

CORPORATE REWIND 2025



This Corporate Rewind consolidates investment trends, key M&A transactions, notable judgements, and significant regulatory developments in the Indian corporate legal landscape in 2025.

ACUITY LAW

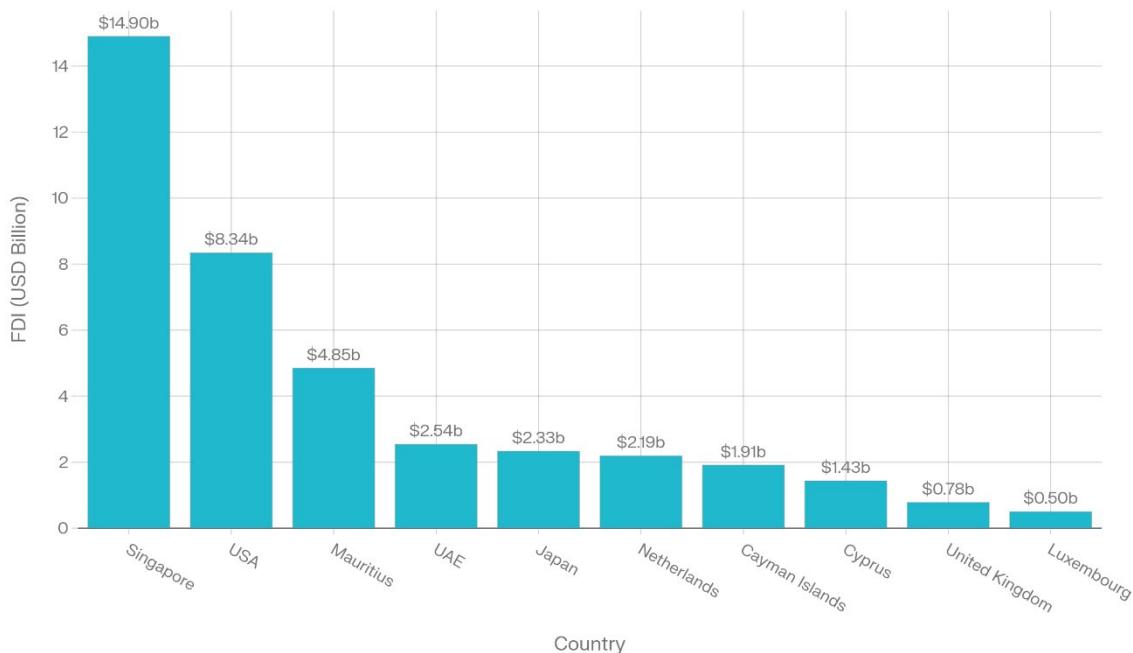
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FOREIGN DIRECT INVESTMENT TRENDS IN INDIA (JANUARY 2025 TILL SEPTEMBER 2025)

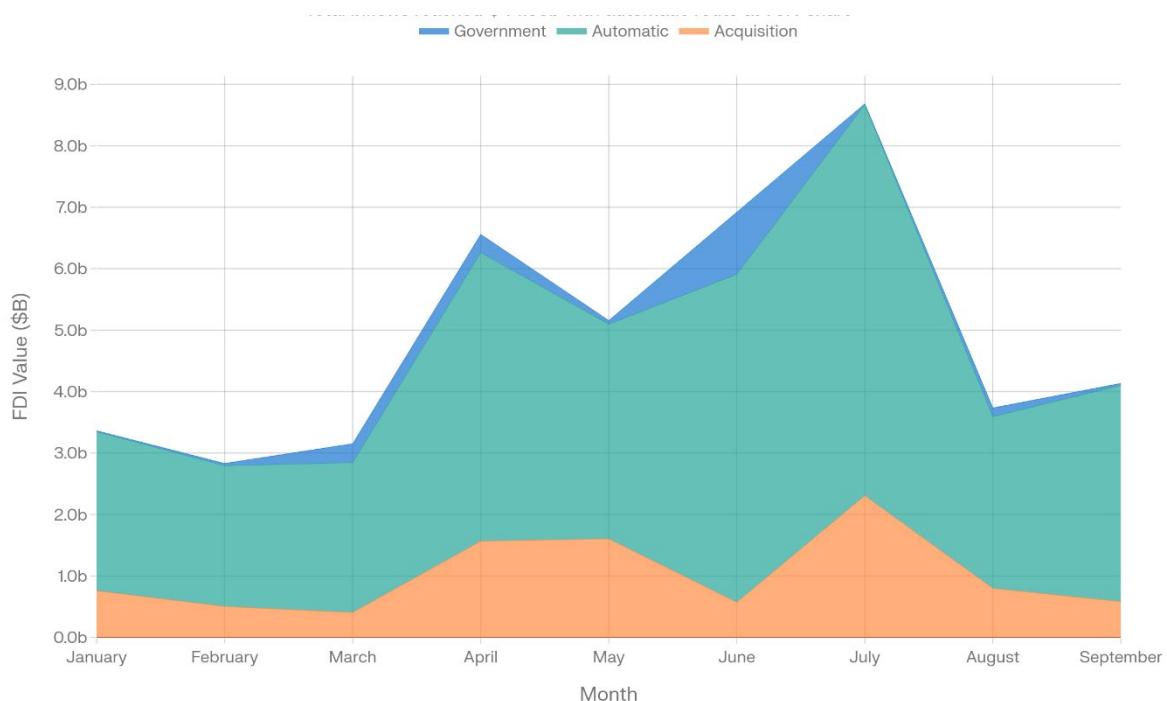
FDI Inflows in India from Top 10 Countries
 Data Source: DPIIT FDI Equity Inflow Report (January 2025- September 2025)



