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NEWSLETTER

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TABLE OF CONTENTS

CIRCULAR ON ONE-TIME RELAXATION WITH RESPECT TO VALIDITY OF SEBI OBSERVATIONS[1]

The Securities and Exchange Board of India ("**SEBI**"), vide Circular dated April 07, 2026, has introduced a one-time relaxation regarding the validity of observation letters issued under the SEBI (**ICDR**) Regulations, 2018. As per Regulations 44(1) and 59C of the ICDR Regulations, a public issue is required to be opened within twelve months or eighteen months from the date of issuance of SEBI's observations. SEBI noted that issuers have been facing difficulties in accessing capital markets due to ongoing geopolitical tensions in the Middle East, leading to delays, deferrals, or withdrawal of issuance plans. In view of these conditions and representations received from industry bodies, SEBI has extended the validity of observation letters expiring between April 1, 2026 and September 30, 2026 until September 30, 2026. This extension is subject to an undertaking from the Lead Manager confirming compliance with Schedule XVI of the ICDR Regulations at the time of submitting the updated offer document. This circular has come into force with immediate effect has been issued under Sections 11 and 11A of the SEBI Act, 1992.

RELAXATION FROM THE APPLICABILITY OF SEBI MASTER CIRCULAR FOR COMPLIANCE WITH THE PROVISIONS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ON NON-COMPLIANCE WITH MINIMUM PUBLIC SHAREHOLDING (MPS) REQUIREMENTS[2]

SEBI through Circular dated April 07, 2026, has granted a one-time relaxation from the applicability of penal provisions under the SEBI Master Circular dated July 11, 2023, relating to compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Master Circular prescribes actions to be taken in cases where listed entities fail to meet Minimum Public Shareholding (**MPS**) requirements, including fines, freezing of promoter shareholding, and other consequential measures. SEBI noted that listed entities have faced difficulties in achieving MPS compliance due to capital market volatility arising from ongoing geopolitical tensions in the Middle East. Considering these representations and prevailing market conditions, SEBI has decided that for entities whose due date for MPS compliance falls between April 1, 2026 and September 30, 2026, the penal provisions under the Master Circular will not apply. Accordingly, stock exchanges and depositories have been directed not to take any penal action during this period. Further, any penal actions already initiated for such non-compliance during this period are to be withdrawn. The circular has been issued under Sections 11 and 11A of the SEBI Act, 1992. This circular came into effect immediately.

EASE OF DOING BUSINESS- MECHANISM FOR LOCK IN PF PLEDGED SHARES UNDER SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018[3]

SEBI through Circular dated April 08, 2026 has introduced a mechanism to operationalise the lock-in requirements for pledged shares under the SEBI (ICDR) Regulations, 2018. Pursuant to amendments notified on March 21, 2026, SEBI has provided that in cases where a lock-in cannot be created on specified securities, such securities may instead be recorded as "non-transferable" by depositories for the duration of the applicable lock-in period. This ensures compliance with lock-in requirements even in situations

[1]HO/49/11/11(123)2026-CFD-RAC-DIL2/I/8760/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/one-time-relaxation-with-respect-to-validity-of-sebi-observations_100786.html)
[2]HO/49/14/14(13)2026-CFD-POD2/ I/8772/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/relaxation-from-the-applicability-of-sebi-master-circular-for-compliance-with-the-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-on-non-compliance-with-the-_100787.html#)
[3]HO/49/(17)2026-CFD-POD2/I/8965/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/ease-of-doing-business-mechanism-for-lock-in-of-pledged-shares-under-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018_100826.html)

involving pledged shares. To implement this framework, depositories have laid down procedures to be followed by issuers, including incorporation of relevant provisions in the Articles of Association, issuance of necessary intimations to lenders or pledgees, and appropriate disclosures in offer documents. Depositories have also made corresponding changes to their systems and processes. Accordingly, stock exchanges, depositories, merchant bankers, and issuers are required to ensure compliance with this mechanism. The circular has been issued under Section 11(1) of the SEBI Act, 1992 and Section 26(3) of the Depositories Act, 1996. This circular came into effect immediately.

NISM CERTIFICATION FOR SOCIAL IMPACT ASSESSORS[4]

SEBI through its Circular dated April 13, 2026, has clarified the certification requirement for Social Impact Assessors under the SEBI (ICDR) Regulations, 2018. As per Regulation 292A(f), a person acting as a Social Impact Assessor is required to be qualified through a certification program conducted by the National Institute of Securities Markets ("**NISM**"). This circular specifies that such assessors must obtain the 'NISM Series XXIII – Social Impact Assessors Certification Examination' and maintain a valid certificate. The circular also sets out the process for renewal of certification. An assessor can either retake the same certification examination or complete the 'NISM Series XXIII – Social Impact Assessors Certification eCPE Program' conducted by NISM to continue being qualified. Through this, SEBI has standardised the qualification requirement for Social Impact Assessors by prescribing a specific certification pathway, ensuring that only duly certified individuals undertake such assessments. The circular has been issued under Section 11(1) of the SEBI Act, 1992 read with Regulation 292A(f) of the ICDR Regulations. This circular came into effect immediately.

REVIEW OF REQUIREMENT RELATING TO REGISTRATION FOR A NOT FOR PROFIT ORGANIZATION ON SOCIAL STOCK EXCHANGE AND MINIMUM SUBSCRIPTION REQUIREMENT FOR ISSUANCE OF ZERO COUPON ZERO PRINCIPAL INSTRUMENTS[5]

SEBI through this Circular dated April 15, 2026, has introduced certain relaxations under the Social Stock Exchange ("**SSE**") framework to facilitate ease of fundraising for Not-for-Profit Organizations ("**NPOs**"). Pursuant to a review undertaken in consultation with the Social Stock Exchange Advisory Committee, SEBI has extended the period of registration for NPOs on SSE from two years to three years, even if no funds are raised during this period. This additional one-year extension is subject to approval by the Social Stock Exchange. The circular also revises the minimum subscription requirement for issuance of Zero Coupon Zero Principal ("**ZCZP"**) Instruments. While the general requirement remains at 75% of the proposed issue size, it may now be reduced to 50%, provided that the funds raised are sufficient to meaningfully achieve the stated objectives of the issue. For this purpose, the Social Stock Exchange is required to undertake due diligence before granting in-principle approval for such partial fundraising. Further, in cases of under-subscription, NPOs are required to disclose in the fund raising document, the manner in which the balance funds will be raised and the possible impact on the social objectives if such funds are not arranged. The circular also clarifies that funds must be refunded where the minimum subscription requirement is not met. These changes have been incorporated as modifications to the Master Circular dated January 19, 2026. This circular came into effect immediately.

FRAMEWORK FOR NET SETTLEMENT OF FUNDS FOR TRANSACTIONS DONE BY FOREIGN PORTFOLIO INVESTORS (FPI'S) IN CASH MARKET[6]

SEBI vide circular dated April 24, 2026, has introduced a significant reform in the settlement mechanism for Foreign Portfolio Investors (**FPIs**) in the cash market by permitting net settlement of funds for certain transactions. Previously, FPIs were required to settle all their trades on a gross basis at the custodian level, meaning that even offsetting buy and sell transactions had to be funded independently. This system resulted in higher liquidity requirements, increased forex conversion costs, and operational inefficiencies, particularly during periods of heavy trading activity such as index rebalancing. To address these concerns, SEBI has now allowed netting of funds, albeit in a limited and structured manner. The benefit of net settlement is restricted to "outright transactions," defined as transactions where an FPI undertakes either only purchases or only sales in a particular security within a settlement cycle. In such cases, the values of outright purchases and outright sales across securities can be netted to arrive at a single fund obligation. However, transactions involving both purchase and sale in the same security during the same settlement cycle referred to as non-outright transactions will continue to be settled on a gross basis, thereby maintaining existing safeguards.

The circular further clarifies that where the value of outright purchases exceeds outright sales, the FPI must fund the residual obligation along with any obligations arising from non-outright transactions. Conversely, where outright sales

[4]HO/49/14/11(12)2026-CFD-POD1/I/8806/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/nism-certification-for-social-impact-assessors_100911.html)
[5]HO/49/14/(10)2026-CFD-POD1/I/9380/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/review-of-requirement-relating-to-registration-for-a-not-for-profit-organization-on-social-stock-exchange-and-minimum-subscription-requirement-for-issuance-of-zero-coupon-zero-principal-instruments_100935.html)
[6]HO/(1)2026-AFD-POD2/I/10157/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/framework-for-net-settlement-of-funds-for-transactions-done-by-foreign-portfolio-investors-fpis-in-cash-market_101090.html)

exceed outright purchases, the surplus cannot be used to offset liabilities arising from non-outright transactions, thereby preventing excessive leverage or misuse of funds. Importantly, while the reform introduces netting for fund settlement, the settlement of securities will continue on a gross basis between FPIs and custodians. Additionally, statutory levies such as Securities Transaction Tax (**STT**) and stamp duty will continue to be imposed on a delivery basis, ensuring that the tax framework remains unaffected. Overall, this reform is aimed at enhancing capital efficiency, reducing funding costs, and improving operational ease for FPIs, while retaining adequate risk controls within the system. The circular has been issued under Section 11(1) of the SEBI Act, 1992, read with Regulation 44 of the SEBI (FPI) Regulations, 2019, and is to be implemented by December 31, 2026.

EXTENSION OF TIMELINE FOR COMPLIANCE WITH TERMS AND CONDITIONS BY DEBENTURE TRUSTEES FOR CARRYING OUT ACTIVITIES OUTSIDE THE PURVIEW OF SEBI[7]

SEBI vide Circular dated April 28, 2026, has granted an extension of time for compliance by Debenture Trustees ("**DTs**") in relation to activities falling outside SEBI's regulatory purview. This development follows the amendments introduced on October 27, 2025 to the SEBI (Debenture Trustees) Regulations, 1993, wherein Regulation 9C was inserted to clarify the scope of permitted activities and require DTs to segregate non-SEBI regulated activities into separate business units within a prescribed timeframe. Subsequently, SEBI had issued an operational framework on November 25, 2025 outlining the terms and conditions governing such activities. However, based on industry representations highlighting operational challenges in setting up the necessary systems and processes, SEBI has now provided additional time for implementation. Accordingly, the timeline for compliance with the amended provisions and the operational framework has been extended by six months, with Debenture Trustees now required to ensure compliance by October 27, 2026.

OPERATIONALISATION OF PAST RISK AND RETURN VERIFICATION AGENCY (PARRVA)[8]

SEBI has operationalised the framework vide circular dated, April 29, 2026 for the Past Risk and Return Verification Agency **(PaRRVA)**, marking an important step towards standardising how past performance data is verified and communicated in the securities market. Under this framework, credit rating agencies can be recognised as PaRRVA, working in coordination with a stock exchange acting as a data centre. In this regard, Care Ratings Limited has been recognised as PaRRVA, with the National Stock Exchange of India Limited acting as the PaRRVA Data Centre. After completion of the pilot phase, the system will become fully operational from May 4, 2026, meaning that performance verification will now move into a formal, regulated structure. A key impact of this circular is on Investment Advisers (**IAs**) and Research Analysts (**RAs**) who rely on past performance data to communicate with clients. SEBI has made it clear that such entities must enrol with PaRRVA within three months of its operationalisation (i.e., by August 3, 2026) if they wish to continue sharing certified past performance data.

Further, there is a clear transition timeline while older (pre-PaRRVA) performance data can still be used for a limited period, it can only be communicated until May 3, 2028, after which only PaRRVA-verified data will be permitted. The circular also refines the governance structure of PaRRVA by revising the composition of its oversight committee. The committee will now include representatives from PaRRVA, the data centre, intermediaries, and investor associations, along with an independent chairperson having regulatory experience. Importantly, SEBI has ensured that independent members will form the majority, strengthening oversight and credibility. This move introduces a more structured and transparent system for validating past performance claims, reducing the risk of misleading disclosures and bringing greater consistency in how risk and return metrics are presented to investors. This circular came into effect immediately and the other operational due dates are to be followed accordingly as mentioned above.

FAST-TRACK MECHANISM FOR PROCESSING OF PLACEMENT MEMORANDUM OF AIF'S FILED WITH SEBI[9]

SEBI vide Circular dated April 30, 2026, has introduced a fast-track mechanism for processing Placement Memorandums (**PPMs**) of Alternative Investment Funds (**AIFs**), with the aim of speeding up fund launches and improving ease of doing business. Earlier, AIFs were required to file their PPMs through a Merchant Banker, after which SEBI would review the document, provide comments, and only then could the revised PPM be used making the entire process time-consuming. To address this, SEBI has now simplified the process, especially for Angel Funds and other non-Large Value Fund (**non-LVF**) schemes. Under the new framework, AIFs can now launch their schemes and circulate the PPM to investors after 30 days of filing with SEBI, unless SEBI specifically advises otherwise.

[7]HO/(201)2026-DDHS-POD1I/10421/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/extension-of-timeline-for-compliance-with-terms-and-conditions-by-debenture-trustees-for-carrying-out-activities-outside-the-purview-of-sebi_101152.html)

[8]HO/38/14/(4)2026-MIRSD-POD/I/10557/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/operationalisation-of-past-risk-and-return-verification-agency-parrva-_101185.html)

[9]HO/19/19/11(2)2026-AFD-RAC2I/10624/2026 (https://www.sebi.gov.in/legal/circulars/apr-2026/fast-track-mechanism-for-processing-of-placement-memorandum-of-aifs-filed-with-sebi_101213.html)

In the case of a first-time scheme, this can be done either after receiving SEBI registration or after 30 days from filing whichever is later. However, any comments given by SEBI within this 30-day period must still be complied with before the launch. SEBI has also clarified timelines for fundraising AIFs must achieve their first close within 12 months from the date they become eligible to launch the scheme. Importantly, the responsibility for the accuracy and completeness of disclosures in the PPM now squarely lies with the Merchant Banker and the AIF manager, reinforcing accountability at their level instead of relying on prior SEBI review. To support this faster process, SEBI has specified a clear list of documents to be filed (such as due diligence certificates, declarations, and PAN details) and has mandated a standard disclaimer in the PPM. This disclaimer makes it clear that SEBI does not "approve" the PPM, and that the responsibility for disclosures lies with the issuer and the Merchant Banker. This circular shift the process from a pre-approval model to a disclosure-based, responsibility-driven approach, allowing AIFs to raise capital more quickly while ensuring that accountability for accurate disclosures remains firmly with market participants. This circular came into force with immediate effect and would also be applicable to all PPMs of non-LVF schemes pending as on date with SEBI

AMENDMENT TO SEBI (MUTUAL FUNDS) REGULATIONS, 2026[10]

SEBI vide an amendment dated April 01, 2026 to the SEBI (Mutual Funds) Regulations, 1996 introduced the SEBI (Mutual Funds) Regulations, 2026, marking a comprehensive overhaul of the earlier regulatory framework governing mutual funds in India. Replacing the long-standing 1996 regulations, the new regime aims to simplify compliance, enhance transparency, and strengthen investor protection in line with evolving market dynamics. A key shift under the 2026 framework is the move towards a principle-based regulatory approach, where instead of prescribing rigid, detailed rules, SEBI has focused on broader standards and responsibilities for market participants. This is intended to provide greater flexibility to Asset Management Companies ("**AMCs**") while ensuring that accountability for governance, disclosures, and investor protection remains robust. One of the most notable changes is the introduction of a more transparent cost structure, with clearer segregation of expenses to help investors better understand how their money is being utilised.

Alongside this, SEBI has strengthened the governance framework, placing greater responsibility on trustees, sponsors, and AMCs to ensure fair practices, manage conflicts of interest, and maintain high standards of oversight. The regulations also seek to address concerns around product duplication by pushing for rationalisation of mutual fund schemes. Funds are now expected to maintain clearer distinctions in their investment strategies, reducing excessive overlap and making it easier for investors to compare products. In addition, SEBI has introduced new categories such as Life Cycle Funds, which automatically adjust asset allocation based on the investor's age, and Specialized Investment Funds (**SIFs**), which cater to more sophisticated investors with higher risk appetite. Further, the framework enhances investment flexibility, allowing mutual funds to diversify across a wider range of asset classes, and improves disclosure standards to ensure more accurate and meaningful communication with investors to streamline compliance.

AMENDMENT TO SEBI (REAL ESTATE INVESTMENT TRUSTS) REGULATIONS, 2014[11]

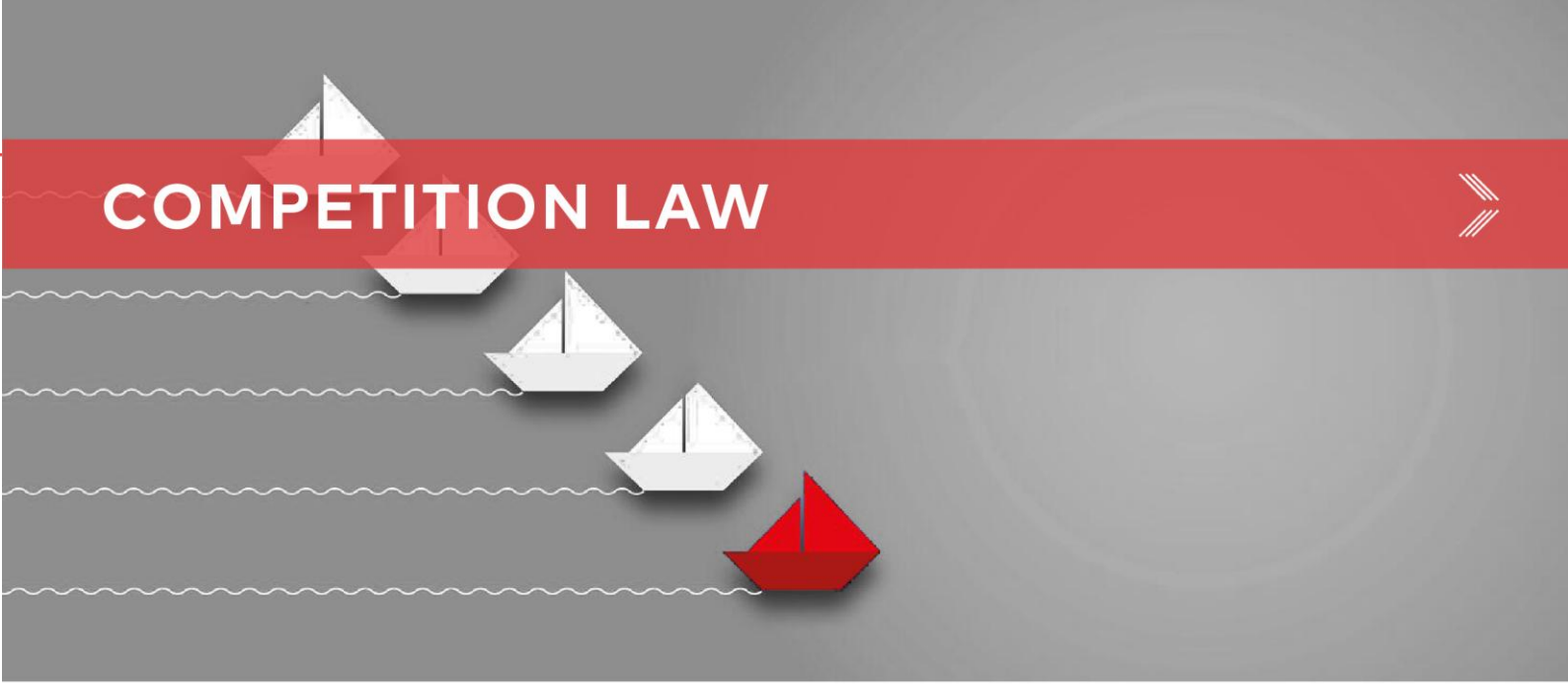
SEBI vide an amendment to the SEBI (Real Estate Investment Trusts) Regulations, 2014, dated April 18, 2026 has introduced a focused yet significant change that reshapes how Real Estate Investment Trusts (**REITs**) manage their surplus funds. At the core of this amendment is a revision to the definition of "liquid assets," where SEBI has reduced the minimum credit risk threshold from 12 to 10 and expanded the range of permissible instruments. These now include overnight and liquid mutual funds meeting the revised risk criteria, fixed deposits, government securities, treasury bills, and importantly, repo transactions not only on government securities but also on corporate bonds. This expansion signals a move away from a highly restrictive investment regime toward a more flexible and efficiency-oriented treasury framework. The practical implication of this change is substantial. REITs typically accumulate large amounts of idle cash through rental income and distribution reserves, which earlier could only be parked in ultra-safe, low-yield instruments. With the revised framework, REIT managers now have the ability to deploy these funds in slightly higher-yield instruments without materially compromising safety. This is expected to improve overall returns and enhance capital efficiency, thereby potentially benefiting investors through better distributions.

