to Form RD-1, which is used for approval of schemes submitted to the Central Government and for other purposes, and must also include a statement detailing how the objections or suggestions of regulators and stock exchanges have been addressed.

MNRE issues Draft Order proposing List-III under ALMM for solar wafers

The Ministry of New and Renewable Energy ("MNRE") through an office memorandum dated 12.09.2025[9] issued draft order for issuance of List-III for solar wafers under Approved List of Models and Manufacturers ("ALMM"), requesting comments from stakeholders by 11.10.2025 ("Draft ALMM Order").

The salient features of the Draft ALMM Order are as follows:

(i) List-III for solar wafers under ALMM shall be effective from 01.06.2028 as per conditions in the Draft ALMM Order.

(ii) List-III under ALMM will not be issued unless it contains 3 (three) wafer manufacturing units operating independently and should not be under common ownership or control, directly or indirectly. The aggregate wafer manufacturing of the manufacturing units should be a minimum of 15 GW per annum.

(iii) For the purposes of inclusion in List-III of ALMM, the manufacturer must have ingot manufacturing capacity equivalent to the wafer manufacturing capacity, which it intends to get enlisted in ALMM. Therefore, the wafer manufacturing capacity enlisted in ALMM List-III will actually reflect manufacturing capacity of ingots and wafers of the manufacturer.

(iv) It is mandatory for projects falling under ALMM to source solar photovoltaic modules from manufacturers under ALMM List-I for solar photovoltaic modules, which in turn must use solar photovoltaic cells from models and manufacturers in ALMM List-II. Such solar photovoltaic cells in turn shall have to use wafers from amongst the models and manufacturers enlisted in ALMM List-III for wafers.

(v) Exempted projects will automatically get exemption from using ALMM enlisted wafers.

(vi) There will be no relaxation in domestic content requirement provisions as required under applicable schemes of MNRE etc.

(vii) Procedural guidelines for enlistment of models and manufacturers of wafers under ALMM List-III will be issued subsequently.

JUDICIAL PRONOUNCEMENTS

Supreme Court holds that Power Generators, Distribution Licensees cannot fix tariffs privately, need Regulatory Commission's approval

The Supreme Court of India, by its judgment dated 29.08.2025 in *M/s KKK Hydro Power Limited v. Himachal Pradesh State Electricity Board*[10], *inter-alia* held that a generating company and a distribution licensee cannot unilaterally fix tariffs through a Power Purchase Agreement ("PPA"), and that the tariff determination requires the prior approval of the State Electricity Regulatory Commission ("ERC") under Section 86(1)(b) of the Electricity Act, 2003 ("EA 2003").

The Supreme Court held that under Section 86(1)(b) of the EA 2003, fixation of tariff and approval of PPA falls exclusively within the jurisdiction of the Central or State ERC, as the case may be.

The Supreme Court noted that fixing of price for purchase of electricity is not a matter of private negotiation and agreement between a generating company and a distribution licensee. Further, the tariff as well as the agreement, i.e., PPA, incorporating such tariff has to be necessarily reviewed and approved by the ERC.

Supreme Court rules that lack of documentary proof not sufficient to negate cash loan transactions

The Supreme Court of India, by its judgment dated 01.09.2025, in *Georgekutty Chacko v. M.N. Saji*[11], held that cash loans cannot be invalidated solely in the absence of documentary evidence, especially when the promissory note records the entire transaction.

The Court observed that oral evidence is permissible in civil cases and that cash transactions should not be dismissed simply because they lack receipts or banking records. Further, the Court while relying on the Negotiable Instruments Act, 1881, ("NI Act"), upheld the presumption of a legally enforceable debt, which places the burden of disproving it on the party denying the grant of cash loan.

Supreme Court invalidates dual hearing by same bench in writ proceedings

The Supreme Court of India, by its judgment dated 03.09.2025, in the matter of *Andhra Pradesh Grameena Vikas Bank v. Union of India & Ors.*[12], held that a High Court cannot adjudicate the writ petition on its merits while

[9] Draft ALMM Order.
[10] Civil Appeal No. 3005 of 2015.
[11] Civil Appeal No. 11309 of 2025.
[12] Civil Appeal No. 011337-011338 of 2025.

hearing a writ appeal, more so when the writ petition was not originally listed before bench hearing the writ appeal.

The Court noted that the Division Bench of the High Court of Telangana erred in deciding the underlying writ petition during the hearing of the writ appeal, which was only intended to challenge the refusal of interim relief. The Court undermined the non-compliance of the following of the procedure laid down and noted that the order passed by the Division Bench of the Hon'ble High Court of Telangana suffered from serious procedural irregularity, undermining the administration of justice.

Supreme Court holds that distribution companies must share coal shortage costs equally, cannot claim priority based on PPA date or coal source

The Supreme Court of India, by its judgment dated 08.09.025 in *Haryana Power Purchase Centre & Ors. v. GMR Kamalanga Energy Ltd. & Ors.*[13] dismissed the appeals filed by Haryana Utilities and Grid Corporation of Orissa Limited ("GRIDCO") against the order of the Appellate Tribunal for Electricity ("APTEL") upholding the Central Electricity Regulatory Commission's ("CERC") decision on coal shortage cost sharing.

The Court held that coal shortages and the resulting additional costs arising due to a 'change in law' event must be equitably shared among all electricity procurers from the plant. The Court further clarified that no Distribution Company ("DISCOM") can claim priority in power supply during the period of coal shortage, reaffirming the principle of proportional cost and fuel allocation based on the energy actually drawn by each DISCOM.

The Court upon finding no substantial question of law arising from the appeals, reiterated that an appeal under Section 125 of the EA Act is maintainable only on grounds available under Section 100 of the Code of Civil Procedure, 1908 ("CPC") and therefore, must involve a substantial question of law.