Comparison between FDI Inflows in India

Automatic Route vs Government Approval Route vs Secondary Acquisition

Data Source: DPIIT Month-wise and Route-wise distribution FDI Equity Inflow Report (January 2025 - September 2025)



Top 10 Indian states receiving FDI Equity Inflows

Data Source: DPIIT State-wise FDI Equity Inflow Report (January 2025- September 2025)



Top 10 Sector receiving FDI Equity Inflows

Data Source: DPIIT Sector-wise FDI Equity Inflow Report (January 2025- September 2025)

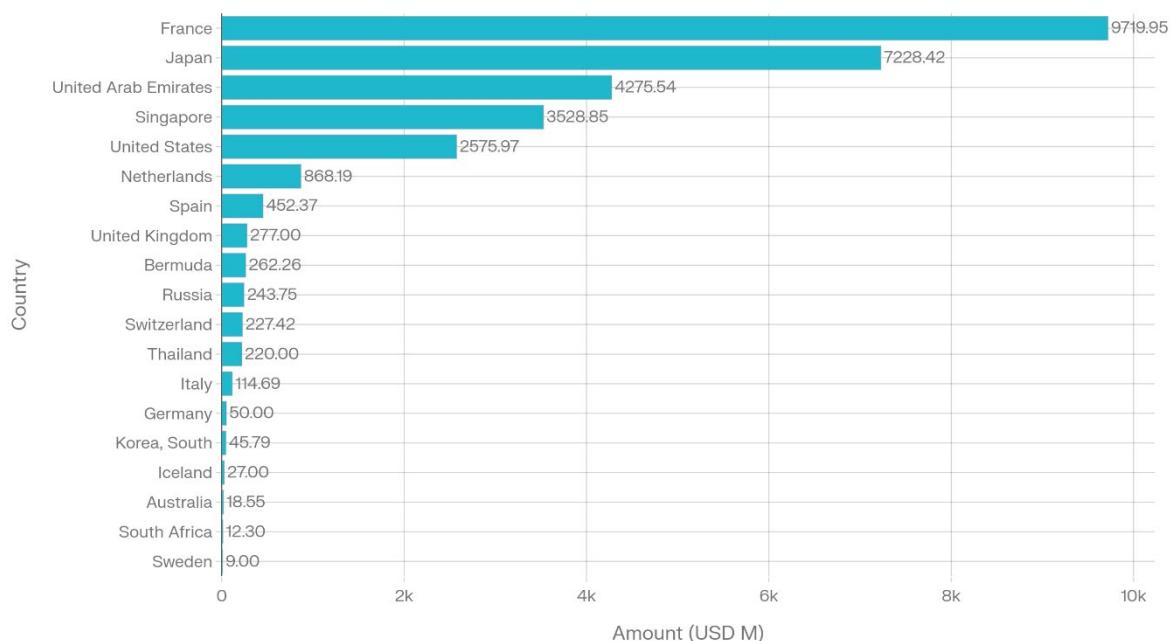