At the same time, the amendment reflects a broader regulatory shift from an "instrument-based" approach, where specific categories of investments were permitted to a "risk-based" approach, where eligibility is determined by the risk profile of the instrument. This aligns Indian REIT regulation more closely with global standards and practices seen in mature markets. From a strategic perspective, the

[10] F. No. SEBI/LAD-NRO/GN/2026/294 (https://www.sebi.gov.in/legal/regulations/apr-2026/securities-and-exchange-board-of-india-mutual-funds-regulations-2026_100744.html)

[11] No.LAD-NRO/GN/2014-15/11/1576 (https://www.sebi.gov.in/legal/regulations/apr-2026/securities-and-exchange-board-of-india-real-estate-investment-trusts-regulations-2014-last-amended-on-april-18-2026-_101013.html)

amendment transforms the role of REITs from passive income vehicles into more active financial managers of capital. While the change introduces opportunities for higher returns, it also places greater responsibility on REIT managers to implement robust risk management systems and carefully monitor investment allocations. For investors, the amendment represents a calibrated trade-off slightly higher risk exposure in exchange for improved yield potential.



COMPETITION COMMISSION OF INDIA CLOSES ABUSE OF DOMINANCE CASE AGAINST GOOGLE PLAY

On March 24, 2026, the Competition Commission of India ("**CCI**" or "**Commission**") closed an abuse of dominance case filed by Zucol Solutions Private Limited ("**Informant**") against Google India Private Limited ("**Google**") under Section 26(2) of the Competition Act, 2002 ("**Act**").

The Informant alleged that Google had arbitrarily terminated its developer accounts on the Google Play Store without adequate justification, resulting in denial of market access, reputation harm, and significant financial losses. It was further contended that such conduct amounted to abuse of Google's dominant position in the Android app distribution ecosystem, particularly given the centrality of the Play Store for app developers.

The CCI delineated the relevant market as the "market for app stores for Android OS in India" and reaffirmed that Google holds a dominant position in the market. However, upon examination of the record, the Commission found that the Informant's submissions were riddled with inconsistencies and material omissions. The Information had taken contradictory positions regarding the ownership and development of the impugned application and failed to furnish complete and accurate information, including the identity of the developer responsible and the full communication trail with Google. The Commission also noted suppression of key facts, including that Google had already reinstated the Informant's primary developer account.

Relying on its earlier decisions, the CCI held that such disputes largely pertain to individual grievances arising from platform policy enforcement and do not, in the absence of broader market impact, amount to abuse of dominance under Section 4 of the Act. In light of the same, the Commission concluded that no *prima facie* case of contravention was made out and ordered closure of the proceedings.

CCI CLOSES BID-RIGGING ALLEGATIONS IN BESCOM SMART METER TENDER CASE

On March 25, 2026, the CCI dismissed allegations of bid-rigging and collusive tendering in a smart meter procurement tender floated by Bangalore Electricity Supply Company Limited ("**BESCOM**") and closed the matter under Section 26(2) of the Act.

The case was initiated by an individual consumer who alleges that BESCOM ("**OP-1**"), along with Rajashree Electrical Davangere ("**OP-2**") and VR Patil Vividh Vidyuth Nirman Pvt Ltd ("**OP-3**"), had engaged in a collusive arrangement to rig the tender for procurement and installation of smart meters. It was alleged that the tender conditions were deliberately structured to favour OP-2 and OP-3, restrict competition, inflate costs, and ultimately burden consumers through higher tariffs.

The Informant argued that BESCOM had deviated from the Karnataka Transparency in Public Procurement framework by tailoring eligibility conditions, removing safeguards such as available tender capacity requirements, and manipulating financial thresholds to ensure the qualification of select bidders. It was further alleged that the tender resulted in inflated pricing compared to similar tenders in other States and had the effect of foreclosing competition and harming public interest.

Upon examination, the CCI found that the allegations were largely based on incorrect assumptions regarding the mandatory nature of standard tender documents under the Karnataka procurement framework. The Commission noted that while standard formats exist, procuring entities retain the flexibility to modify technical conditions to suit their requirements. Accordingly, the deviations highlighted by the

Informant did not, in themselves, indicate any anti-competitive conduct.

The Commission further observed that the Informant had failed to provide any evidence demonstrating collusion or coordinated conduct between OP-2 and OP-3. The material on record primarily related to actions of BESCOM alone, without establishing any agreement or concerted practice among the bidders, which is a necessary element to establish bid-rigging under Section 3(3)(d) of the Act.

With respect to the allegation of inflated pricing, the CCI analysed comparative data across States and noted significant variations in tender quantities and lifecycle durations of smart meters. It concluded that the pricing in Karnataka was broadly comparable when these differences were taken into account, thereby rejecting the claim of excessive pricing.

The Commission also reiterated its consistent position that procurers have the discretion to design tender conditions, and such decisions do not raise competition concerns unless accompanied by evidence of collusion or exclusionary agreements. In the absence of any material indicating a cartel or anti-competitive agreement, the CCI held that no *prima facie* case was made out.

Accordingly, the CCI closed the matter at the *prima facie* stage and declined to grant any interim relief sought by the Informant.

DELHI HIGH COURT DIRECTS EXPEDITIOUS DECISION ON CCI NON-COMPLIANCE PROCEEDINGS AGAINST GRASIM

In a judgment dated March 12, 2026, the Delhi High Court addressed a challenge by Grasim Industries Limited ("**Grasim**") to a penalty order passed by the CCI under Section 42 of the Act.

The dispute arose from a CCI order dated June 3, 2021, whereby Grasim was penalised INR 3.49 crore (INR 1 lakh per day for 349 days) for alleged non-compliance with certain non-monetary directions contained in an earlier order dated March 16, 2020. Grasim had already challenged the original order before the National Company Law Appellate Tribunal ("**NCLAT**"), where an interim stay had been granted only with respect to the penalty component, subject to the deposit of 10% of the penalty amount.

During the pendency of the appeal, Grasim filed a separate interim application before the NCLAT seeking a stay on the entire original order, including its non-penalty directions. While this application was still pending, the CCI proceeded to initiate non-compliance proceedings and imposed the impugned penalty under Section 42 of the Act. The principal contention before the High Court was that such action by the CCI was premature, given that the issue of stay on the original directions was yet to be adjudicated by the NCLAT.

The High Court refrained from undertaking a substantive examination of the legality of the CCI's order, emphasising that such issues fall within the domain of the appellate tribunal. However, it acknowledged that the pendency of the interim application before the NCLAT was a relevant factor and that the tribunal ought to have decided the matter expeditiously. The Court also noted that, in the absence of timely adjudication, the original CCI order had remained unimplemented for over five years, thereby prolonging uncertainty.

In these circumstances, the High Court directed the NCLAT to dispose of the pending interim application within a period of two months, after granting an opportunity of hearing to all parties. Until such adjudication, the interim arrangement previously granted by the High Court was directed to continue. The writ petition was accordingly disposed of, with all rights and contentions of the parties left open on merits.

CCI ORDERS DG INVESTIGATION INTO ALLEGED ANTI-COMPETITION PRACTICES IN POULTRY SECTOR

The CCI, by way of an order under Section 26(1) of the Act, has directed the Director General (DG) to investigate allegations of anti-competitive conduct against the Venkateshwara Hatcheries Group ("**VH Group**") and its affiliated entities.

The proceedings were initiated based on information filed by People for Animals ("**PFA**"), which alleged abuse of dominant position and imposition of vertical restraints by the VH Group and its associated companies, including Venkateshwara Hatcheries Pvt. Ltd. and Venky's (India) Ltd., along with their Chairperson. The allegations primarily relate to practices in the Indian commercial poultry sector, particularly in the markets for parent stock of layer hens and broiler chickens.

The Commission noted that the VH Group operates as a vertically integrated enterprise across multiple stages of the poultry value chain, including breeding, feed production, hatchery operations, and downstream supply. It also took note of the Informant's allegations that the group enjoys significant market presence and influence, including through industry bodies such as the National Egg Coordination Committee ("**NECC**"). However, at the *prima facie* stage, the Commission observed that the issue of dominance may not require a conclusive determination for examining potential violations under Section 3(4) of the Act.

A key aspect of the Commission's assessment related to standard form agreements entered into by the group with contract breeders, namely the Broiler Breeder Agreement ("**BBA**") and Layer Breeder Agreement ("**LBA**"). These

agreements were found, *prima facie*, to contain restrictive clauses that limit the ability of breeders to sell products to third parties or deal with competing breeds. Such provisions were viewed as potentially constituting vertical restraints in the nature of exclusive supply and distribution arrangements, thereby raising concerns under Section 3(4) of the Act.

The Commission further observed that these restrictions, coupled with the integrated structure of the VH Group, may result in foreclosure of market access, reduced choice for breeders, and possible adverse effects on competition, including higher prices and limited consumer options. It also noted that similar contractual practices, if adopted by other major players, could have broader implications for competition in the poultry sector.

Accordingly, the Commission formed *a prima facie* opinion that the matter warrants detailed investigation and directed the DG to examine whether the conduct of the opposite parties amounts to contravention of Section 3(4) of the Act. The DG has been directed to submit its investigation report within 90 days. The Commission also clarified that the DG is at liberty to investigate any additional entities or individuals found to be involved, including examining liability under Section 48 of the Act.

The order emphasises that the findings at this stage are only *prima facie* and do not constitute a final determination on merits.

CCI CLOSES ABUSE OF DOMINANCE CASE AGAINST ARTHUR FLURY INDIA

The CCI, by order dated April 7, 2026, has closed proceedings under Section 26(2) of the Act, finding no *prima facie* case of abuse of dominant position against M/s Arthur Flury India Private Limited.

The case was initiated on the basis of information filed by an individual informant alleging that the opposite party, engaged in the supply of Short Neutral Section Assemblies ("**SNSA**") used in Indian Railways' overhead electrification systems, had abused its dominant position. The allegations primarily related to excessive pricing, discriminatory pricing between Indian Railways and EPC contractors, and exploitation of a temporary monopoly position arising due to regulatory and procurement constraints under the Make in India policy framework.

At the outset, the Commission delineated the relevant market as the market for SNSA in India, noting the absence of substitutes given the critical nature of the product and the regulatory requirement that procurement be made only from approved vendors. It also observed that, for a certain period, the opposite party may have been the only approved indigenous supplier, thereby enjoying a dominant position in the relevant market.

However, the Commission found that the allegations of abuse were not substantiated. On pricing, the Commission examined detailed tender data and observed that price variations could reasonably be explained by factors such as fluctuations in exchange rates, differences in order quantities, transportation and logistical costs, and general market conditions. While there was an increase in prices during the period when the opposite party was the sole indigenous supplier, the trend was not found to be arbitrary or excessive when viewed in context.

With respect to allegations of discriminatory pricing, the Commission held that sales to Indian Railways and EPC contractors are not strictly comparable, as procurement conditions, regulatory constraints, and commercial considerations differ. The variation in prices between these segments was found to be marginal and not indicative of unfair or discriminatory conduct.

The Commission also noted that entry barriers were not insurmountable and that additional vendors had been approved or were in the process of development. In fact, the subsequent entry of another supplier led to a reduction in prices, which the Commission viewed as a normal outcome of competitive market dynamics rather than evidence of prior abuse.

In light of the above, the Commission concluded that no *prima facie* case of contravention of Section 4 of the Act was made out and accordingly closed the matter under Section 26(2).

DISPUTE RESOLUTION

SUPREME COURT ON WHETHER A LETTER OF INTENT CONSTITUTES A CONCLUDED CONTRACT AND WHETHER A GENERAL REFERENCE TO TENDER DOCUMENTS INCORPORATES AN ARBITRATION CLAUSE UNDER SECTION 7(5) OF THE ACT

The Supreme Court of India, in its judgment dated 09.04.2026 in *Maharashtra State Electricity Distribution Company Limited (MSEDCL) & Ors. v. R Z Malpani* (2026 INSC 342), addressed, inter alia, the following issues:

- Whether a Letter of Intent (LOI) issued pursuant to a tender process constitutes a concluded and binding contract sufficient to sustain a reference to arbitration
- Whether a general reference in the LOI to the Tender documents is sufficient to incorporate the arbitration clause contained therein under Section 7(5) of the Arbitration Act (Arbitration Act)

For context, MSEDCL issued an LOI in November 2022 to the Respondent for civil works worth approximately Rs. 17.76 crores, with a general reference to Tender documents and a stipulation that it was issued only to enable commencement of preliminaries pending a formal work order. No work order was issued, no sites were handed over, and the tender was cancelled in September 2024. The Respondent invoked the arbitration clause in the Tender documents and filed a Section 11 application. The Bombay High Court, without hearing MSEDCL, appointed an arbitrator, finding that MSEDCL had not disputed the existence of an arbitration agreement. MSEDCL appealed.

Supreme Court's findings:

The Court allowed the appeal and set aside the arbitrator's appointment. The High Court's finding that MSEDCL had not disputed the arbitration agreement was incorrect as MSEDCL's reply had explicitly denied both a concluded contract and any arbitration agreement. On the first issue, applying *State of Himachal Pradesh v. OASYS Cybernatics Pvt. Ltd., 2025 SCC OnLine SC 2536* and *South Eastern Coalfields Ltd. v. S. Kumar's Associates AKM (JV)*, the Court held that the LOI was merely "a promise to make a promise." A binding relationship only arises where the LOI clearly evinces finality without requiring further steps. Here, the LOI itself contemplated a subsequent work order and formal agreement that never materialised, and the Respondent's furnishing of bank guarantees could not bridge that gap.

On the second issue, applying *NBCC (India) Ltd. v. Zillion Infraprojects Pvt. Ltd., (2024) 7 SCC 174* and *M.R. Engineers & Contractors (P) Ltd. v. Som Datt Builders Ltd., (2009) 7 SCC 696*, the Court held that a general reference to Tender documents does not incorporate the arbitration clause therein. Section 7(5) requires a specific, conscious reference to the arbitration clause itself, and a general reference carries over only performance-related terms.

Significance of the Judgment:

This judgment reaffirms that an LOI is ordinarily a preparatory document and not a concluded contract, particularly where it expressly contemplates further steps. Parties receiving LOIs must recognise that arbitration clauses in underlying tender documents do not automatically apply to LOI stage disputes. The ruling also settles that Section 7(5) demands a specific reference to the arbitration clause, not merely a general cross-reference, reflecting the legislative intent that parties must consciously adopt a dispute resolution mechanism from another document.

DELHI HIGH COURT ON VALIDITY OF AN ARBITRATION CLAUSE USING THE WORD 'MAY'

The High Court of Delhi, in its judgment dated 10.04.2026 in *Lifewell Diagnostics Pvt. Ltd. v. Micron Laboratory* (ARB.P. 36/2026), addressed, inter alia, the following issues:

- Whether the dispute resolution clause in the Revenue Sharing Agreement between the parties, which provided that disputes 'may be referred to the arbitration', constituted a valid and binding Arbitration Agreement within the meaning of Section 7 of the Arbitration Act

For context, the Petitioner filed a Section 11 petition to appoint an arbitrator for disputes under a Revenue Sharing Agreement dated 01.09.2023, claiming approximately Rs. 23.93 lakhs. The Respondent opposed it on two grounds: that the Agreement had been mutually terminated in May 2024 with a full and final settlement leaving no surviving dispute, and that Clause 29 of the Agreement, which used the expression 'may be referred to the arbitration', did not constitute a binding agreement to arbitrate.

High Court's findings:

The Court held that Clause 29 constituted a valid and binding arbitration agreement. Arbitration clauses must be read holistically and purposively. While one sub-clause used the word 'may', the clause as a whole prescribed detailed arbitral procedure, declared the award final and binding, and specified venue, seat, governing law, and costs. The use of 'may' in isolation could not render the clause non-binding when the remainder of it established a comprehensive and mandatory dispute resolution mechanism. The Court reiterated that pre-arbitral dispute resolution steps are directory and not mandatory.

Significance of the Judgment:

This judgment establishes that the word 'may' is not, in isolation, determinative of the non-binding character of an arbitration clause, the parties' intention to arbitrate must be gathered from the clause as a whole. The ruling also confirms that pre-arbitral conciliation or negotiation steps cannot be used as technical barriers to block arbitration where disputes remain unresolved.

DELHI HIGH COURT ON WAIVER OF SECTION 12(5) OF THE ACT – REQUIREMENT OF EXPRESS WRITTEN AGREEMENT AND INSUFFICIENCY OF CONDUCT OR PROCEDURAL PARTICIPATION

The High Court of Delhi (Division Bench), in its judgment dated 13.04.2026 in *Titagarh Rail Systems Limited v. Railway Board, Ministry of Railways, Government of India* (FAO(OS)(COMM) 103/2026 & 104/2026), addressed the following issue:

- Whether a party's adoption of the contractual arbitration procedure specifically designated for cases where Section 12(5) has been waived, including the selection of an arbitrator from a panel of serving Railway officers, can, in the absence of any written waiver, constitute an implied waiver of the said provision.

For context, Section 12(5) of the Arbitration Act renders certain persons ineligible to act as arbitrators, such as serving employees of a party, and can only be waived by an express written agreement executed after the dispute arises. TRSL contracted with the Railway Board in September 2020 for supply of railway wagons under terms incorporating the Railway Board's arbitration policy circular dated 12.12.2018. The circular prescribed two separate procedures: one for cases where Section 12(5) was waived in writing (permitting serving Railway officers as arbitrators) and one for cases where it was not (permitting only retired officers). When the Railway Board prematurely closed the contract and forfeited TRSL's bank guarantee, TRSL in its arbitration notices expressly stated it was not waiving Section 12(5).

Despite this, TRSL subsequently agreed to the Fast Track Procedure applicable only to the waiver scenario and shortlisted names from a panel of serving Railway Board officers. A serving Executive Director was appointed as arbitrator. The resulting award dated 05.08.2024 was in TRSL's favour. The Railway Board challenged it under Section 34 on the ground that the arbitrator was ineligible under Section 12(5). The Single Judge set aside the award relying on *Bhadra International (India) (P) Ltd. v. Airport Authority of India, 2026 SCC OnLine SC 7*. TRSL appealed under Section 37.