Supreme Court quashes complaint for dishonour of cheque filed beyond 30 days, reaffirms mandatory statutory timeline

The Supreme Court of India, by its judgment dated 09.09.2025, in *H.S. Oberoi Buildtech Pvt. Ltd & Ors. v. MS MSN Woodtech*[14], held that where the complaint is filed beyond the statutory timeline of 30 (thirty) days, an application for condonation of delay is mandatory under the NI Act.

The Court observed that once the statute prescribes a mandatory time limit for filing a complaint, there cannot be any deviation from the same except when an application accompanying the complaint is filed seeking condonation disclosing reasons for the delay.

The Court further clarified that the 30-day time period stipulated under Section 142(b) of the NI Act for filing a complaint is mandatory and any delay beyond the prescribed period requires a formal application for condonation of delay and a subsequent judicial order allowing such application with reasons.

Supreme Court holds speculative investors cannot initiate Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016

The Supreme Court of India, by its judgement dated 12.09.2025, in *Mansi Brar Fernandes v. Shubha Sharma & Anr.*[15], held that speculative participants driven purely by profit motives cannot be permitted to misuse the Insolvency and Bankruptcy Code, 2016 ("IBC"), and affirmed that the right to housing constitutes a fundamental right under Article 21 of the Constitution of India, 1950.

The Court held that admitting speculative claims into insolvency proceedings would dilute the intelligible differentia underlying the legislative scheme, destabilize the residential real estate sector, and erode the social purpose embedded in housing as a fundamental right.

The Court issued comprehensive directions *inter-alia* for strengthening National Company Law Tribunal ("NCLT") / NCLAT infrastructure, establishing a committee for real estate sector reforms, empowering Real Estate Regulatory Authorities, and directing the Central government to consider creating a revival fund for stressed projects to protect genuine homebuyers' constitutional right to shelter.

High Court of Delhi holds that the arbitration clause in a loan agreement binds the guarantors through deed of guarantees

The High Court of Delhi, by its judgment dated 04.09.2025 in *Intec Capital Limited v. Shekhar Chand Jain & Anr.*[16], held that where guarantors execute a Deed of Guarantee ("DG") which expressly state that they form an integral part of the loan agreement containing an arbitration clause, such arbitration clause stands incorporated by reference and binds the guarantors as per Section 7(5) of the Arbitration and Conciliation Act 1996 ("A&C Act").

The Court held that the language of the DG recording that the guarantors have read, understood and agreed to be bound by the loan agreement and have accepted the terms of the DG which forms as an integral part of the loan agreement, satisfies the test of incorporation of clause in entirety.

[13] Civil Appeal No. 1929 of 2020.
[14] Criminal Appeal No. 003924 of 2025.
[15] Civil Appeal Nos 3826 of 2020, 540 of 2021, 5945 of 2025 and 3903 of 2022.
[16] ARB. A. (COMM.) 25/2024 & I.A. 10158/2024.

The Court observed that the principle applicable to 'single contract' cases has been extended even to situations where separate contracts exist, provided they are part of a single commercial relationship and accordingly held that the arbitration clause contained in the loan agreement is binding on the guarantors.

High Court of Delhi rules that debarment by one entity cannot extend to group companies without show cause notice

The High Court of Delhi, by its judgement dated 04.09.2025, in *Cembond Constructions Pvt Ltd v. National Thermal Power Corporation Limited*[17], held that a debarment imposed by one entity cannot be extended to other group companies without providing the affected party a separate opportunity of hearing through an independent show cause notice.

The Court set aside the debarment order issued by National Thermal Power Corporation Limited ("NTPC") banning business dealings with Cembond Constructions Pvt. Ltd. ("CCPL") with NTPC, its subsidiaries and, joint ventures for a period of one year.

The Court observed that CCPL had contractual dealings only with NTPC's joint venture, Aravali Power Company Private Limited ("APCPL"), which debarred CCPL from future dealings, however, banning business with other NTPC group companies with whom CCPL had no contract amounted to an arbitrary and disproportionate restriction of the fundamental rights of CCPL and its shareholders.

The Court held that any entity intending to impose debarment must issue a clear, particularized show cause notice allowing the other party an opportunity of being heard.

High Court of Karnataka holds third-party interests in secured property cannot be entertained under Section 14 of SARFAESI Act, 2002

The High Court of Karnataka, by its judgment dated 08.09.2025, in *State Bank of India v. M/s Swathi Agenecies and Ors.*[18], held that once a property is classified as a secured asset under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"), it is exclusively subject to the provisions of SARFAESI Act and cannot be subjected to the claims or rights of any third parties outside the prescribed framework.

The Court observed that any person claiming any interest in the secured asset cannot raise such issues before the magistrate exercising powers under Section 14 of SARFAESI Act. The Court further clarified that the magistrate's role under Section 14 is ministerial in nature with no adjudicatory authority to entertain objections by third parties, and there is no requirement to issue notice or consider objections during possession proceedings.

The Court while setting aside the order held that any party aggrieved by any action under Section 13 or Section 14 can avail remedy under Section 17 of the SARFESI Act.

[17] W.P.(C) 9067/2025, CM APPL. 38591/2025.

[18] Writ Petition No. 105775 of 2025 (GM-RES).

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.

Delhi Office:
Ground Floor, B-7/8
Safdarjung Enclave, Delhi-110029

Gurugram Office:
I-46, Emaar Emerald Hills,
Sector 65, Gurugram – 122001

Email: info@saguslegal.com
Phone No.: +91 1146552925
Website: https://www.saguslegal.com/

Satellite Office:
Bhubaneswar, Odisha