High Court's findings:

The Division Bench dismissed the appeal. Applying Bhadra International, the Court held that Section 12(5) admits of no implied waiver. Only an express written agreement, executed post-dispute with full knowledge of the arbitrator's ineligibility and a conscious intention to waive the right to object, can remove the bar. TRSL's adoption of the waiver procedure and selection of a serving officer did not constitute waiver. Written waiver must precede and is a condition precedent to that procedure, not a consequence of following it. TRSL's earlier express disclaimer of waiver, with no written retraction on record, further reinforced this conclusion. Even consensual appointment of an arbitrator, as Bhadra International had held, cannot substitute for a written waiver.

Significance of the Judgment:

This judgment applies Bhadra International to the specific context of Railway Board contracts, firmly establishing that following the contractual 'waiver' procedure is not a substitute for executing a written waiver agreement. Public sector parties who engage serving officers as arbitrators must ensure that a separate post-dispute written waiver, recording full knowledge of ineligibility and a conscious decision to waive, is executed before such appointments are

made. Parties who explicitly disclaim waiver at the time of invoking arbitration must ensure any change in that position is recorded in writing, failing which the entire arbitral proceedings and any award remain vulnerable to being set aside.

DELHI HIGH COURT ON REVIVAL OF DISPOSED EXECUTION PETITIONS AND THE EFFECT OF COURT DEPOSIT OF DECRETAL AMOUNTS ARISING FROM ARBITRAL AWARDS

The High Court of Delhi, in its judgment dated 21.04.2026 in *UPM Kymmene Corporation v. The State Trading Corporation of India Ltd.* (EX.P. 82/2012, EX.APPL.(OS) 593/2025), addressed, inter alia, the following issues:

- Whether an application under Section 151 of the Code of Civil Procedure, 1908 (CPC) is maintainable to revive an execution petition that has already been disposed of, and whether such inherent jurisdiction can be exercised to reopen concluded execution proceedings arising from an arbitral award
- The relevant date for conversion of amounts expressed in foreign currency in the context of execution of arbitral awards, particularly where partial deposits have been made during the pendency of proceedings.

For context, after years of litigation, STC deposited Rs. 2,89,90,273/- in compliance with a Supreme Court direction, which was eventually released to the Decree Holder subject to an undertaking to refund it if STC succeeded in a pending appeal. The execution petition was accordingly closed. The Supreme Court later admitted STC's fresh appeal on the limited question of whether 18% per annum interest was justified, without granting any stay. The Decree Holder then filed the present application under Section 151 CPC seeking revival of the execution petition and further reliefs.

High Court's findings:

The Court dismissed the application as not maintainable, holding that the inherent powers under Section 151 CPC are procedural in nature and cannot be invoked to reopen or revive concluded proceedings or to confer substantive reliefs. Once a court becomes functus officio, revival is only permissible in cases of fraud, mistake of the court, or subsequent events rendering original directions unworkable, none of which existed here.

On the deposit question, the Court held that depositing the decretal amount in court satisfies the decree to that extent, regardless of whether the decree holder withdraws it, relying on Order XXI Rule 1 CPC and *Gurpreet Singh v. Union of India* and other precedents. The Decree Holder's deliberate non-withdrawal amounted to a deemed refusal, disentitling it from claiming the decree remained unsatisfied or that interest continued to run on that amount.

On exchange rates, relying on *DLF Ltd. v. Koncar Generators & Motors Ltd., (2025) 1 SCC 343*, the Court held that deposited amounts must be converted at the rate prevailing on the date of deposit, the rate at the date of finality applies only to amounts still outstanding.

Significance of the Judgment:

This judgment reinforces finality in execution proceedings arising from arbitral awards. It confirms that closed execution petitions cannot be revived through Section 151 CPC absent narrow exceptions. It also establishes that a decree holder who deliberately withholds collection of a court deposit cannot thereafter claim the decree is unsatisfied or demand further interest on that amount. The Court's disaggregation of exchange rate dates for deposited versus outstanding amounts provides a practical framework for courts dealing with foreign currency awards involving partial deposits at different stages of proceedings.

SUPREME COURT ON MAINTAINABILITY OF SECTION 9 PETITIONS BY UNSUCCESSFUL PARTIES AT THE POST-AWARD STAGE

The Supreme Court of India, in its judgment dated 24.04.2026 in *Home Care Retail Marts Pvt. Ltd. v. Haresh N. Sanghavi* (Civil Appeals arising out of SLP (C) Nos. 29972/2015, 11139/2020 & 26876/2014) (2026 INSC 415), addressed, inter alia, the following issue:

- Whether a losing party in arbitration can approach a court under Section 9 of the Arbitration and Conciliation Act, 1996 for interim protection after the award is passed, despite having no award in its favour

For context, Section 9 of the Arbitration Act permits any party to an arbitration agreement to seek interim measures of protection at three stages: before the commencement of arbitration, during arbitral proceedings, or after the award has been rendered but before its enforcement under Section 36 of the Arbitration Act. There have been conflicting opinions across High Courts: Bombay, Delhi, Madras, and Karnataka High Courts held that a losing party cannot file a Section 9 petition post-award since the provision exists only to secure the fruits of an award. Telangana, Gujarat, Punjab & Haryana High Courts held that Section 9 is available to all parties to the arbitration regardless of the outcome of the proceedings.

Supreme Court's findings:

Applying the literal as well as purposive rule of statutory interpretation, the Court held that the expression 'a party' in Section 9 of the Arbitration Act makes no distinction

between successful and unsuccessful parties. The Court cannot modify and interpret law where the legislation is clear. The Court further held that the object of Section 9 of the Arbitration Act is to ensure that parties retain the right to approach the Court for interim measures until the award has been enforced. It noted that the fundamental premise underlying the contrary view, that courts under Section 34 can only set aside or uphold an award, stands negated by the Constitution Bench ruling in *Gayatri Balasamy v. ISG Novasoft Technologies Limited*, 2025 SCC OnLine SC 986, which recognised the power of courts to modify an arbitral award.

The Court also distinguished Section 9 from Section 34 and Section 36, holding that the two provisions operate in distinct spheres: Sections 34 and 36 provide remedies against an award or a stay thereof, whereas Section 9 ensures protection of the subject matter or amount in dispute. The Court noted, however, that the threshold for grant of interim relief will be correspondingly higher in the case of an unsuccessful party in such Section 9 petitions.

Significance of the Judgment:

This judgment settles a long-standing conflict among High Courts by authoritatively holding that Section 9 of the Arbitration Act is available to all parties to an arbitration agreement, including those who have lost in arbitral proceedings. The ruling is particularly significant for parties challenging awards on grounds of fraud or patent illegality, and for situations where prior interim protections, such as restraints on invocation of bank guarantees, would otherwise automatically lapse upon rendition of the award. The Court's caution that unsuccessful parties face a higher threshold for relief provides an important safeguard against misuse of the provision.

EMPLOYMENT LAW

GOVERNMENT OF CHHATTISGARH ISSUES THE DRAFT INDUSTRIAL RELATIONS (CHHATTISGARH) RULES, 2026

The Labour Department, Government of Chhattisgarh, vide notification dated April 10, 2026, has issued the Draft Industrial Relations (Chhattisgarh) Rules, 2026, pursuant to the Industrial Relations Code, 2020 ("**IR Code**").

The draft rules propose to supersede the existing Chhattisgarh Industrial Disputes Rules, 1957, Chhattisgarh Trade Union Regulations, 1961, and the Chhattisgarh Industrial Employment (Standing Orders) Rules, 1963.

The draft rules *inter alia* provide for mandatory worker committees, grievance redressal committees for establishments with 20 (Twenty) or more workers, detailed procedures for trade union registration, withdrawal, cancellation, and annual compliances.

The draft rules are open for objections and suggestions from the public and stakeholders for a period of 30 (Thirty) days from its notification.

GOVERNMENT OF UTTAR PRADESH REVISES RATES OF MINIMUM WAGES

The Government of Uttar Pradesh, vide notification dated April 17, 2026, revised the rates of minimum wages for unskilled, semi-skilled and skilled workers in various employment categories.

Keeping in view the geographical diversification of Uttar Pradesh, status of industries, urban infrastructure and cost of living, the Department of Labour has proposed classification of the state into 3 (Three) categories for the purposes of fixation of minimum wage rates. In this classification, Gautam Buddha Nagar and Ghaziabad districts have been included in Category-I; all districts having Nagar Nigam (excluding Gautam Buddha Nagar and Ghaziabad districts) are proposed under Category-II; and all remaining districts are proposed under Category-III.

The minimum wages were revised in the following manner:

I. Category-I

- unskilled worker: INR 13,690 (Rupees Thirteen Thousand Six Hundred Ninety);
- semi-skilled worker: INR 15,059 (Rupees Fifteen Thousand Fifty Nine); and
- skilled worker: INR 16,868 (Rupees Sixteen Thousand Eight Hundred Sixty Eight).

II. Category-II

- unskilled worker: INR 13,006 (Rupees Thirteen Thousand Six);
- semi-skilled worker: INR 14,306 (Rupees Fourteen Thousand Three Hundred Six); and
- skilled worker: INR 16,025 (Rupees Sixteen Thousand Twenty Five).

III. Category-III

- unskilled worker: INR 12,356 (Rupees Twelve Thousand Three Hundred Fifty Six);
- semi-skilled worker: INR 13,590 (Rupees Thirteen Thousand Five Hundred Ninety); and
- skilled worker: INR 15,224 (Rupees Fifteen Thousand Two Hundred Twenty Four).

The revised rates proposed are inclusive of 'Variable Dearness Allowance' and have been made retrospectively applicable with effect from April 1, 2026.

EMPLOYEES' PROVIDENT FUND ORGANISATION CANNOT REJECT HIGHER PENSION CLAIMS SOLELY DUE TO MISSING EMPLOYER RECORDS: BOMBAY HIGH COURT

The Bombay High Court, vide its judgement dated April 18, 2026, in the case of Durga Srinivas Kallakuri v. Employees' Provident Fund Organisation ("**EPFO**"), disposed various writ

petitions where a common question of law arose for consideration. In the present case the Bombay High Court quashed and set aside a series of orders issued by the EPFO rejecting the applications of the petitioners for grant of pension of higher wages.

The petitioner exercised the option for pension on higher wages upon his retirement and, throughout his service, both the employer and employee contributions were regularly remitted to the EPFO in order to avail benefits of the Employees' Pension Scheme, 1995. However, the EPFO rejected the petitioner's application for higher pension due to non-submission of required documents such as Form 6A by the employer. The petitioner contended that, under Paragraph 20 of the Employees' Pension Scheme, 1995, the obligation to furnish contribution details (including Form 6A) lies with the employer, and therefore he cannot be penalised for their lapses. Despite repeated representations by the employer, including a request for reconsideration, the claim remained rejected, prompting the petitioner to approach the court, alleging that the denial of pension on higher wages is arbitrary and unjust.

The Bombay High Court held that employees should not be prejudiced due to non-compliance or procedural lapses attributable to the employer or the EPFO authorities in matters concerning pension under the Employees' Pension Scheme, 1995. It was further observed that the rejection of pension claims solely on the basis of non-submission of Form 6A and challans was arbitrary and inconsistent with the beneficial intent of the scheme. The Bombay High Court further directed an independent inquiry into the matter by the EPFO.

GOVERNMENT OF ODISHA REPEALS ODISHA STATE TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS ACT, 2000

The Governor of Odisha, vide ordinance dated April 21, 2026, promulgated the Odisha State Tax on Professions, Trades, Callings And Employments (Repeal) Ordinance, 2026, repealing the erstwhile Odisha State Tax on Professions, Trades, Callings and Employments Act, 2000.

The ordinance abolishes the levy of professional tax with retrospective effect from April 1, 2026, effectively ending the requirement for employees and professionals to pay this tax and for employers to deduct it from salaries. Under the ordinance, employers shall not be required to undertake compliance obligations such as deduction, remittance, and filing of returns related to professional tax.

While the ordinance repeals the existing legal framework, it preserves past liabilities and actions, thus, any taxes due, assessments made, or proceedings initiated prior to April 1, 2026, will continue to remain valid and enforceable under the earlier regime.

RBI ISSUES CONSOLIDATED DIGITAL PAYMENTS – E-MANDATE FRAMEWORK, 2026

The Reserve Bank of India ("**RBI**"), on April 21, 2026, issued the Digital Payments – E-Mandate Framework, 2026 (*accessible here*) ("**E-Mandate Framework**"), consolidating existing circulars governing recurring digital payments into a single framework applicable to all payment system providers and participants processing recurring transactions through cards, prepaid payment instruments ("**PPIs**"), and Unified Payments Interface ("**UPI**"). The E-Mandate Framework standardises the lifecycle of e-mandates, including registration, modification, execution, and revocation of recurring payment instructions.

The E-Mandate Framework requires one-time registration of mandates with Additional Factor of Authentication ("**AFA**"), with the first transaction mandatorily authenticated using AFA, and subsequent transactions permitted without AFA up to ₹15,000 per transaction (and up to ₹1,00,000 for specified use cases such as insurance premiums, mutual fund subscriptions, and credit card bill payments). Issuers are required to send pre-transaction notifications at least 24 hours prior to debit (with opt-out functionality) and post-transaction alerts, while also providing customers with the ability to modify or withdraw mandates at any time.

The E-Mandate Framework further prohibits levying charges on customers for e-mandate facilities, extends customer liability protections to recurring transactions, and prescribes exemptions for certain use cases such as FASTag and NCMC auto-replenishment.

RBI ISSUES DRAFT MASTER DIRECTION ON PREPAID PAYMENT INSTRUMENTS, 2026

The RBI has released, for public consultation, a draft Master Direction on Prepaid Payment Instruments, 2026 (*accessible here*) ("**Draft PPI Directions**"), proposing to repeal and replace the existing Master Directions dated August 27, 2021. Issued under the Payment and Settlement Systems Act, 2007, the Draft PPI Directions introduce a revised regulatory framework governing issuance and operation of PPIs by banks and non-bank entities.

The Draft PPI Directions, *inter alia*, (i) redefine PPIs as INR-denominated stored value instruments and exclude closed-loop instruments from RBI authorisation; (ii) reorganise PPIs into General Purpose (Full-KYC and Small) and Special Purpose categories; (iii) impose stricter usage conditions, including caps on cash loading (₹10,000 per month), limits on person-to-person transfers (₹25,000 per month), and a ₹2,00,000 monthly debit cap for Full-KYC PPIs; and (iv) prohibit cross-border transactions using PPIs. The Draft PPI Directions also introduces a single Small PPI category with capped balances and restricted use, expands co-branding arrangements without prior RBI approval, mandates interoperability for Full-KYC PPIs, and consolidates reporting and escrow requirements, including permitting an additional escrow account and revising computation of core balances.

Comments / feedback on the Draft PPI Directions may be submitted by regulated entities and other stakeholders on or before May 22, 2026.

RBI ISSUES AMENDMENT DIRECTIONS ON NBFC REGISTRATION AND SCALE-BASED REGULATION FRAMEWORK

The RBI, on April 29, 2026, issued the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026 (*accessible here*) ("**NBFC SBR Amendment Directions**"), introducing a revised framework for NBFCs not availing public funds and not having a customer interface. The amendments formalise the classification of such entities as "Type I NBFCs" and distinguish them from other NBFCs.

A key feature is the introduction of a conditional exemption

from registration under Sections 45IA and 45IC of the RBI Act, 1934 for such NBFCs with asset size below ₹1,000 crore, subject to prescribed conditions. Eligible entities may apply for deregistration within six months, while entities crossing the threshold or intending to access public funds or undertake customer-facing activities will be required to obtain registration. The NBFC SBR Amendment Directions also prescribes conditions relating to disclosures, auditor certification, and continued regulatory oversight.

The NBFC SBR Amendment Directions will come into force with effect from July 1, 2026.

RBI ISSUES AMENDMENT DIRECTIONS ON UNDERTAKING OF FINANCIAL SERVICES BY NBFCs

The RBI, on April 27, 2026, issued the Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Amendment Directions, 2026 (*accessible here*), amending the extant Directions, 2025 governing overseas investment by NBFCs in financial services ("**Amendment**"). Pursuant to the Amendment, "AgriSURE – Agri Fund for Start Ups & Rural Enterprises" has been included as a recognised financial service under Annex I, thereby permitting NBFCs to undertake investments in this activity, subject to compliance with the broader regulatory framework governing overseas financial services investments. The Amendment have come into force with immediate effect.

RBI UPDATES FAQS ON AUTHORISATION PROCESS UNDER PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

The RBI, on April 23, 2026, updated its FAQs on the authorisation process for payment systems under the Payment and Settlement Systems Act, 2007 (*accessible here*) ("**Updated FAQs**"), providing detailed guidance on the end-to-end process for obtaining authorisation as a payment system operator. The Updated FAQs clarify that applications must be submitted through the PRAVAAH portal in Form A, along with prescribed documentation, payment of application fees, and outline baseline eligibility conditions, compliance.

The Updated FAQs further set out the sequential stages of application processing, including preliminary scrutiny, detailed evaluation, grant of in-principle authorisation ("**IPA**"), submission of a System Audit Report ("**SAR**"), and issuance of the final Certificate of Authorisation ("**CoA**").

The FAQs also clarify key procedural aspects such as timelines for IPA validity, consequences of submission of incorrect information, restrictions on multiple group entities operating the same payment system, cooling-off periods following rejection of applications, and the availability of an appeal mechanism before the Central Government.

RBI UPDATES FAQS ON DIGITAL RUPEE (e₹)

In April 2026, RBI continued to advance its pilot programmes for the Central Bank Digital Currency (e₹), covering both retail and wholesale use cases, while updating its public-facing FAQs (*accessible here*) to clarify operational aspects. The CBDC remains in a controlled pilot phase, with participation limited to select banks and use-case testing (such as peer-to-peer transfers and settlement efficiency). From a legal and regulatory standpoint, this signals a measured, sandbox-style approach, where broader rollout will likely be contingent on technological resilience, data privacy safeguards, and systemic risk assessment, with fintech participation expected to be routed through authorised banking channels.

RBI ISSUES DISCUSSION PAPER ON EXPLORING SAFEGUARDS IN DIGITAL PAYMENTS TO CURB FRAUDS

On April 9, 2026, RBI released a discussion paper titled *"Exploring Safeguards in Digital Payments to Curb Frauds"* ("**Discussion Paper**") (*accessible here*), signalling a sharper regulatory focus on payment fraud prevention and consumer protection in India's rapidly expanding digital payments ecosystem. The Discussion Paper examines rising fraud trends and proposes a mix of preventive, detective, and corrective controls, including risk-based authentication, real-time transaction monitoring, customer awareness measures, and clearer allocation of liability among ecosystem participants. Further, it explores the feasibility of introducing friction (such as transaction delays or alerts) for high-risk transactions, while balancing user convenience. One key proposal under the Discussion Paper is a one-hour delay mandate for all first-time UPI and IMPS transfers above ₹10,000 to new beneficiaries in order to curb rising digital fraud.

RBI ISSUES AMENDMENT DIRECTIONS ON NBFC FRAMEWORK FOR RESOLUTION OF STRESSED ASSETS AND CONSEQUENTIAL CHANGES

The RBI, on April 29, 2026, issued (i) the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Amendment Directions, 2026 (*accessible here*), (ii) the Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (*accessible here*), and (iii) the Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Amendment Directions, 2026 (*accessible here*) (collectively, the "**Amendment Directions**"), introducing a harmonised framework for resolution of borrower accounts impacted by declared calamities.

The Amendment Directions introduce a new Chapter VI-A governing such resolutions, applicable to standard accounts (not exceeding 30 days past due), with timelines for

invocation (within 45 days) and implementation (within 135 days). Permissible measures include rescheduling of payments, conversion of interest into funded facilities, and extension of additional finance, based on borrower viability.

Consequential amendments align the IRACP framework by permitting retention or upgradation of 'standard' classification upon implementation of resolution plans, including for accounts that may have slipped into NPA during the interim period, and prescribing additional provisioning (including 5% on restructured exposures) and corresponding income recognition norms. The responsible business conduct framework has also been updated to enable NBFCs to extend discretionary relief measures, including waiver or reduction of fees and charges, to borrowers in affected areas.

INFRASTRUCTURE AND ENERGY

CENTRAL ELECTRICITY REGULATORY COMMISSION (CERC) RELEASES DRAFT REGULATIONS ON MARKET COUPLING

The Central Electricity Regulatory Commission (CERC) released the draft Power Market (Second Amendment) Regulations, 2026 on April 17, 2026 inviting comments and inputs from the public by May 16, 2026. Integral to the proposed amendment is the unified system of electricity price discovery through mandatory market coupling. The Grid Controller of India Ltd. (Grid India) has been designated as the market coupling operator wherein it will aggregate the anonymous buy and sell bids from various power exchanges and through a standardized algorithm, determine a single market clearing price.

The power exchanges will no longer have the power to establish discrete electricity prices and their roles will be limited to collection and settlement of anonymous bids from market participants. The draft amendment proposes to introduce a unified price discovery mechanism based on all total economic surplus and facilitate market splitting only in exceptional circumstances like congestion. The draft amendment further instructs Grid India to design a Power Market Coupling Procedure within 6 months of notification of the amendments as the operational framework of electricity price discovery.

MINISTRY OF ROAD TRANSPORT AND HIGHWAYS NOTIFIES NEW RULES FOR FEE COLLECTION FROM OVERLOAD VEHICLES ON NATIONAL HIGHWAYS

The Ministry of Road Transport and Highways has notified the National Highways Fee (Determination of Rates and Collection) Fourth Amendment Rules, 2026 to revise the framework under Rule 10 for collection of fees from vehicles carrying weight beyond the permissible Gross Vehicle Weight (GVW) limits on national highways. Key features of the new Rule include:

- Installation of certified weight measurement devices at toll plazas for calculation of overloading. In the event that toll plazas are not fitted with such machinery, no overloading charge may be levied.
- Introduction of a graded fee structure for overloading based on variance from the GVW, i.e., exemption up to 10% of excess weight; 2x fee for 10%- 40% of excess weight; 4x fee for over 40% of excess weight.
- The overloading fee can only be levied through FASTag.
- Details of the overloading vehicles and the corresponding fee levied must mandatorily be reported on the VAHAAN portal.

The new Rules have been enforced since April 15, 2026.

THE UNION GOVERNMENT PROVIDES SPECIFIC GUIDANCE TO FORCE MAJEURE CLAUSES ON PROCUREMENT CONTRACTS

The Department of Expenditure of the Ministry of Finance issued a new office memorandum (OM) on April 29, 2026 clarifying specific paragraphs of the manuals on procurement, i.e., Manual for Procurement of Goods, 2024; Manual for Procurement of Consultancy Services, 2025; Manual for Procurement of Non-Consultancy Services, 2025 and the Manual for Procurement of Works, 2025 with respect to the *force majeure* clauses. The OM highlights that the term 'War' defined as an event triggering force majeure in procurement contracts should include the ongoing conflict in West Asia within the fold of its meaning and parties to such contracts may seek reliefs under force majeure on account of the prevailing unrest. However, to qualify for this relief, vendors must have been in good standing as of February 27, 2026, and the disruption must be a direct result of the regional conflict.

The primary implications of the OM are:

- Procuring entities may grant contract extensions of two to four months without imposing liquidated damages or

penalties, provided the party was not in default as of February 27, 2026;
- Exemption extended to non-performance must be directly attributable to the West Asia conflict and does not excuse unrelated contractual breaches.

NEW DRAFT RULES UNDER THE MERCHANT SHIPPING ACT, 2025 AND THE INDIAN PORTS ACT, 2025 ISSUED BY THE DIRECTORATE GENERAL OF SHIPPING

In order to operationalise the Merchant Shipping Act and the Indian Ports Act of 2025, notified in 2025, the Directorate General of Shipping (DG Shipping) issued 4 new draft rules :

- Safety of Navigation Rules, 2026: Establishes new standards for navigational systems, pilotage requirements, and mandatory ship reporting systems within Indian waters.
- Infected Zone Management Rules, 2026: Focused on port health safety, these rules outline protocols for reporting and controlling communicable diseases on arriving vessels.
- Vessels of Less than Fifteen Tons Rules, 2026: Introduces mandatory insurance and specific safety equipment standards for small-scale commercial and private vessels.
- Carriage of Cargo and Oil Fuels Rules, 2026: Enforces strict compliance with Verified Gross Mass (VGM) for containers to prevent structural accidents.

SUPREME COURT OF INDIA HELD THAT REGULATION IS A COLLABORATIVE ENTERPRISE WHEN IT COMES TO ELECTRICITY TARIFF DETERMINATION

While hearing a dispute over the integration of the Union Government's generation based incentives (GBI) for renewable energy into tariff determination by state regulators, the Supreme Court reiterated that while the plenary power of tariff determination rests with the state regulators, it is not siloed and rather, it must be in cohesion with the broader policy objectives. The Supreme Court further emphasised that transition to non-fossil energy is a fundamental necessity.

Background

The Supreme Court of India was seized of an appeal in the case of Southern Power Distribution Company of Andhra Pradesh Ltd and Anr v. Green Infra Wind Solutions Ltd. And Ors *2026 INSC 294* where the Andhra Pradesh Electricity Regulatory Commission permitted the distribution companies (DISCOMs) to deduct the grant allocated under GBI from fixed tariffs paid to wind power producers, effectively depriving the power producers from the subsidies envisaged under GBI. While the DISCOMs argued GBI was a windfall, the power producers contended it was an incentive "over and above" the tariff to promote green energy transition. The Appellate Tribunal for Electricity (APTEL) set aside the deduction, leading to this appeal.

Ratio

The Hon'ble Supreme Court reasoned that while State Electricity Regulatory Commissions (SERCs) have independent and exclusive jurisdiction over tariff determination, they cannot operate in a "silo" that nullifies the Union Government's policy intent. Specifically, in the case of GBI, the Supreme Court held that it is a particular performance linked benefit policy of the Union Government in light of the pressing need for sustainable energy.

Judgment

The Supreme Court dismissed the appeal, affirming that GBI must be paid to wind power producers over and above fixed tariffs. It ruled that treating an incentive as a factor for tariff deduction would undermine the legislative intent to attract investment in the renewable sector.

MINISTRY OF CIVIL AVIATION ISSUES TWO NEW DRAFT LAWS

In April 2026, the Ministry of Civil Aviation (MoCA) issued two significant sets of draft rules aimed at modernizing safety protocols and administrative efficiency under the evolving regulatory framework.

- **Draft Aircraft (Demolition of Obstructions) Rules, 2026**

Building on the foundation of the 1994 regulations, these rules were formally notified to enhance airspace safety around aerodromes.

  - **Safety Perimeter:** They mandate a strict 20 km radius around aerodrome reference points where buildings, trees, or structures must not exceed specific height limits.
  - **Enforcement Power:** The Directorate General of Civil Aviation (DGCA) is empowered to order the demolition or reduction of unauthorized obstructions.
  - **Compliance:** If owners fail to comply after a hearing, District Collectors are authorized to initiate demolition to ensure clear flight paths.

- **Draft AAIB Recruitment Rules, 2026**

Issued on April 6, 2026, these rules focus on the institutional strengthening of the Aircraft Accident Investigation Bureau (AAIB).

  - **Objective:** To formalize the hiring process and professional standards for accident investigators and safety experts.

- **Independence:** The rules aim to ensure the AAIB maintains a pool of highly qualified technical personnel to conduct impartial, high-stakes investigations into aviation occurrences.

CERC UPHOLDS LEVY OF BILATERAL TRANSMISSION CHARGES FOR RENEWABLE ENERGY PRODUCERS EVEN BEFORE COMMERCIAL OPERATIONS

The Central Electricity Regulatory Commission while adjudicating a group of petitions tagged as ReNew Sun Waves Private Limited & Ors. v. Central Transmission Utility of India Limited & Ors *Petition No. 216/MP/2024* held that renewable energy producers are not exempt from transmission charges even when their projects have attained partial commissioning.

Background

The case involved petitions from ReNew Group, Adani Renewable Energy, and Altra Xergi Power challenging invoices for bilateral transmission charges raised by the Central Transmission Utility of India (CTUIL). The charges related to the Powergrid Ramgarh Transmission (PRTL) system. The developers argued they should not pay charges until their entire identified transmission system was commissioned or until General Network Access (GNA) became effective, especially since their Power Purchase Agreements (PPAs) had been granted extensions.

Ratio

CERC clarified that transmission arrangements are independent of power supply contracts (PPAs). Under Regulation 13(3) of the 2020 Sharing Regulations, (as amended from time to time), liability is triggered when the "associated transmission system" (the infrastructure needed for immediate evacuation) is operational, even if the generation project is delayed. The CERC rejected the argument that GNA effectiveness or the completion of the entire long-term access network was a prerequisite for billing.

Judgment

CERC upheld the validity of the invoices but directed CTUIL to revise them. It ruled that generators must pay bilateral charges while delayed, but once a specific project capacity achieves commercial operation, it must be moved to the general transmission-sharing pool. Outstanding charges must be paid after these adjustments.

CENTRAL ELECTRICITY AUTHORITY NOTIFIES NEW REGULATIONS ON CONSTRUCTION OF ELECTRICAL PLANTS AND ELECTRICAL LINES

Amending the 2022 Regulations, the Central Electricity Authority (CEA) notified the Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2026 (2026 Regulations) on April 16, 2026. The Regulations are slated to come into effect from April 1, 2027.

The 2026 Regulations introduces significant updates for the renewable energy sector, specifically targeting solar, wind (onshore and offshore), and Battery Energy Storage Systems (BESS). It explicitly defines BESS, energy capacity and power capacity, battery container/module/rack, battery management system, power conversion system, power plant controller, ramp rate, state of charge/health, depth of discharge, c-rate and cycle, and defining "module" for photovoltaic systems. It consolidates technical standards for construction of renewable energy power plants and BESS, mandating maintenance of least 90% output after 5 years and 70% after 15 years, with a minimum round-trip efficiency of 70% by plants and other power storage systems. Furthermore, Automatic weather stations are now mandatory for renewable plants exceeding 10 MW.

THE UNION GOVERNMENT ISSUES CLARIFICATIONS FOR ENERGY STORAGE SYSTEMS UNDER THE FIRM AND DISPATCHABLE RENEWABLE ENERGY (FDRE) BIDDING GUIDELINES

The Ministry of New and Renewable Energy (MNRE) has issued a clarification vide an office memorandum dated April 11, 2026 stating that developers no longer need a No-Objection Certificate (NOC) from intermediary or end procurers under the Firm and Dispatchable Renewable Energy (FDRE) bidding guidelines to sell power in the open market (merchant/third-party) if the storage system is charged using non-renewable sources prior to the commissioning of the RE project. However, it spelt out that power discharged from an ESS charged via non-renewable sources does not qualify as Renewable Energy. Therefore, this power cannot be supplied under existing RE Power Purchase Agreements (PPAs). It was further stated that the Right Of First Refusal clause in the FDRE guidelines explicitly applies only to RE power generated from commissioned solar or wind assets. This clarification applies to all existing and future bids under the FDRE framework.

MINISTRY OF POWER INTRODUCES INSURANCE SURETY BONDS AS VALID ALTERNATIVES TO BANK GUARANTEES

The Ministry of Power (MoP) issued an order on April 15, 2026, introducing Insurance Surety Bonds as a formal alternative to traditional Bank Guarantees (BGs) for bid and performance security. Consequently, Surety bonds are now recognized across all major power procurement frameworks, including Renewable Energy (RE), Pumped Storage Projects (PSP), and Transmission projects. The MoP has advised all States, Union Territories, and procuring utilities to integrate these provisions into their bidding documents for long-term, medium-term, and short-term power procurement, as well as Battery Energy Storage Systems (BESS).

RECALIBRATING ORIGIN CERTIFICATION

The issuance of **Notification No. 05/2026-27 dated 7 April 2026** by the Directorate General of Foreign Trade (DGFT) marks a significant refinement in India's regulatory architecture governing Certificates of Origin (CoO) under the Foreign Trade Policy 2023. Prior to this amendment, Para 2.62 of the FTP operated as a consolidated and somewhat skeletal provision, under which the issuance of Certificates of Origin through designated agencies and the concept of self-certification under the Approved Exporter Scheme were co-located without clear structural distinction or procedural depth. While the framework functioned administratively, it left gaps in procedural standardization and enforceable traceability, particularly in an era of expanding preferential trade agreements.

In practice, these limitations had begun to surface as regulatory concerns. The absence of explicit linkage between commercial documentation (such as invoices) and origin certificates, coupled with varying practices across issuing agencies, created scope for inconsistencies and potential misuse of preferential tariff benefits. Further, the Approved Exporter Scheme, though conceptually aligned with global best practices, remained underdeveloped within the FTP text, leading to ambiguity regarding its scope, eligibility thresholds, and treaty-specific applicability. This, in turn, increased the risk of disputes with customs authorities in importing countries, where strict verification of origin claims has increasingly become the norm.

Against this backdrop, the present amendment seeks to tighten compliance mechanisms while streamlining procedural clarity. At its core, the amendment restructures Para 2.62 into two distinct limbs: (a) issuance of Certificates of Origin through designated agencies, and (b) the Approved Exporter Scheme enabling self-certification. While this bifurcation may appear editorial at first glance, it represents a deliberate regulatory shift towards greater precision, accountability, and alignment with international origin verification standards.

- **Strengthening the Institutional Framework for Certificates of Origin**

The amended provision reinforces that Certificates of Origin may only be issued by agencies specifically authorised by the DGFT and strictly in accordance with prescribed procedures. This assumes significance in light of increasing global scrutiny over preferential origin claims, particularly in sectors vulnerable to circumvention.

A key addition is the requirement for consistency between invoice details in the CoO and the shipping bill. This alignment reflects a move towards data integration and automated validation, effectively creating a verifiable digital audit trail. From a legal standpoint, this enhances the evidentiary value of origin documentation and reduces the scope for post-facto manipulation.

- **The Approved Exporter Scheme: Conditional Liberalisation**

The second limb of the amendment addresses the Approved Exporter Scheme, allowing eligible exporters to self-certify the origin of goods. While not a new concept, the notification clarifies and consolidates its position within the FTP framework.

Eligibility remains restricted to **manufacturer exporters who are also Status Holders**, excluding traders and merchant exporters. Only self-manufactured goods qualify, and applicants must possess valid industrial authorizations and meet infrastructure and capacity requirements under the Handbook of Procedures. This reflects a cautious approach—extending facilitation only to entities with demonstrable compliance capability.

Crucially, the scheme is **FTA-contingent**. It applies only where recognized under a specific trade agreement and upon separate notification by the DGFT. This eliminates any presumption of universal applicability and introduces a treaty-specific compliance requirement.

This approach aligns with global practices such as the EU's Registered Exporter System (REX), where self-certification is permitted but strictly regulated and subject to verification by importing authorities. Disputes arising from misuse or incorrect declarations under such systems have led to retrospective duty demands, underscoring the legal risks associated with self-certification.

- **Compliance, Risk Allocation, and Enforcement Implications**

The notification reflects a broader philosophy of **"controlled trust"**—facilitating trade while embedding safeguards against misuse. By tightening documentation requirements and restricting self-certification to vetted entities, the DGFT seeks to balance facilitation with enforcement.

For exporters, this marks a shift in risk allocation. Under the traditional regime, issuing agencies bore significant responsibility for origin verification. Under self-certification, this burden shifts directly onto the exporter. Any incorrect declaration may attract consequences under the Foreign Trade (Development and Regulation) Act 1992, in addition to adverse action by importing country authorities.

Building on the enhanced documentation framework, enforcement is likely to become increasingly technology-driven, with a greater reliance on **post-clearance audits and retrospective scrutiny**, particularly where preferential duty benefits have been claimed.

- **Broader Trade Policy Context**

The amendment must also be viewed in the context of India's expanding trade agreement network and the increasing importance of credible origin certification. As global trade becomes more rules-based, origin verification has emerged as a key enforcement tool against tariff circumvention.

By refining the CoO framework and cautiously advancing self-certification, the DGFT is aligning India's domestic processes with international expectations while retaining regulatory oversight. This calibrated approach is likely to enhance the acceptability of Indian origin certifications and reduce friction in preferential trade flows.

DSK Views: *Notification No. 05/2026-27 represents a crucial intervention addressing structural gaps in the earlier origin certification framework under the Foreign Trade Policy 2023. Its real significance lies in the practical impact it is likely to have on exporters and compliance systems.*

At an operational level, the insistence on document consistency and system-driven validation is expected to increase compliance obligations.

The calibrated expansion of the Approved Exporter Scheme presents a dual outcome. Large manufacturer exporters stand to benefit from faster certification and reduced administrative dependency, while smaller players and merchant exporters remain outside its scope, reinforcing asymmetry in access to facilitation mechanisms.

The FTA-contingent framework further requires exporters to adopt treaty-specific compliance strategies, increasing the complexity of export operations and the need for specialized advisory.

From an implementation perspective, these measures are likely to strengthen the defensibility of Indian origin claims in a global environment increasingly focused on verification and enforcement.

For exporters, preferential market access will increasingly depend on the strength of internal controls and the legal defensibility of origin declarations.

MEDIA & ENTERTAINMENT

MEITY INITIATES STAKEHOLDER CONSULTATIONS ON PROPOSED AMENDMENTS TO THE IT RULES, 2021

The Ministry of Electronics and Information Technology (MeitY) has initiated a series of stakeholder consultations with intermediaries, industry participants, and civil society organisations regarding proposed amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. These consultations are intended to refine the regulatory framework governing digital platforms by enhancing accountability standards, strengthening content moderation requirements, and addressing emerging technological and societal challenges, particularly the spread of misinformation, harmful online content, and the increasing deployment of AI-driven tools.

During these discussions, several stakeholders have reportedly raised concerns about the potential for regulatory overreach, the imposition of heightened compliance obligations on intermediaries, and the broader implications such changes may have on freedom of expression in the digital ecosystem.

KERALA HIGH COURT DISMISSES PLEA SEEKING TO HALT RELEASE OF FILM LINKED TO THE VENJARAMOODU CASE

The Kerala High Court ("Court") has declined to grant relief in a plea seeking to restrain the release and promotion of the film "*Kaalam Paranja Kadha*", which is alleged to draw inspiration from the Venjaramoodu mass murder case. The petition, filed by the father of the accused, argued that releasing the film while the criminal trial remains pending could prejudice the accused's right to a fair trial and foster a "media trial" atmosphere. It was further contended that the film's resemblance to the real-life incident could stigmatise the accused and cause lasting reputational harm to the family.

However, the Court refused to intervene, observing that the film had been duly certified and appeared to be a fictionalised narrative incorporating disclaimers and altered elements. It held that speculative concerns regarding potential prejudice to the trial or reputational damage were insufficient grounds to impose a pre-release restraint on a creative work.

KUNAL KAMRA MOVES THE BOMBAY HIGH COURT CHALLENGING THE SAHYOG PORTAL FRAMEWORK OVER CONCERNS OF UNCHECKED TAKEDOWN POWERS

Stand-up comedian Kunal Kamra has approached the Bombay High Court ("Court") challenging the legality of the government's Sahyog portal framework and related amendments to the IT Rules, arguing that they enable content takedowns without adequate judicial or procedural safeguards. The plea contends that the Sahyog portal, designed as a centralised system to facilitate and expedite takedown requests by authorised government agencies, effectively creates a parallel mechanism for blocking online content outside the statutory safeguards prescribed under existing law. It alleges that the framework vests broad powers in numerous Central and State authorities, potentially allowing even lower-level officials to initiate takedown actions on vague or subjective grounds, thereby increasing the risk of arbitrary censorship.

Kamra's petition further argues that such powers are exercised without adherence to fundamental due process requirements, such as prior notice to the content creator, an opportunity to be heard, and the issuance of reasoned orders, contrary to safeguards recognised under the Information Technology Act and judicial precedents.

The absence of any effective remedy or appellate mechanism for affected users, the plea claims, results in unchecked executive control over online speech and undermines constitutional protections for freedom of expression. The Court has adjourned the matter, allowing the petitioner to amend the plea and granting time to the Union Government to file its response, with further hearings expected.

MADRAS HIGH COURT GRANTS INTERIM RELIEF, RESTRAINING ILLEGAL STREAMING OF VIJAY'S *JANA NAYAGAN*

The Madras High Court ("Court"), by an order dated 16 April 2026, granted an ad-interim injunction restraining internet service providers (ISPs) and cable operators from unlawfully streaming or broadcasting the film *Jana Nayagan*, starring Vijay. The interim relief was granted by Justice Senthilkumar Ramamoorthy in a suit filed by the film's producers, KVN Productions, who sought a permanent injunction against copyright infringement and a direction to block websites hosting the leaked content. The producers submitted that, despite the film still awaiting certification, it had already begun circulating illegally on social media platforms, infringing their exclusive rights as copyright holders. Taking note of the submissions, the Court observed that continued unauthorised dissemination of the film would result in irreparable financial and reputational harm to the production company. Accordingly, it restrained ISPs and cable operators from facilitating access to pirated versions of the film, pending further proceedings. Subsequent developments indicate that the injunction forms part of broader legal action following the pre-release leak of the film, with the Court also scheduling further hearings and directing compliance measures to curb piracy.

DELHI HIGH COURT GRANTS PERSONALITY RIGHTS PROTECTION TO SANJIV GOENKA, HOLDING MORPHED CONTENT IS NOT MERE HUMOUR OR PARODY

The Delhi High Court ("Court") has granted interim protection to the personality rights of Sanjiv Goenka, holding that the circulation of morphed and AI-generated content depicting him in false and abusive scenarios cannot be justified as mere humour or parody. The matter arose from a plea filed by Goenka, who alleged that his likeness was being widely misused through deepfakes and manipulated social media posts during the ongoing Indian Premier League season. His counsel highlighted multiple instances where his face was superimposed onto fabricated situations, including depictions suggesting violent or inappropriate conduct, thereby creating misleading narratives. While examining the issue, the Court acknowledged that public figures are subject to commentary, criticism, and even satire. However, it clarified that when such content crosses into fabrication, particularly through face morphing that generates false narratives, it ceases to be protected expression and becomes objectionable. Social media intermediaries argued that they function as neutral platforms and are obligated to act only upon receiving specific legal notice, cautioning that overly broad takedown or disclosure directions could have a chilling effect on free speech. Nevertheless, the Court emphasised the need to strike a balance between freedom of expression and the protection of reputation, ultimately granting interim relief and indicating that it may consider directing disclosure of user information to identify those responsible for the content.

INDIA'S PROPOSED "CREATOR ECONOMY" BILL GAINS TRACTION IN THE RAJYA SABHA

The Rajya Sabha has reportedly passed the National Creator Economy Bill, 2026, marking a significant step toward formalising India's rapidly expanding digital creator ecosystem. The proposed legislation seeks to recognise social media influencers, YouTubers, and digital artists as a distinct professional category, extending benefits such as social security coverage, standardised contracts, and structured mechanisms for resolving payment disputes with brands and agencies. A key feature of the framework is the introduction of mandatory registration for "professional creators" above a specified income threshold. While positioned as a measure to enhance transparency, tax compliance, and consumer protection, this requirement has raised concerns among digital rights advocates regarding potential regulatory overreach and its implications for free expression. The Bill also proposes stricter disclosure norms for paid partnerships and AI-generated content, aimed at curbing misinformation. Additionally, the establishment of a "Creator Welfare Fund", potentially financed through digital advertising, seeks to provide health insurance and long-term financial security for full-time creators.

PUNJAB POLICE SEEK BAN ON OTT SERIES BASED ON LAWRENCE BISHNOI

Punjab Police formally requested the Ministry of Information and Broadcasting to halt the release of a series based on Lawrence Bishnoi, citing concerns about glorification of crime and impact on ongoing investigations. The authorities further requested the Centre to block global access to the trailer to prevent its worldwide dissemination. This step from the Police highlights increasing regulatory scrutiny of true-crime storytelling on OTT platforms. Lawrence Bishnoi, an Indian gangster, has been in high-security custody for more than a decade. During that time, he has been linked to multiple high-profile killings, both in India and as far afield as Canada.

DELHI HIGH COURT TO ISSUE INTERIM ORDER PROTECTING ALLU ARJUN'S PERSONALITY RIGHTS

The Delhi High Court ("Court"), by an interim order dated April 17, 2026, granted protection to Allu Arjun's personality rights, restraining unauthorised use of his name, image, voice and other identifiable attributes, including through AI-driven tools and digital platforms. The Court acted on allegations of widespread misuse of the actor's persona, including unauthorised merchandise, obscene content, and AI-based impersonation tools such as a "Fake Call Pushpa" application that enabled simulated interactions using his likeness. It was argued that such tools posed risks of fraud and reputational harm. One of the defendants submitted that it functioned merely as an intermediary and had removed the infringing content upon notice. The Court directed compliance reporting within three days and also

took note of the unauthorised commercial exploitation of the actor's identity, reinforcing judicial recognition of personality rights in the digital context.

DELHI HIGH COURT BARS DRISHYAM 3 PRODUCERS FROM GRANTING THIRD-PARTY OTT RIGHTS FOLLOWING AMAZON PRIME'S PLEA

The Delhi High Court ("Court") has issued an interim injunction preventing Aashirwad Cinemas from selling the digital streaming rights for the upcoming film Drishyam 3 to any outside competitors of Amazon Prime Video ("Amazon"). This legal intervention follows a petition from Amazon, which claimed that the production house was violating an existing licensing agreement regarding the popular franchise. By granting this restraint, the Court has effectively protected the commercial interests and exclusive distribution claims held by the global streaming platform. The dispute highlights the ongoing tensions between content creators and digital distributors over high-value OTT intellectual property. This ruling ensures that no third-party deals can be finalised until the contractual disagreements between the movie producers and Amazon are formally resolved.

DELHI HIGH COURT CLOSES ANI'S ₹2 CRORE COPYRIGHT INFRINGEMENT SUIT AGAINST PTI AFTER SETTLEMENT

The Delhi High Court ("Court") has disposed of a ₹2 crore copyright infringement suit filed by ANI Media Private Limited against Press Trust of India (PTI) after the parties reached an amicable settlement. By an order dated April 25, 2026, Justice Jyoti Singh permitted ANI to withdraw the case, which stemmed from allegations that PTI had unauthorisedly used ANI's video footage relating to a flight incident. ANI had sought injunctive relief along with damages exceeding ₹2 Crore; however, upon reviewing the settlement terms and finding them lawful, the Court recorded the compromise and directed a full refund of court fees to ANI. The dispute, originally instituted in 2024, concerned the alleged reproduction of video content captured by ANI, and the resolution reflects a broader trend of high-value media copyright disputes being settled through negotiated agreements rather than prolonged litigation.

SC UPHOLDS MADRAS HC: CONTEMPT NOT MAINTAINABLE FOR UNQUANTIFIED ROYALTY CLAIMS AGAINST FM RADIO BROADCASTERS

The Supreme Court of India ("Court") has recently upheld a Madras High Court decision regarding the enforcement of music royalties through contempt of court proceedings. This legal dispute involves FM radio broadcasters and music copyright societies over unpaid fees for broadcasting protected works. The judiciary determined that contempt charges are inappropriate when the specific debt has not yet been quantified or officially calculated. Because the original order established a rate rather than a final sum, the Court ruled that non-payment does not constitute wilful disobedience. Instead, the claimants must seek to execute the order as a civil decree to recover the funds. This ruling confirms that contempt jurisdiction cannot be used as a shortcut to resolve contractual or financial disagreements that remain unverified.

MINISTRY OF CORPORATE AFFAIRS ("MCA")

MINISTRY OF CORPORATE AFFAIRS PROPOSES AMENDMENTS TO COMPANIES INCORPORATION RULES

The Ministry of Corporate Affairs ("**MCA**") has undertaken a comprehensive review of recommendations received from stakeholders on the Companies (Incorporation) Rules, 2014 ("**Incorporation Rules**"), and prepared the draft Companies (Incorporation) Amendment Rules, 2026 ("**Draft Amendment Rules**"). The MCA has placed the Draft Amendment Rules on its website for public consultation by way of a public notice dated April 8, 2026. The core focus of the Draft Amendment Rules is to streamline the process of incorporation of companies, reduce the compliance burden on stakeholders, and promote ease of doing business. The Draft Amendment Rules propose *inter alia* the following amendments to the Incorporation Rules:

- **Merging and simplification of filings:** To reduce multiplicity of filings, several incorporation-related forms are proposed to be consolidated into two forms, in the following manner:

Existing Forms	Proposed Consolidated Forms
– Form INC-4 (change in member/nominee by one person company) – Form INC-22 (change in registered office of a company) – Form INC-23 (shifting of registered office of a company to a different state/different jurisdictional registrar of companies) – Form INC-24 (change in name of a company) – Form INC-6 (conversion of one person company) – Form INC-12 (license application for a section 8 company) – Form INC-18 (conversion of section 8 company) – Form INC-20 (Surrender/revocation of section 8 license) – Form INC-27 (conversion between public/private company) – Form RD-1 (application to regional director) – Form INC-28 (filing of court/tribunal orders)	– Form E-CHNG – Form E-CON

- **Withdrawal of reserved names:** A proviso is proposed to be inserted in Rule 9A of the Incorporation Rules, permitting applicants to withdraw reserved names, at any time before filing the application for incorporation or change in name.

- **Redrafting of name reservation related provisions:** The provisions in the Incorporation Rules pertaining to name availability and name reservation for companies have been redrafted in simpler and clearer language, after examining comparable international practices.

- **Simplification of provisions relating to section 8 companies:** License applications for section 8 companies are proposed to be streamlined to promote ease of doing business. Further, the

Incorporation Rules are proposed to be amended to permit the conversion of a section 8 company limited by guarantee to a section 8 company limited by shares.

- Rule 23B is proposed to be inserted to clarify that in the event a subscriber passes away before paying for the shares at the time of incorporation (other than One Person Company), the legal representative of such deceased subscriber will be liable to pay the unpaid amount, and once payment is made, will have the same right as if he/she had been the subscriber.

- In case of shifting of registered office from one state to another, companies will be permitted to serve notices on debenture-holders, creditors, Registrar, SEBI and concerned regulators by speed post or e-mail (instead of only registered post).

- Rule 30(9) is proposed to be amended to permit shifting of registered office in limited cases even when inquiry/inspection/investigation is pending, based on undertakings provided by the Board, and will allow shifting of registered office in IBC resolution cases where the defaults relate to periods prior to change of management.

- Requirement of filing Form DIR-12 for first directors is proposed to be omitted.

MCA has invited stakeholder comments on the Draft Amendment Rules by May 9, 2026. *The public notice can be accessed here.*

COMPANIES (REGISTRATION OFFICES AND FEES) AMENDMENT RULES, 2026

The MCA *vide* its notification dated April 21, 2026 (*accessible here*) has amended the Companies (Registration Offices and Fees) Rules, 2014, to revise the fees payable for filing Form DIR-3 KYC, the details of which are set out below:

Erstwhile Fee	Amended Fee
Fee payable till the 30th of September of each financial year, for filing of Form DIR-3 KYC with respect to previous financial year: **NIL**	The form is filed within the timeline provided in sub-rule (1) of Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 (currently 30th of June of the financial year following every third consecutive financial year): **NIL**
Fee payable in delayed case: **INR 5,000**	The form is filed after the abovementioned timeline, or filed for re-activation of DIN: **INR 5,000**
Fee payable if the individual failed to file Form DIR-3 KYC for the preceding financial year: **INR 5,000**	No corresponding provision
No corresponding provision.	Form DIR-3 KYC Web filed again at any point for reporting changes in mobile number, residential address, or email address: **INR 500**

RESERVE BANK OF INDIA (COMMERCIAL BANKS - ASSET CLASSIFICATION, PROVISIONING AND INCOME RECOGNITION) DIRECTIONS, 2026

The Reserve Bank of India ("**RBI**") has introduced the Reserve Bank of India (Commercial Banks - Asset Classification, Provisioning and Income Recognition) Directions, 2026 (RBI/DOR/2026-27/398 DOR.STR.REC.No.6/21.06.011/2026-27) dated April 27, 2026 ("**New Asset Classification Directions**") replacing the Reserve Bank of India (Commercial Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025 ("**Existing Asset Classification Directions**"). The provisions of the New Asset Classification Directions will replace the Existing Asset Classification Directions and come into effect from April 01, 2027.

The following are the key updates/amendments introduced by way of the New Asset Classification Directions:

- The New Asset Classification Directions deletes the chapter on generation instructions, i.e., Chapter II of the Existing Asset Classification Directions, which directed the requirements of the banks to adopt a board policy for implementation of the Existing Asset Classification Directions, lays down additional compliance requirements for the grant, review, renewal and disclosure of the loans/debt/financial indebtedness/credit facilities granted by the banks, and provides for actions to be undertaken by banks to increase awareness amongst borrowers.

- The New Asset Classification Directions deletes the chapter III of the Existing Asset Classification Directions, which provides *inter-alia* for general instructions on the classification of loans as a standard asset or as a Non-performing Asset ("**NPA**") and the guidelines for the automated systems for asset classification, provisioning, downgrade or upgrade of accounts, income recognition/derecognition, etc. and specific cases for asset classification.

- The New Asset Classification Directions introduces the Expected Credit Loss (ECL) – based Provisioning ("**ECL Provisioning**") of the loans, under which a bank shall assess, at each reporting date, whether the credit risk on a financial instrument has increased significantly since initial recognition. The Expected Credit Loss (ECL) is a forward-looking provisioning framework that replaces the traditional "incurred loss" model in the Existing Asset Classification Directions. ECL Provisioning of the loans includes a 3 stage approach, based on changes in credit risk since initial recognition, and on whether the asset is credit-impaired at the reporting date:

  - Stage 1: no significant increase in risk since initial recognition. For such loans, the bank shall recognise a loss allowance based on 12-month expected credit losses.

  - Stage 2: significant increase in risk since initial recognition, but the loan is not considered 'credit-impaired'. For such loans, the bank shall recognise a loss allowance, estimated based on lifetime expected credit losses.

  - Stage 3: the loan is considered to be 'credit impaired' as at the reporting date. For such loans, the bank shall recognise a loss allowance, estimated based on lifetime expected credit losses

- The New Asset Classification Directions introduces the Effective Interest Rate (EIR) method ("**EIR Method**") to determine the yield of a loan. Under the EIR Method, the bank is required to calculate effective interest rate by taking into consideration:

- The expected cash flows by considering all the contractual terms of the financial instrument;
- The origination fees received by the bank relating to the creation and acquisition of a financial asset and commitment fees received by the bank to originate a loan; and
- Transaction costs include fees and commission paid to agents (including employees acting as selling agents), advisers, brokers and dealers.

DSK Views: *The New Asset Classification Directions provides for a more robust and uniform methodology for asset classification and income recognition. It provides for a more forward looking approach for asset classification rather than depending on the traditional "incurred loss" norms.*

RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – BRANCH AUTHORISATION) AMENDMENT DIRECTIONS, 2026

The RBI through the Reserve Bank of India (Non-Banking Financial Companies – Branch Authorisation) Amendment Directions, 2026 ("**Branch Authorisation Amendment Directions**") dated April 15, 2026 had amended the provisions of the Paragraph 3 of the (Non-Banking Financial Companies – Branch Authorisation) Directions, 2025 ("**Branch Authorisations Directions**") to include the following categories of Non-Banking Financial Companies ("**NBFCs**") the provisions of the Branch Authorisation Amendment Directions:

- NBFC-D registered with the RBI under the provisions of the RBI Act, 1934;
- NBFC-ICC registered with the RBI under the provisions of the RBI Act, 1934;
- NBFC-Factor registered with the RBI under the provisions of the Factoring Regulation Act, 2011;
- NBFC-MFI registered with the RBI under the provisions of the RBI Act, 1934;
- NBFC-IFC registered with the RBI under the provisions of the RBI Act, 1934;
- IDF-NBFC registered with the RBI under the provisions of the RBI Act, 1934;
- HFCs registered with RBI under the provisions of the NHB Act, 1987; and
- CIC registered with the RBI under the provisions of the RBI Act, 1934.

The Branch Authorisation Amendment Directions amends paragraph 5 of the Branch Authorisations Directions to allow for NBFCs to open a branch without obtain prior approval of the RBI, unless expressly restricted.

Further, paragraph 6 of the Branch Authorisations Directions has been amended the geographic threshold for deposit taking NBFCs to open a branch as follows:

- Within State Only: If Net Owned Fund (NOF) is up to ₹50 crore or credit rating is below AA; and
- Pan-India: If NOF exceeds ₹50 crore and the credit rating is AA or above.

DSK View: *The Branch Authorisation Amendment Directions has provided operational flexibility for Non-Banking Financial Companies (NBFCs) regarding branch expansion, and has extended the scope of applicability of the Branch Authorisations Directions.*

DIGITAL PAYMENTS – E-MANDATE FRAMEWORK, 2026

The RBI in exercise of the powers conferred by Sections 10(2) read with Section 18 of the Payment and Settlement Systems (PSS) Act, 2007 vide the Digital Payments – E-mandate Framework, 2026 (*RBI/DPSS/2026-27/396 RBI/CO.DPSS.POLC.No.S56/02.14.003/2026-27*) ("**E-mandate Framework**") was introduced. The E-mandate Framework is applicable to Payment System Providers and Payment System Participants in respect of processing of recurring transactions, domestic or cross-border, using cards / PPI / UPI The following are the key points:

- **Registration and Authentication**
  - **One-Time Registration:** Customers must undergo a one-time registration process, which registration will be successful only after validated by an **Additional Factor of Authentication (AFA)**, in addition to the normal process required by the issuer.
  - **Modifications:** The e-mandate can be for either a pre-specified fixed amount or for a variable amount subject to the overall cap fixed by the RBI. In the case of variable e-mandates, the issuer shall provide the customer with a facility to specify the maximum value of any recurring transaction. Any changes to the mandate validity or its withdrawal also require AFA validation.
  - **First Transaction:** The very first transaction under a mandate requires AFA validation. This can be combined with the registration step.
- **Pre-transaction and Post-transaction Notification**
  - Issuers must send a notification at least **24 hours before** a debit, which shall include the merchant's name, transaction amount, date / time of debit, reference number of e-mandate, reason for debit, i.e., e-mandate registered by the customer. Such pre-transaction notification is not required for e-mandates registered to auto replenish balances of

FASTag, and National Common Mobility Card (NCMC).

- The customer shall be provided with a facility to opt-out of any particular transaction/e-mandate. Such an opt-out shall be validated by the issuer using AFA and an intimation to this effect shall be sent to the customer.

- A post-transaction notification shall be sent to a customer, which shall contain the merchant's name, transaction amount, date and time of debit, reference number of transaction and e-mandate, reason for debit, i.e., e-mandate registered by the customer, and details on grievance redressal.

- **Transaction Limits (AFA Exemptions)**

The framework defines specific thresholds where transactions can be processed without repeated AFA:

- General Recurring Transactions: Up to INR 15,000/- (Indian Rupees Fifteen Thousand only) per transaction.

- Special Categories: Up to INR 1,00,000/- (Indian Rupees One Lakh only) for transactions such as insurance premiums, mutual fund subscriptions, and credit card bill payments.

- Transactions above this amount shall be subject to AFA.

- **Customer Protection and Grievance Redressal**

- Grievance redressal systems are to be put in place by the issuer for the customer to lodge grievances/disputes.

- The instructions as issued by the RBI to customers with respect to unauthorised transactions shall also be applicable for recurring transactions under e-mandates.

- Issuers cannot charge customers for using the e-mandate facility.

- Existing e-mandates can be mapped to reissued cards to ensure service continuity

DSK View: *The E-mandate Directions provide a one stop reference for the system of e-mandates as rolled out by the RBI, by consolidating all circulars pertaining to e-mandates and providing a single set of directions eliminating any ambiguity.*

RESERVE BANK OF INDIA (COMMERCIAL BANKS – RESOLUTION OF STRESSED ASSETS) AMENDMENT DIRECTIONS, 2026

The RBI vide the Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Amendment Directions, 2026 (*RBI/2026-27/23 DOR.STR.REC.7/21-04-048/2026-27*) dated April 27, 2026 ("**Stressed Assets Amendment Directions**") have amended the Reserve Bank of India (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 ("**Stressed Assets Directions**"). The Stressed Assets Amendment Directions are to come into force from April 01, 2027.

- The Stressed Assets Amendment Directions have amended paragraph 10 of the Stressed Assets Directions to include the following events in the indicative list of signs of financial difficulty:

  - significant downgrade in the financial instrument's external credit rating or in internal credit rating.
  - significant changes in the value of the collateral supporting the obligation
  - Any delay in payment of fee/ charges from the due date as per the internal policy of the bank.
  - expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, delays in review/renewal of the loan account vis-à-vis pre-determined schedule or other changes to the contractual framework of the instrument.

- The provisions of the Stressed Assets Amendment Directions amended Paragraph 48 (2) of the Stressed Assets Directions, which set out the amounts of provisions over and above which additional provisions are required to be made in case of delayed implementation of the resolution plan to include the provisions required to be made as per the Reserve Bank of India (Commercial Banks – Asset Classification, Provisioning and Income Recognition) Directions, 2026 ("**Asset Classification Directions**").

- Paragraph 54 of the Stressed Assets Directions have been amended to provide that post restructuring the asset classification shall continue to be governed by the ageing criteria as per extant asset classification norms contained in the Asset Classification Directions.

- The provisions of Paragraph 63 has been amended to provide that an account that has been restructured as per the provisions of the Stressed Assets Directions shall attract provisioning as per the asset classification category as laid out in the Asset Classification Directions.

- The provisions of the interim financing during the insolvency resolution process period shall be governed as per the provisions of the Asset Classification Directions as per the amended provisions of Paragraph 67.

- Upon the expiry of the time period within which a resolution plan can keep the provisions of the borrower frozen post the approval of the final resolution plan, the provisioning and asset classification as provided in Paragraph 72 and Paragraph 73 of the Stressed Asset Directions shall be as per the requirements of the Asset Classification Directions.

- The provisions of Paragraph 77 have been amended to provide that if the change of ownership is completed as per the provisions of the Stressed Asset Directions, the classification as 'standard' shall be subject to the satisfaction of the conditions for implementation of resolution plan as per paragraphs 31 to 40 of the Stressed Asset Directions.

- With respect to the cooling period for 'farm credit exposures' as per the provisions of Paragraph 96 post which the banks can assume fresh exposures from the concerned borrower, the classification of 'farm credit' shall be as set out under the Asset Classification Directions.

- The provisions of Paragraph 103 has been amended to provide that provisioning in case of resolutions of loans impacted by natural calamities shall be guided by the provisions of the Asset Classification Directions.

- The amended provisions of Paragraph 119 provide that for income recognition for non-performing assets (NPAs) in respect of a project finance account shall be guided by the Asset Classification Directions.

- Paragraph 120 and Paragraph 124 have been amended to provide that for the maintenance of additional specific provisions over and above the applicable staging provisions in relation to accounts which have availed DCCO deferment as per paragraphs 113 to 116 and are classified as 'standard' as well as for the provisioning of project loans, the provisions of the Asset Classification Directions shall be referred to.

- The trade relief measures set out in Paragraph 162 of the Stressed Asset Directions has been deleted.

DSK View: *The Stressed Assets Amendment Directions aligns the provisions with respect to the framework for the resolution of stressed asset with the provisions of the new Asset Classification Directions.*

RESERVE BANK OF INDIA (COMMERCIAL BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) FOURTH AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026 ("**Capital Adequacy Amendment Directions**") (*RBI/2026-27/33 DOR.STR.REC.19/21-01-002/2026-27*) dated April 27, 2026 amends the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Directions, 2025 (*RBI/DOR/2025-26/151 DOR.CAP.REC.70/21-01-002/2025-26*) ("**Capital Adequacy Directions**"). The amendments come into effect from April 01, 2027.

The provisions of Paragraph 21(i)(a) were amended to provide for only general provisions on standard assets (i.e Stage 1 or Stage 2 assets), and any excess provisions which arise on account of sale of NPAs shall qualify for inclusion in Tier 2 capital.

Paragraph 21(i)(c) was amended to provide that even for Stage 3 exposures provisions in lieu of diminution in the fair value of assets in the case of restructured advances, provisions against depreciation in the value of investments shall be excluded for general provisions and loss reserves.

The Capital Adequacy Amendment Directions included Paragraph 31A, which make includes a reference to the 3 stages for the determination of Significant Increase in Credit Risk (SICR) from the provisions of the Asset Classification Directions for claims on domestic sovereigns.

The Capital Adequacy Amendment Directions also delete the provisions of Paragraph 130(2) and note to Paragraph 223.

DSK View*: The Capital Adequacy Amendment Directions provides for certain relaxations in compliances while allowing for operational flexibility of the banks and aligning the structures/provisions introduced vide the Asset Classifications Directions.*

RESERVE BANK OF INDIA (COMMERCIAL BANKS - TRANSFER AND DISTRIBUTION OF CREDIT RISK) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Commercial Banks - Transfer and Distribution of Credit Risk) Amendment Directions, 2026 (*RBI/2026-27/24 DOR.STR.REC.17/21-04-048/2026-27*) dated April 27, 2026 ("**Transfer of Credit Risk Amendment Directions**") amended the provisions of the Reserve Bank of India (Commercial Banks - Transfer and Distribution of Credit Risk) Directions, 2025 ("**Transfer of Credit Risk Directions**"). The amendments come into force from April 01, 2027.

The Transfer of Credit Risk Amendment Directions introduces new provisions such as Paragraph 52A, which

provides that for permitted transferees, the initial recognition as well as subsequent measurement of acquired loans will be as per the provisions of the Asset Classification Directions, and Paragraph 70A, which provides that stressed loan acquired by banks shall be classified as purchased or originated credit-impaired financial asset (POCI) and shall be guided by POCI related guidelines contained in the Asset Classification Directions for the purpose of provisioning, initial recognition, subsequent measurement and relevant disclosures.

The Transfer of Credit Risk Amendment Directions modified the provisions of Paragraph 81 to delete the provision which permits the use of countercyclical or floating provisions for meeting any shortfall on transfer of stressed loan by a bank when the transfer is at a price below the net book value.

The Transfer of Credit Risk Amendment Directions also deletes Paragraph 53 and Paragraph 73 of the Transfer of Credit Risk Directions.

***DSK View**: The Transfer of Credit Risk Amendment Directions aligns the provisions of the Transfer of Credit Risk Directions with the revised provisions with the Asset Classification Directions and provide for certain relaxations in the requirements for provisioning of standard and stressed assets.*

RESERVE BANK OF INDIA (COMMERCIAL BANKS – FINANCIAL STATEMENTS: PRESENTATION AND DISCLOSURES)- SEVENTH AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures)- Seventh Amendment Directions, 2026 (*RBI/2026-27/35 DOR.STR.REC.15/21-04-018/2026-27*) dated April 27, 2026 ("**Financial Statements Amendment Directions**") has amended the Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Directions, 2025 ("**Financial Statements Directions**"). The amendments come into force from April 01, 2027.
The Financial Statements Amendment Directions amends the following tables of the Financial Statement Directions:

- **Table for instructions for compilation of Balance Sheet and Profit & Loss Reporting**
  - Provisions for Stage 1 and Stage 2 assets must no longer be netted from gross advances. Instead, they must be shown separately under 'Others' in Schedule 5 (Other Liabilities and Provisions).
  - Computation of interest for specific assets shall be in accordance with the provisions of the Asset Classifications Directions.
  - For income on investments, income derived from the investment portfolio by way of interest / discount, dividend is to be included.
  - Banks are no longer required to book broken-period interest paid on government securities as an expense; the previous instruction to do so has been deleted.
- For Paragraph 6(2)(i) of the Financial Statements Directions, classification of the assets is to be as per the Stage 3 classification for loans introduced by the Asset Classification Directions.
- For Paragraph 6(11)(iii) of the Financial Statements Directions, the provisions are modified to provide that Accounting Standards 28 are not to be provided for leasing assets.
- Paragraph 10 (1)(i)(a) has been added to include transitional arrangements as per the Asset Classification Directions and to provide that banks shall make appropriate disclosures with respect to:
  - whether the regulatory transitional arrangement has been applied; and
  - the impact of such arrangement on the bank's regulatory capital and leverage ratios, as compared with the bank's fully loaded capital and leverage ratios had such transitional arrangement not been applied.
- The Following tables have been added:
  - Paragraph 10(3)
  - Paragraph 10(4)

***DSK View:** The Financial Statements Amendment Directions aligns the provisions of the Financial Statements Directions with the ELC Provisioning and provides for enhanced transparency in credit risk and stricter governance.*

(A) THE RESERVE BANK OF INDIA (COMMERCIAL BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; (B) RESERVE BANK OF INDIA (SMALL FINANCE BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; (C) THE RESERVE BANK OF INDIA (LOCAL AREA BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; (D) RESERVE BANK OF INDIA (URBAN COOPERATIVE BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; (E)

RESERVE BANK OF INDIA (RURAL COOPERATIVE BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; (F) THE RESERVE BANK OF INDIA (REGIONAL RURAL BANKS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026; AND (G) THE RESERVE BANK OF INDIA (ALL INDIA FINANCIAL INSTITUTIONS – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026

The:

(A) The Reserve Bank of India (Commercial Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/45 DOR.STR.REC.34/21-04-048/2026-27) dated April 29, 2026;
(B) Reserve Bank of India (Small Finance Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/49 DOR.STR.REC.38/21-04-048/2026-27) dated April 29, 2026;
(C) The Reserve Bank of India (Local Area Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/53 DOR.STR.REC.42/21-04-048/2026-27) dated April 29, 2026;
(D) Reserve Bank of India (Urban Cooperative Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/57 DOR.STR.REC.46/21-04-048/2026-27) dated April 29, 2026;
(E) Reserve Bank of India (Rural Cooperative Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/65 DOR.STR.REC.54/21-04-048/2026-27) dated April 29, 2026;
(F) The Reserve Bank of India (Regional Rural Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/61 DOR.STR.REC.50/21-04-048/2026-27) dated April 29, 2026; and
(F) The Reserve Bank of India (All India Financial Institutions – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 (RBI/2026-27/73 DOR.STR.REC.62/21-04-048/2026-27) dated April 29, 2026;
("**said Asset Classification Amendments**")

Have introduced the following amendments to their respective provisions:

- If a resolution plan as per the provisions of the respective RBI directions for stressed assets is implemented, the accounts of the borrower classified as 'standard' shall continue to be classified as 'standard' upon the implementation of such a resolution plan, and any account classified as NPA due to calamities shall be upgraded to 'standard' upon the implementation of the resolution plan.

- If an account/asset is restructured as per the provisions of the respective RBI directions for stressed assets, the same shall be continued to be classified as 'standard' upon a subsequent restructuring.

- Regulated Entities (REs) shall make additional provisions of 5% of the outstanding debt for borrowers for which a resolution plan has been implemented under the respective RBI directions for stressed assets. The additional specific provisioning shall be over and above the applicable prudential provisions subject to a ceiling of 100%. Such provisioning may be written back upon the borrowing paying at least 20% of the outstanding debt post the implementation of restructuring, without being classified as an NPA and without further restructuring.

- For accounts where restructuring is repeated, Regulated Entities (REs) shall make additional provisions of 5% of the outstanding debt for each restructuring initiated. The additional specific provisioning shall be over and above the applicable prudential provisions subject to a ceiling of 100%. Such provisioning may be written back upon the borrowing paying at least 20% of the outstanding debt post the implementation of restructuring, without being classified as an NPA and without further restructuring.

- If the outstanding debt post restructuring is in the form of only non-fund based facilities or facilities in the nature of cash credit / overdraft, the provisioning can be reversed, provided that the borrower was not in default at any point in time.

- Interest income recognition for borrower accounts where a resolution plan has been implemented as per the provisions of the respective RBI directions for stressed assets shall be on accrual basis.

- For accounts as provided in Paragraph (IV) above, the interest income shall be recognised on cash basis.

DSK View: *The said Asset Classification Amendments provide for additional support for stressed sectors and calamities. They also provide for additional buffers and safeguarding by regulated entities (REs) and strengthen the transparency standards.*

RESTRUCTURING & INSOLVENCY

THE INSOLVENCY AND BANKRUPTCY CODE, 2016 ("IBC") CANNOT BE INVOKED AS A SUBSTITUTE FOR EXECUTION PROCEEDINGS OR AS A RECOVERY MECHANISM FOR THE ENFORCEMENT OF A MONEY DECREE AGAINST A SOLVENT COMPANY

In *Anjani Technoplast Ltd. vs. Shubh Gautam, Civil Appeal No. 8247 of 2022*, ("**Civil Appeal**"), the Hon'ble Supreme Court held that the provisions of the IBC cannot be misused as a recovery mechanism for the enforcement of a money decree, particularly where the corporate debtor is a solvent and functioning company and disputes regarding the computation of the decretal amount subsist.

The respondent had advanced a loan to Anjani Technoplast Ltd. ("**Corporate Debtor**") and upon the default being committed by the Corporate Debtor, the respondent had preferred a summary suit before the Hon'ble High Court of Delhi, wherein a decree was passed in favour of the respondent, which was upheld by the Hon'ble Supreme Court.

Instead of pursuing execution proceedings, the respondent preferred an application under Section 7 of the IBC ("**S7 Application**") before the Hon'ble National Company Law Tribunal ("**NCLT**"), alleging that the decretal amount constituted a financial debt and the Corporate Debtor had committed a default in repayment of financial debt.

The Hon'ble NCLT dismissed the S7 Application, *inter alia*, holding that the IBC is not a recovery mechanism and that the Corporate Debtor was a solvent company. Being aggrieved by the dismissal of the S7 Application, the respondent preferred an appeal before the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**"), whereby it, *inter alia*, set aside the order passed by the Hon'ble NCLT and further directed for admission of the S7 Application.

The Hon'ble Supreme Court, whilst allowing the Civil Appeal preferred by the Corporate Debtor, observed that the primary object of the IBC is revival and resolution of distressed corporate entities and not recovery of individual dues. In this regard, reliance was placed upon *Swiss Ribbons Pvt. Ltd. vs. Union of India, (2019) 4 SCC 17*, *Pioneer Urban Land and Infrastructure Ltd. vs. Union of India, (2019) 8 SCC 416* and *GLAS Trust Co. LLC vs. BYJU Raveendran, (2025) 3 SCC 625*.

The Hon'ble Supreme Court further observed that the respondent had already obtained a money decree and the appropriate remedy available was to proceed with the execution of the said decree in accordance with law. It was further noted that substantial disputes existed regarding the computation of the decretal amount and the respondent had taken inconsistent stands before different authorities regarding the outstanding liability. Moreover, the Corporate Debtor had already deposited substantial amounts before the Hon'ble High Court of Delhi and had consistently expressed willingness to satisfy the decretal liability.

The Hon'ble Supreme Court held that initiation of CIRP in the facts of the present case amounted to misuse and abuse of the insolvency process and constituted an attempt to use the IBC as a substitute for debt enforcement and execution proceedings.

Accordingly, the Hon'ble Supreme Court set aside the order passed by the Hon'ble NCLAT and restored the order passed by the Hon'ble NCLT dismissing the S7 Application preferred by the respondent.

THE EXISTENCE OF A PLAUSIBLE PRE-EXISTING DISPUTE BETWEEN PARTIES, REQUIRING RECONCILIATION OF ACCOUNTS AND ADJUDICATION OF RIVAL CLAIMS, DISENTITLES AN OPERATIONAL CREDITOR FROM INITIATING CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER SECTION 9 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 ("IBC")

In *GLS Films Industries Private Limited vs. Chemical Suppliers India Private Limited, Civil Appeal No. 4019 of 2025* ("**Civil**

Appeal"), the Hon'ble Supreme Court held that where there exists a plausible pre-existing dispute between the parties prior to the issuance of a demand notice under Section 8 of the IBC, an application under Section 9 of the IBC is liable to be rejected.

Chemical Suppliers India Private Limited ("**Operational Creditor**") had supplied chemicals to GLS Films Industries Private Limited ("**Corporate Debtor**") and over a period of time, an amount of Rs. 2.92 Crores was due and payable to the Operational Creditor. Upon default being committed by the Corporate Debtor, a demand notice dated 11.11.2021 ("**Demand Notice**") was issued under Section 8 of the IBC, which was responded to by the Corporate Debtor vide email dated 06.12.2021, thereby disputing the claim.

Subsequently, an application under Section 9 of IBC ("**S9 Application**") was preferred by the Operational Creditor before the Hon'ble National Company Law Tribunal ("**NCLT**") alleging default in payment of operational debt amounting to Rs. 2,92,93,223/-. The Corporate Debtor opposed the S9 Application on the ground that the Operational Creditor had supplied defective materials causing substantial losses and further contended that disputes regarding defective supplies, reconciliation of accounts and debit notes existed much prior to the issuance of the Demand Notice.

The Hon'ble NCLT, after considering the correspondence exchanged between the parties, including letters, emails and police complaint lodged prior to the issuance of the demand notice, held that a plausible dispute existed between the parties and accordingly dismissed the S9 Application. However, the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**") reversed the said order and directed admission of the S9 Application, inter alia, holding that the disputes raised by the Corporate Debtor were not genuine and constituted a moonshine defence.

The Hon'ble Supreme Court, whilst allowing the Civil Appeal preferred by the Corporate Debtor, observed that written correspondence between the parties evidencing disputes regarding defective supplies and reconciliation of accounts existed much prior to the issuance of the Demand Notice. Further, it was observed that the ledger accounts of the parties reflected discrepancies and competing claims, thereby demonstrating that the accounts required reconciliation.

The Hon'ble Supreme Court further observed that at the stage of adjudication of an application under Section 9 of the IBC, the Adjudicating Authority is only required to examine whether there exists a plausible dispute requiring further investigation and not whether such a defence is likely to ultimately succeed. In this regard, reliance was placed upon *Mobilox Innovations Private Limited vs. Kirusa Software Private Limited, (2018) 1 SCC 353*.

Accordingly, the Hon'ble Supreme Court held that the disputes raised by the Corporate Debtor were genuine and not spurious, hypothetical or illusory in nature and therefore, the S9 Application was not maintainable and liable to dismissed. It was further held that it was not for the Hon'ble NCLAT to delve into the Corporate Debtor's dispute to decide whether it had actual merit or not. Consequently, the order passed by the Hon'ble NCLAT was set aside and the order of the Hon'ble NCLT dismissing the S9 Application was restored.

ADMISSION OF A CLAIM BY AN INTERIM RESOLUTION PROFESSIONAL ("IRP")/ RESOLUTION PROFESSIONAL ("RP") DURING A CORPORATE INSOLVENCY RESOLUTION PROCESS ("CIRP") DOES NOT CONSTITUTE AN ACKNOWLEDGMENT OF DEBT UNDER SECTION 18 OF THE LIMITATION ACT, 1963 AND THEREFORE CANNOT EXTEND THE LIMITATION PERIOD FOR INITIATING PROCEEDINGS UNDER SECTION 7 OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 ("IBC")

In *Shankar Khandelwal vs. Omkara Asset Reconstruction Pvt. Ltd. & Anr., Civil Appeal No(s). 13158-13159 of 2025*, ("**Civil Appeal**") the Hon'ble Supreme Court held that the admission of a claim by an IRP/RP is merely an administrative act undertaken in discharge of statutory duties envisaged under Section 18 of the IBC and does not amount to an acknowledgment of liability under Section 18 of the Limitation Act, 1963 ("**Act**").

Dewan Housing Finance Corporation Ltd. ("**DHFL**") had advanced loans to Shrinathji Business Ventures Private Limited and Samaria Business Ventures Private Limited ("**Corporate Debtors**"). The Corporate Debtors defaulted in repayment of the loan amounts and accordingly, their accounts were classified as non-performing assets ("**NPA**") on 06.12.2016.

Subsequently, pursuant to the approval of the resolution plan of DHFL, the subject loans came to be assigned to Omkara Asset Reconstruction Pvt. Ltd. ("**Financial Creditor**"). Thereafter, the Financial Creditor preferred applications under Section 7 of the IBC ("**S7 Applications**") against the Corporate Debtors on 23.09.2024, which were admitted by the Hon'ble National Company Law Tribunal ("**NCLT**"). The said order was upheld by the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**"), inter alia, holding that the admission of the claim by the RP in the earlier CIRP constituted acknowledgment of debt and consequently extended the limitation period.

The Hon'ble Supreme Court, whilst allowing the Civil Appeal, preferred by the erstwhile director of the Corporate Debtors, held that the limitation period for filing an application under Section 7 of the IBC is governed by Article 137 of the Act and commences from the date of default, i.e., when the corporate debtor first fails to discharge its repayment obligations.

In the present case, accounts of the Corporate Debtor were declared NPA on 06.12.2016. Therefore, the right to file a

petition under Section 7 of the IBC accrued on 06.12.2016 and, after excluding the periods protected under Section 60(6) of the IBC and the orders passed by the Hon'ble Supreme Court during the COVID-19 pandemic, the limitation period expired on 01.08.2024, whereas the S7 Applications were filed only on 23.09.2024, which is beyond the period of limitation.

The Hon'ble Supreme Court further observed that an acknowledgement of debt under Section 18 of the Act must contain a conscious and unequivocal admission of an existing jural relationship and liability. It was further held that the RP merely performs administrative and collative functions under the IBC and has no adjudicatory powers.

Accordingly, the IRP's admission of secured financial creditors debt in the first CIRP (which was terminated by the Hon'ble NCLT on the ground of fraudulent initiation of the CIRP) was not an acknowledgement under Section 18 of the Act.

Accordingly, the Hon'ble Supreme Court held that the S7 Applications were barred by limitation and consequently set aside the orders passed by the Hon'ble NCLAT and NCLT.

CORPORATE GUARANTEES EXECUTED BY A CORPORATE DEBTOR IN FAVOUR OF LENDERS CONSTITUTE "FINANCIAL DEBT" UNDER SECTION 5(8) OF THE INSOLVENCY AND BANKRUPTCY CODE, 2016 ("IBC"), AND LENDERS HOLDING SUCH GUARANTEES ARE ENTITLED TO BE RECOGNISED AS FINANCIAL CREDITORS NOTWITHSTANDING OBJECTIONS REGARDING TIMING OF EXECUTION, DISCLOSURE IN FINANCIAL STATEMENTS OR ALLEGED INSUFFICIENCY OF STAMPING

In *State Bank of India & Ors. vs. Doha Bank Q.P.S.C. & Anr., Civil Appeal No. 8527 of 2022*, ("**Civil Appeal**") the Hon'ble Supreme Court held that liabilities arising from validly executed corporate guarantees fall within the ambit of 'financial debt' under Section 5(8) of the IBC and consequently, the beneficiaries of such guarantees are entitled to be treated as financial creditors in the Corporate Insolvency Resolution Process ("**CIRP**").

A consortium of lenders led by State Bank of India ("**Consortium Lenders**") had extended loan facilities to Reliance Communications Limited and Reliance Telecom Limited. Subsequently, Reliance Infratel Limited ("**Corporate Debtor**") executed corporate guarantees in favour of the security trustee on behalf of the Consortium Lenders to secure the said facilities.

Upon initiation of CIRP against the Corporate Debtor, the Consortium Lenders submitted claims as financial creditors on the strength of the corporate guarantees. However, Doha Bank Q.P.S.C. ("**Doha Bank**") challenged the validity and enforceability of the guarantees on several grounds, including alleged non-disclosure of the guarantees in financial statements, improper verification by the Resolution Professional ("**RP**"), insufficiency of stamp duty and suspicious timing of execution of the guarantees after the accounts had allegedly become Non-Performing Assets ("**NPA**").

The Hon'ble National Company Law Tribunal ("**NCLT**") accepted the objections raised by Doha Bank and held that the Consortium Lenders could not be recognised as financial creditors. The said decision of the Hon'ble NCLT was affirmed by the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**"), and it further observed that the guarantees were executed at a time when the Corporate Debtor and related entities were already in financial distress.

The Hon'ble Supreme Court, whilst allowing the Civil Appeal preferred by the Consortium Lenders, observed that Section 5(8) of the IBC specifically includes liabilities arising from guarantees within the ambit of "financial debt". In this regard, reliance was placed upon *Anuj Jain, Interim Resolution Professional for Jaypee Infratech Ltd. vs. Axis Bank Ltd. & Ors., (2020) 8 SCC 401*, *Phoenix ARC Pvt. Ltd. vs. Spade Financial Services Ltd. & Ors., (2021) 3 SCC 475* and *China Development Bank vs. Doha Bank Q.P.S.C. & Ors., (2025) 7 SCC 729*.

The Hon'ble Supreme Court further observed that the execution of the corporate guarantees stood admitted by the Corporate Debtor itself through communications exchanged by its counsel and therefore the existence and validity of the guarantees could not be disputed. It was further held that mere non-disclosure of the guarantees in the financial statements of the Corporate Debtor could not invalidate the guarantees or deprive the Consortium Lenders from asserting claims on the basis thereof.

The Hon'ble Supreme Court also rejected the contention regarding improper stamping of the guarantees and held that insufficiency of stamp duty is a curable defect and does not render the instrument void or unenforceable. In this regard, reliance was placed upon interplay between principles governing the arbitration agreements under Arbitration & Conciliation Act, 1996 and Stamp Act, 1899 and inter alia, *NN Global Mercantile Pvt. Ltd. vs. Indo Unique Flame Ltd. & Ors., (2023) 7 SCC 1*.

Further, the Hon'ble Supreme Court held that the findings recorded by the Hon'ble NCLT and NCLAT were perverse inasmuch as the RP had duly verified the guarantees and the guarantees had been produced before the appellate forum. It was also observed that an appeal is a continuation of original proceedings and therefore relevant documents could validly be produced at the appellate stage.

Accordingly, the Hon'ble Supreme Court set aside the orders passed by the Hon'ble NCLT and NCLAT, recognised the Consortium Lenders as financial creditors of the Corporate Debtor and directed the reconstitution of the Committee of Creditors by including the Consortium Lenders.

FUTURE DEVELOPMENT CANNOT BE USED AS A REASON TO KEEP COMMON AREAS OUTSIDE THE CONVEYANCE

Background: The Bombay High Court, Single Judge in *One Astoria CHS Federation Ltd. and Ors. v. Peninsula Land Limited and Ors.*, by judgment dated March 17, 2026, dealt with a challenge to the order dated February 22, 2024, rejecting an application for deemed conveyance under Section 11(3) of the Maharashtra Ownership Flats Act, 1963 ("**MOFA**") on the ground that the project was incomplete and the application was premature. The petition was filed by the Apex Body and its member societies. It was also contended that the authority could not grant conveyance under Real Estate (Regulation and Development) Act, 2016 ("**RERA**"). Earlier proceedings before MahaRERA had been rejected on the ground that the project was completed prior to RERA and hence RERA was inapplicable. A civil suit had also been instituted. (An SLP has been filed before the Supreme Court, with no orders passed as yet.)

Observations: The Court held that RERA does not override or extinguish rights created under MOFA and both enactments must be read harmoniously. It was observed that RERA regulates ongoing real estate activity and promotes transparency, while MOFA continues to govern obligations arising from earlier agreements and protect purchasers. The existence of RERA cannot be used as a ground to deny relief under MOFA, and a promoter cannot avoid statutory duties by shifting between statutes. The Court emphasized that statutes must be interpreted harmoniously to preserve the purpose of both enactments, ensuring that the protective scheme under MOFA continues to operate.

The Court rejected the contention that conveyance can be postponed on the ground of incomplete project or future development, holding that once a society is formed and the statutory period has expired in accordance with Rule 9 of MOFA, the promoter is obligated to execute conveyance. Completion of the entire township is not a precondition recognised by law, and private agreements or clauses deferring conveyance until completion of all phases cannot override statutory obligations. It was held that future development, proposed layouts, or expectations of additional FSI/TDR cannot be used to deny present rights of purchasers, and conveyance must be granted for completed buildings as MOFA is a welfare legislation.

On the issue of common areas, the Court held that areas shown in sanctioned plans, including open spaces, roads, amenities and club house, form part of the rights of purchasers and must be conveyed along with proportionate undivided share in land. The Government Resolution dated June 22, 2018, was relied upon to hold that even where some buildings remain incomplete, conveyance of completed buildings must include proportionate rights in land and common facilities. The Court held that the sanctioned plan is the most reliable document for determining such rights, and common areas cannot be retained by the promoter under the pretext of future development. The Court further held that procedural objections such as delay in filing documents or non-joinder of parties are not fatal and cannot defeat substantive rights. It was observed that architect's certificates are relevant for determining area and must be considered on merits, and that non-joinder does not invalidate proceedings unless rights are directly affected. The existence of parallel civil proceedings was held not to bar deemed conveyance, particularly where the reliefs are distinct before the civil court and the competent authority or have been given up. It was clarified that third parties with independent title remain free to assert their rights before appropriate forums.

Accordingly, the impugned order was set aside and directions were issued to grant deemed conveyance including common areas in accordance with the sanctioned plan, with proportionate undivided rights in land and amenities.

MERE ISSUANCE OF OCCUPANCY CERTIFICATE DOES NOT AMOUNT TO LAWFUL POSSESSION AND PARKING ENTITLEMENT MUST BE STRICTLY HONOURED

Background: In a complaint filed by Nehanshu Kishorebhai Tank against M/s Krisala Enterprises, an order dated April 02, 2026, was passed. The complainant had been granted fit-out possession in March 2024, while the Occupation Certificate for the flat was received in May 2024, and the complaint pertained to issues relating to parking. In a separate matter, in *Pramod Vitthalrao Kadam and Anr. v. Aastha Infra Buildcon and Ors.*, by order dated April 09, 2026, issues relating to non-allotment and retention of parking spaces were considered. Further, in *Vijay Shrimal Khivansara v. M/s Vrindavan Realtors*, by order dated April 09, 2026, the issue of failure to hand over and demarcate covered parking space despite contractual entitlement was adjudicated.

Observations: MahaRERA held that mere issuance of an Occupation Certificate does not amount to lawful possession under the agreement for sale, and possession under RERA must be complete in all respects, including habitability and compliance with agreed specifications. On the issue of parking, it was observed that where the agreement for sale provides for covered parking, allotment of a different form such as ramp parking cannot be treated as compliance. While it was held that no interest for delay was payable where the Occupation Certificate had been received and possession taken, the allottee was held entitled to relief for defects and for proper allotment of parking in accordance with the agreement and sanctioned plans.

MahaRERA further held that parking spaces form an integral part of the sanctioned layout and are necessary for beneficial enjoyment of the flat and therefore cannot be withheld or arbitrarily dealt with by the promoter. Reliance was placed on MahaRERA circulars mandating transparent allotment of parking, and it was observed that retention of parking spaces or arbitrary allotment practices indicate unfair and non-compliant conduct. It was also held that allotment of a parking space which is not usable or workable cannot be treated as compliance and amounts to deficiency in service.

It was further observed that promoters cannot retain or appropriate parking spaces for their own benefit at the cost of the allottees, and that failure to identify, demarcate and hand over the agreed covered parking space constitutes a continuing breach of the agreement for sale as well as statutory obligations. In cases where the promoter continues to retain control in the absence of completion and society formation, such obligations remain enforceable, and allottees are entitled to seek directions for specific performance including proper allotment and demarcation of parking spaces. The complainants were granted liberty to seek compensation before the adjudicating officer.

PHASEWISE DEVELOPMENT UNDER MOFA AND RERA WITH SEPARATE TOWERS BUT SHARED AMENITIES WARRANTS SINGLE SOCIETY; PROMOTER CANNOT INSIST ON TOWER-WISE SOCIETY

Background: The Bombay High Court, Single Judge (Amit Borkar J), in *Gera Developers Private Limited v. State of Maharashtra and Ors. (Review Petition No. 63 of 2026 in Writ Petition No. 3151 of 2026)*, passed a judgment dated April 21, 2026, in a review petition. The petitioner contended that, in view of the MOFA Validation Act, 2025, the provisions of the MOFA do not apply to projects governed by the RERA, except for limited saved provisions, and therefore a composite application under Section 10 of MOFA for formation of a common society covering both MOFA and RERA governed projects was not maintainable. It was further contended that separate societies were required to be formed under Rule 9 of the RERA Rules, 2017, and failure to do so could attract penal consequences under Section 61 of RERA.

Observations: The Court held that although the MOFA Validation Act, 2025 provides that MOFA shall not apply to RERA governed projects except for certain saved provisions, such exclusion cannot be read in isolation and must be interpreted in the context of the legislative scheme. It was observed that the intent of the amendment was to avoid overlap and reduce duplication between MOFA and RERA, but it does not mean that in every situation involving composite developments MOFA completely disappears. The Court recognised that many real estate projects are transitional in nature, with some portions governed by MOFA and others by RERA, and that rights may have crystallised at different stages, and therefore the provision must be applied in a balanced manner.

The Court further held that the dispute concerned formation of a legal entity for management of an occupied layout having common facilities, common users and completed units belonging to different stages of development, and such practical realities cannot be ignored merely because different parts of the project are governed by different enactments. It was observed that irrespective of whether obligations arise under MOFA or RERA, the registration of a co-operative housing society is governed by the Maharashtra Co-operative Societies Act, 1960, and the Registrar remains the competent authority to examine whether the proposed society satisfies statutory requirements. The Court held that the presence of RERA registered components does not take away the power to consider formation of a composite society.
Interpreting Rule 9 of the RERA Rules, 2017, the Court held that the provision uses flexible expressions such as building, wing, layout and apex body and does not mandate compulsory formation of separate societies for each building. It was further held that the contention based on Section 61 of RERA is misconceived, as it is a penal provision

and cannot determine the issue of society formation unless a legal breach is established. The Court held that the scope of review is limited to errors apparent on the face of the record, and since the core issue had already been considered in the earlier judgment, no such error was made out. Accordingly, the review petition was dismissed.

SPORTS AND GAMING

SPORTS

AFI MANDATES PRIOR APPROVAL FOR ATHLETE SPONSORSHIP DEALS

The Athletics Federation of India (AFI) has introduced a new rule requiring all track and field athletes to obtain prior approval before entering into any sponsorship or commercial agreement with third parties, including private backers such as Reliance, JSW, and OGQ.

The stated objective is to protect the interests of both athletes and sponsors, particularly in light of increasing instances of athletes frequently switching sponsors. Under the new system, sponsors are also expected to verify AFI approval before executing agreements, with the federation committing to respond within a short timeframe.

The move comes against the backdrop of a shift away from centralised training structures, with many elite athletes now training under private organisations rather than national camps, increasing the importance of private sponsorships. However, the rule has drawn criticism from legal experts and stakeholders, who argue that it effectively restricts athletes' commercial freedom and could amount to an unreasonable restraint on trade, potentially raising constitutional concerns under the right to practice a profession.

Read more

DELHI HIGH COURT MANDATES FULL COMPLIANCE WITH NEW SPORTS LAW REGIME IN FEDERATION ELECTIONS

The Delhi High Court allowed the results of the All India Tennis Association (AITA) elections held on September 28, 2024, to stand, but directed that the elected body will function only as an interim arrangement under the supervision of a court-appointed Administrator, former Chief Justice Gita Mittal.

In its order, Justice Mini Pushkarna made it clear that while the outcome of the 2024 elections will not be disturbed at this stage, the executive committee will operate in a limited capacity and remain subject to the oversight of Justice (Retd.) Mittal. The Court has tasked Justice Mittal with managing the affairs of AITA and ensuring that its functioning is aligned with the National Sports Code and the amended constitution and by-laws by June 30.

As of now AITA has a 25-member Executive Committee but as per the NSG Act, it needs to be a 15-member panel. Justice (Retd.) Mittal has also been directed to conduct fresh elections within a period of three months after the constitution is aligned with the Sports Act, 2025 and Sports Governance Rules 2026.

Read more

FIFA ALLOWS AFGHAN WOMEN'S TEAM IN EXILE TO COMPETE WITHOUT STATE APPROVAL

In a landmark and highly unusual move, FIFA has amended its regulations to allow the Afghan women's national team in exile to compete in official international matches without recognition from the Taliban-controlled Afghanistan Football Federation. The decision applies to "Afghan Women United", a team made up of refugee players dispersed across countries like Australia and Europe, many of whom fled Afghanistan after the Taliban returned to power in 2021 and banned women from participating in sports.

This represents a fundamental departure from FIFA's long-standing rule that national teams must be approved by their country's official football federation. The change was driven by years of advocacy and forms part of FIFA's broader strategy to restore pathways for Afghan women to participate in international football.

The team is now expected to return to international competition, potentially as early as upcoming FIFA windows, although it will miss qualification for the 2027 Women's World Cup but could compete in future events such as Olympic qualifiers.

Read more

PALESTINIAN FA ESCALATES FIFA–ISRAEL DISPUTE TO CAS

The Palestinian Football Association has filed an appeal before the Court of Arbitration for Sport challenging FIFA's decision not to sanction Israel over clubs based in West Bank settlements. The dispute centres on the long-standing argument that Israeli clubs operating in contested Palestinian territory should not be allowed to participate in competitions organised by the Israel Football Association, as the territory is claimed for a future Palestinian state.

FIFA declined to take action earlier in 2026, citing the "unresolved and complex" legal status of the West Bank under international law, effectively avoiding a substantive ruling on the merits.

Frustrated after over 15 years of inconclusive proceedings within FIFA, the Palestinian body has now escalated the matter to CAS, arguing that FIFA's inaction is unjust and seeking a binding adjudication. The appeal also comes amid broader tensions, including visa issues affecting Palestinian officials attending FIFA Congress events and ongoing disruptions to football activity in Gaza, where infrastructure and competitions have been severely impacted.

Read more

UKRAINE CHALLENGES "NEUTRAL" STATUS OF RUSSIAN ATHLETES AT OLYMPICS

Ukraine has formally asked the International Olympic Committee to review the eligibility of certain Russian athletes competing as "neutral participants," alleging that some may have links to the military or have violated Olympic participation conditions.

Under the IOC's current framework, a limited number of Russian and Belarusian athletes are allowed to compete in events such as the Paris 2024 Olympics and the Milano-Cortina 2026 Winter Games without national flags or anthems, provided they meet strict neutrality criteria, including no support for the Ukraine invasion.

Ukraine claims to have compiled evidence of "systematic violations" of these rules and has urged the IOC to reassess whether such athletes should be permitted to compete at all.

Read more

CAS TO ACT AS FINAL APPEAL BODY DURING FIFA WORLD CUP 2026

FIFA has confirmed that the Court of Arbitration for Sport will establish an ad hoc division to function as the final appeal body during the FIFA World Cup 2026, ensuring rapid resolution of disputes arising during the tournament.

The tribunal will operate only for the duration of the tournament (11 June to 19 July 2026) and will handle appeals against FIFA decisions, including disciplinary actions, eligibility disputes, and other competition-related matters.

A key feature of this mechanism is its expedited process, with decisions required to be issued within 48 hours, ensuring that legal disputes do not disrupt the flow of the competition. Importantly, cases can only be brought before this body after exhausting FIFA's internal legal remedies, and only where an appeal is permitted under FIFA's statutes.

Read more

GAMING

MEITY NOTIFIES ONLINE GAMING RULES

The Ministry of Electronics and Information Technology has notified the Online Gaming Rules, 2026 under the Promotion and Regulation of Online Gaming (PROG) Act, 2025, and the regime takes effect from May 1, 2026. The rules are meant to operationalize the law by creating a formal regulatory structure for digital gaming, while keeping the core prohibition on online money gaming intact.

A major feature of the framework is the creation of the Online Gaming Authority of India, which will function as the central decision-maker on classification and enforcement. The authority will have quasi-judicial powers akin to a civil court, including the ability to conduct inquiries and summon persons, and the process is expected to be largely digital.

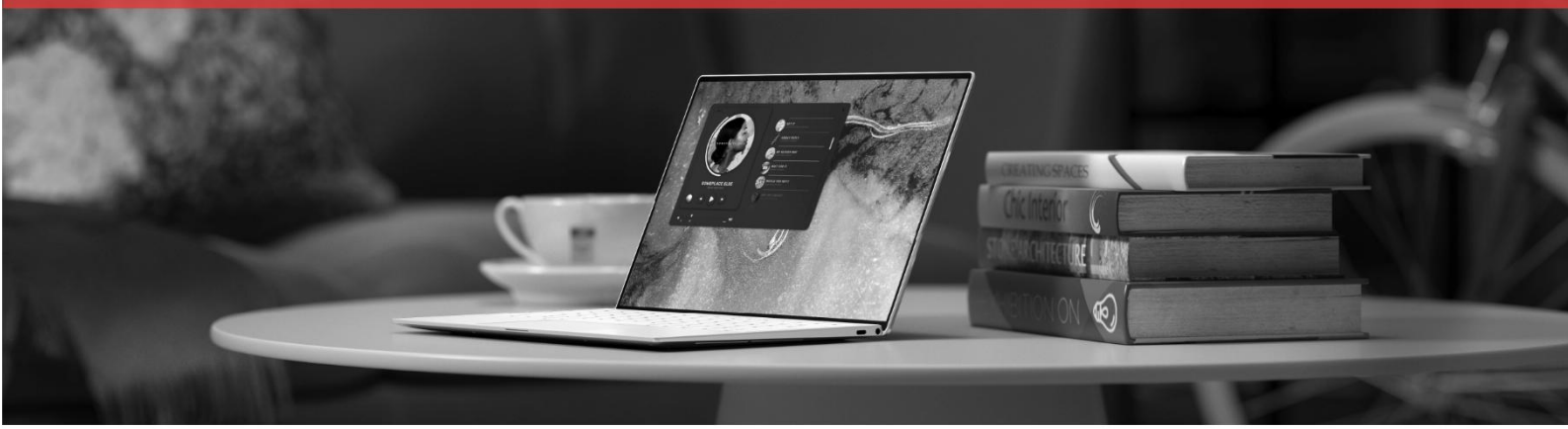
The rules continue to separate the sector into three categories: online social games, e-sports, and online money games. Social games may earn revenue through subscriptions or similar models, but they cannot involve payouts to users; e-sports may involve pre-declared prizes, but only if they are recognized as sporting events; and online money games, where users stake money for winnings, remain banned.

The notification also clarifies that online games that do not involve real money will not require mandatory registration, which points to a lighter compliance burden for non-monetized products. At the same time, the authority will still examine whether a game's actual structure brings it within the money-gaming prohibition, even if it is marketed as something else.

Enforcement is built around cyber-cell policing, with investigations able to be handled by police officers in charge of cyber cells and nodal cyber-cell officers at the state, district, or police-station level. The article also notes that the law carries stiff penalties: facilitators of online money gaming can face up to three years' imprisonment and fines up to ₹1 crore, while advertising such platforms can attract up to two years' imprisonment and fines up to ₹50 lakh.

In effect, the government is giving the sector a defined compliance pathway for social gaming and e-sports, while preserving a strict prohibition for money gaming and the promotional ecosystem around it.

Read more



CYBERSECURITY

CERT-IN FLAGS FRONTIER AI CYBER RISKS

CERT-In issued Advisory CIAD-2026-0020, "Defending Against Frontier AI Driven Cyber Risks," on 26 April 2026, with a 'High' severity rating. The advisory states that recent developments in frontier AI systems indicate a significant increase in cyber capability maturity, including the autonomous discovery of software vulnerabilities, accelerated exploit development, automated reconnaissance against internet-facing infrastructure, credential harvesting, AI-generated phishing and multi-lingual social engineering content, and autonomous multi-stage attack orchestration. It characterizes these capabilities as dual-use and notes they could lower the barrier to entry for malicious actors and allow attacks to be carried out at greater speed and scale.

The advisory sets out recommendations for organizations, MSMEs and individuals to protect against these new and emerging threats. It also refers to existing obligations under the CERT-In Directions 2022 to preserve logs and report incidents. The advisory's reference list cites frontier-model developments from Anthropic and OpenAI, alongside material from the UK AI Security Institute.

TELECOM

TRAI RELEASES CONSULTATION PAPER ON SATELLITE COMMUNICATION NETWORK AUTHORISATION AND SPECTRUM ASSIGNMENT

On April 8, 2026, the Telecom Regulatory Authority of India ("**TRAI**") released a consultation paper titled 'Framework for Satellite Communication Network Authorisation, and Assignment of Spectrum to Satellite Communication Network Providers' ("**Satcom Consultation Paper**"). Written comments were invited from stakeholders by May 6, 2026, with counter-comments due by May 20, 2026.

The Satcom Consultation Paper examines issues relating to the authorisation framework and assignment of spectrum for satellite communication network providers, and was issued pursuant to the earlier rejection by the Department of Telecommunications on the TRAI's recommendation for creation of a Satellite-based Telecommunication Service Authorisation (the Telecommunications Act 2023 had created separate categories of authorizations comprising distinct frameworks for providing telecommunication services and for establishing and operating telecommunication networks. The DOT, while rejecting the TRAI's recommendation was of the view that satellite-based communications should not operate under a separate service authorization, which would enable each type of authorized service provider to utilize satellite technology/media). The consultation will also recommend the broad policy and regulatory framework for the assignment of Fixed Satellite Services (FSS) spectrum and Mobile Satellite Services (MSS) spectrum including feeder and user links.

TRAI SEEKS COMMENTS ON PROLIFERATION OF PUBLIC WI-FI NETWORKS IN INDIA

On April 27, 2026, TRAI released a consultation paper titled 'Proliferation of Public Wi-Fi Networks in India' ("**Public Wi-Fi Consultation Paper**"). Written comments were invited from stakeholders by May 25, 2026, and counter-comments by June 8, 2026.

The Public Wi-Fi Consultation Paper considers the current status of public Wi-Fi deployments in India, international approaches to public Wi-Fi regulation, and the socio-economic importance of expanding public Wi-Fi access. The consultation is particularly significant for the future of affordable broadband access, digital inclusion, and public internet infrastructure including access to low-income households and underserved rural and urban areas. TRAI's recommendations may influence the regulatory and

operational conditions for public Wi-Fi networks, including issues concerning authentication, security, interoperability, user access, and the commercial viability of public Wi-Fi deployments in India.

TRAI RELEASES CONSULTATION PAPER ON APPLICATION-BASED LINEAR TELEVISION DISTRIBUTION AND FAST SERVICES

On April 6, 2026, TRAI issued a consultation paper on the 'Formulation of a Regulatory Framework for Application-based Linear Television Distribution (ALTD) Services Including Free Ad-Supported Streaming Television (FAST) Services ("**ALTD Consultation Paper**"). The timelines for submission of comments and counter-comments was extended to May 11, 2026 and May 25, 2026, respectively.

The ALTD Consultation Paper examines the scope, characteristics, and regulatory treatment of application-based linear (scheduled) television distribution services, including FAST services. These services broadly involve channel-like content streams delivered through internet-based applications, often supported by advertising revenue rather than traditional subscription fees. The stakeholders expected to be relevant for the consultation include websites and OTT platforms, broadcasters, TV manufacturers, operating system providers, and other participants in the digital broadcasting ecosystem.

TRAI CONSULTS ON REGULATORY FRAMEWORK FOR VEHICLE-TO-EVERYTHING COMMUNICATION

On April 30, 2026, TRAI released a consultation paper on the regulatory framework for Vehicle-to-Everything ("**V2X**") communication. TRAI invited written comments from stakeholders by May 28, 2026, with counter-comments due by June 11, 2026.

V2X communications enable vehicles to communicate with other vehicles, infrastructure, networks, pedestrians, and surrounding devices. The consultation is important for several stakeholders including auto manufacturers, intelligent transport systems, telecom networks, road-safety applications, smart cities, and automotive technology providers.

The V2X consultation paper poses several questions ranging from: the need for a dedicated vehicle-to-infrastructure (V2I) communication service authorization under the Telecommunications Act 2023 including its eligibility and scope conditions; the choice of Cellular Vehicle-to-Everything (C-V2X) technology, whether road-side and on-board units should fall under the Mandatory Testing and Certification of Telecom Equipment (MTCTE) regime, and the need for interoperability standards for the Intelligent Transport System stack; the regulatory framework for assignment of assignment of frequency spectrum; and the financial framework, including whether spectrum charges should be levied.

TRAI SEEKS COMMENTS ON PROPOSED AMENDMENTS TO CONSUMER COMPLAINTS REDRESSAL REGULATIONS

On 7 May 2026, the Telecom Regulatory Authority of India released the draft Telecom Consumers Complaint Redressal (Fourth Amendment) Regulation, 2026 for stakeholder comments, with submissions open until 5 June 2026.

The draft addresses key concerns TRAI has identified with the existing framework: inconsistent implementation across telecom service providers, and a complaint-handling system that predates both the move to digital consumer channels and the Telecommunications Act, 2023.

The proposed changes fall into four broad areas. It standardizes complaint-handling procedures across operators; modernizes them by requiring round-the-clock complaint centers, digital registration channels, accessibility provisions for persons with disabilities, and clearer regional-language obligations; strengthens accountability by tightening the eligibility and appeal timelines for the Appellate Authority and removing the existing Advisory Committee; and introduces mandatory quarterly performance reporting and financial disincentives for poor complaint handling or delayed reporting.

ARTIFICIAL INTELLIGENCE AND DIGITAL GOVERNANCE

MEITY CONSTITUTES AI GOVERNANCE AND ECONOMIC GROUP (AIGEG)

By Office Memorandum dated April 13, 2026, MeitY constituted the AI Governance and Economic Group ("**AIGEG**") as a high-level inter-ministerial body to operationalize the institutional architecture envisaged under the India AI Governance Guidelines released on in November 2025. The AIGEG is chaired by the Union Minister for Electronics and Information Technology, with the Minister of State for Electronics & IT as the Vice Chairperson. Its members include senior government officials and representatives from MeitY, NITI Aayog, the Department of Telecommunications, the Department of Economic Affairs, the Department of Science & Technology, and the National Security Council Secretariat.

The AIGEG's reported mandate includes coordinating policy across ministries, departments and sectoral regulators, oversee national initiatives on AI governance across the public and private sector, promote responsible AI innovation, and assessing the labour-market impact of AI adoption.

ED RAIDS UNCOVER ₹145 CRORE MUNICIPAL FUND FRAUD INVOLVING BANK AND PUBLIC OFFICIALS

The Directorate of Enforcement ("**ED**") conducted search operations on April 22, 2026, across 12 locations in Haryana and Punjab under the Prevention of Money Laundering Act, 2002 ("**PMLA**") in connection with a large-scale fraud involving Kotak Mahindra Bank and the Municipal Corporation Panchkula (accessible *here*). The investigation pertains to the alleged embezzlement of approximately ₹145 crore of public funds through a coordinated scheme involving bank officials, municipal authorities, and private individuals. Preliminary findings indicate that the accused opened unauthorised bank accounts using forged documentation in the name of the municipal body and diverted funds from legitimate accounts through falsified authorisation letters and fake email IDs. The siphoned funds were subsequently layered and routed through multiple entities, including real estate firms, to facilitate laundering. Additionally, fake Fixed Deposit Receipts were issued to misrepresent investments of the embezzled amount. From a compliance and governance perspective, this case highlights significant gaps in internal controls, verification mechanisms, and banking oversight. Financial institutions and public bodies must strengthen KYC processes, authorization protocols, and transaction monitoring systems to mitigate risks. The ED has seized incriminating evidence, and the investigation remains ongoing.

SUPREME COURT COMPOUNDS CRIMINAL COMPLAINT AGAINST STERLING BIOTECH PROMOTERS; INVOCATION OF ARTICLE 142 TO QUASH MULTI-FORUM PROCEEDINGS RAISES WIDER LEGAL QUESTIONS

On April 13, 2026, a Bench of the Hon'ble Supreme Court comprising Justice J.K. Maheshwari and Justice A.S. Chandurkar recorded the tender of a demand draft for an amount of ₹45.7 lakh and directed that the criminal complaint instituted under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") against the promoters of Sterling Biotech Limited, namely Nitin Sandesara and Chetan Sandesara, shall stand compounded in terms of Section 24A of the SEBI Act. The Court also directed closure of the connected recovery proceedings. The order appears to have brought to a close the remaining SEBI-related proceedings arising from the wider Sterling Biotech/Sandesara group matter.

The April 13, 2026 order followed the Hon'ble Supreme Court's earlier exercise of its extraordinary jurisdiction under Article 142 of the Constitution of India on November 19, 2025, whereby multiple pending proceedings against the promoters, including proceedings under the Prevention of Corruption Act, 1988, PMLA, the Fugitive Economic Offenders Act, 2018, the Black Money Act, 2015, the Companies Act, 2013 and the Income Tax Act, 1961, were reportedly directed to be quashed upon payment of approximately ₹5,100 crore. While granting such relief, the Court clarified that the order was passed in the peculiar facts and circumstances of the case and shall not be treated as a precedent.

The development is significant because it sits within a broader judicial debate on whether serious economic offence proceedings should be brought to an end merely because financial claims have been settled. In *CBI v. Sarvodaya Highways*, decided on November 11, 2025, the Supreme Court restored criminal proceedings that had been quashed by the Punjab and Haryana High Court on the basis of a one-time settlement with the bank, observing that such offences involve wider public interest and cannot always be treated as purely private disputes between borrower and lender.

Although the orders in the present case were expressly confined to the peculiar facts and circumstances, they may raise important questions for future white-collar matters involving settlement, compounding, restitution, and the scope of Article 142 relief. The key issue going forward is likely to be whether settlement-based closure of proceedings remains confined to exceptional fact situations,

or whether accused persons in other economic offence cases may seek similar relief by relying on repayment or restitution as grounds for quashing or compounding.

Chetan Jayantilal & Ors. v. Central Bureau of Investigation & Ors.

BONA FIDE PURCHASER NOT CRIMINALLY LIABLE IN ABSENCE OF KNOWLEDGE OF FORGED WILL: SUPREME COURT

The Supreme Court of India, in *S. Anand v. State of Tamil Nadu*, has held that a bona fide purchaser for value cannot be subjected to criminal prosecution in cases involving property linked to a forged will, in the absence of evidence demonstrating knowledge, participation, or fraudulent intent. The ruling arose from an appeal challenging a Madras High Court order that had refused to quash criminal proceedings against such a purchaser.

The Division Bench comprising Justices Vikram Nath and Sandeep Mehta observed that mere purchase of property through a registered sale deed does not, by itself, establish criminal liability. The Court held that continuation of prosecution in such circumstances would amount to a "gross abuse of the process of the Court." From a compliance and risk perspective, this judgment provides important clarity for real estate transactions, reinforcing protections available to bona fide purchasers acting in good faith. However, it also underscores the need for thorough due diligence and title verification processes, as liability may still arise where knowledge or complicity in fraudulent arrangements can be established.

S. Anand v. State of Tamil Nadu, 2026 INSC 418

CHEQUE DISHONOUR COMPLAINTS CANNOT BE QUASHED AT PRE-TRIAL STAGE WHERE STATUTORY INGREDIENTS ARE SATISFIED

The Supreme Court of India, in *Renuka v. State of Maharashtra & Another*, has held that complaints filed under Section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**") cannot be quashed at the pre-trial stage where the foundational ingredients of the offence are prima facie satisfied. The ruling arose from a criminal appeal challenging the quashing of proceedings in a cheque dishonour matter. The Court clarified that the question of whether a cheque was issued towards a legally enforceable debt or liability is a matter that must be determined during trial. It further emphasized that the statutory presumption under Section 139 of the NI Act operates in favour of the complainant and can only be rebutted through evidence at trial. From a compliance and litigation risk perspective, this judgment reinforces the limited scope for early-stage challenges in cheque dishonour cases. Companies and individuals must be prepared for full trial proceedings where statutory presumptions apply and should ensure robust documentation and financial records to effectively defend or pursue such claims.

Renuka v. State of Maharashtra & Another, 2026 INSC 327

DIRECTOR'S LIABILITY UNDER SECTION 138 NI ACT CONTINUES DESPITE COMPANY'S LIQUIDATION

The Supreme Court of India has reaffirmed that directors can continue to be held liable under Section 138 of the NI Act even where the company has entered liquidation. The Court dismissed a Special Leave Petition challenging a Bombay High Court ruling that had upheld such liability. The Division Bench comprising Justices B.V. Nagarathna and Ujjal Bhuyan declined to interfere, thereby reinforcing that insolvency or liquidation of a company does not extinguish the statutory liability of persons in charge of and responsible for its affairs at the time of the offence. From a compliance standpoint, this ruling underscores that directors and key managerial personnel remain exposed to criminal liability notwithstanding corporate insolvency proceedings. Companies and their officers must therefore ensure strict adherence to cheque issuance practices and maintain adequate oversight mechanisms, as financial distress does not insulate individuals from prosecution under the NI Act.

Abhaykumar Anandkumar Bhambhore & Anr. v. Ortho Relief Hospital & Research Centre & Anr, 2026 SCC OnLine SC 736.

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