Overview of FDI Inflows – Key Metrics

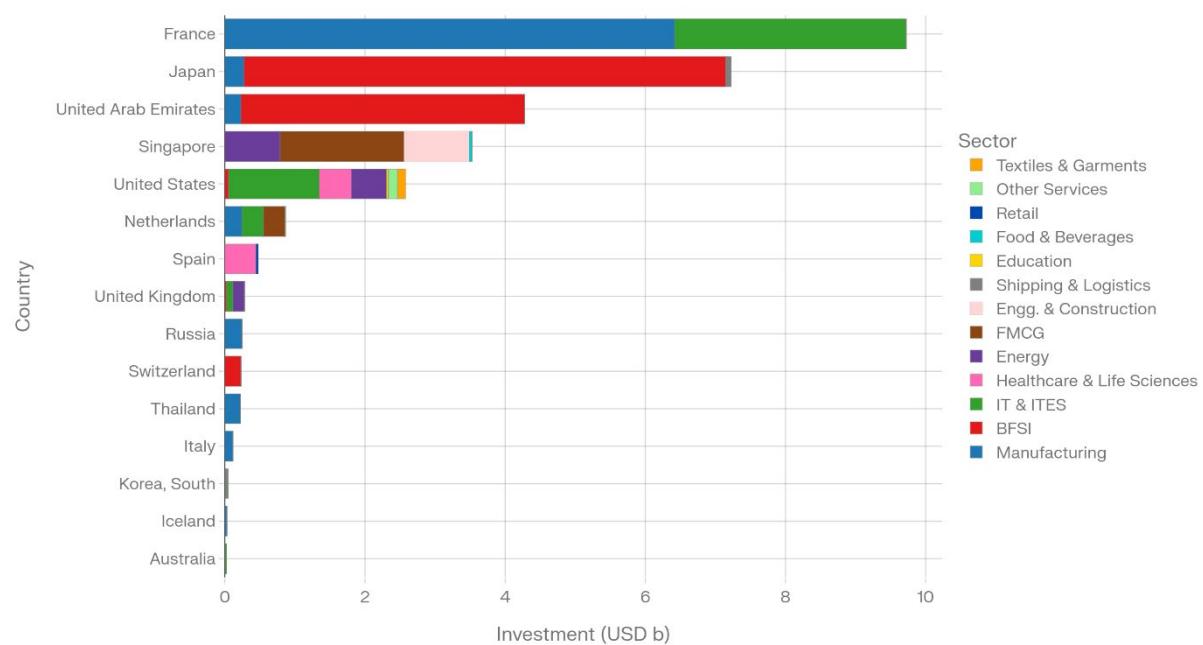
Metric	Value
Total FDI	Approx. \$44.53 Billion
Period Covered	Jan-Sept 2025 (9 months)
Top Source Country	Singapore
Top State Receiving FDI	Maharashtra
Top Sector Receiving FDI	Computer Software & Hardware

INBOUND M&A TRENDS IN INDIA IN C.Y. 2025

Country-wise Inbound M&A Activity in India
Data Source: Venture Intelligence Dashboard

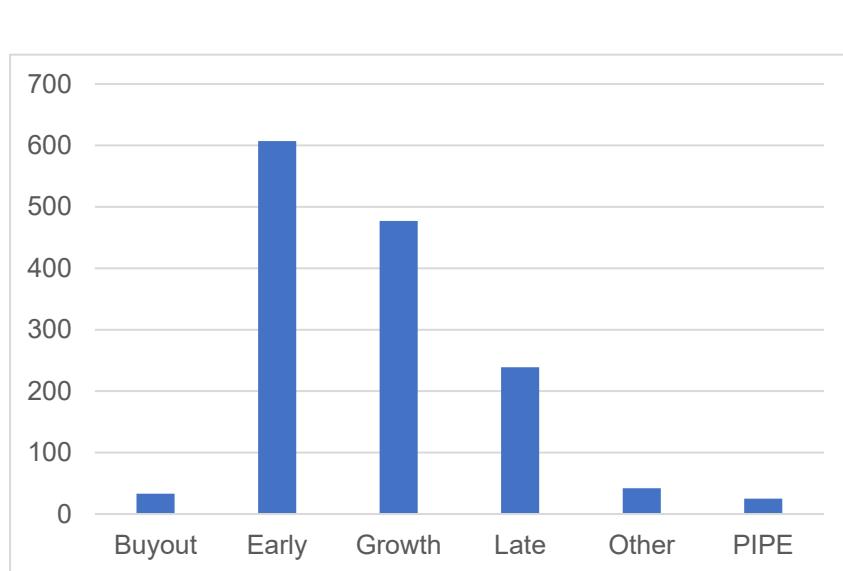


Country and Sector Investment Analysis
Data Source: Venture Intelligence Dashboard

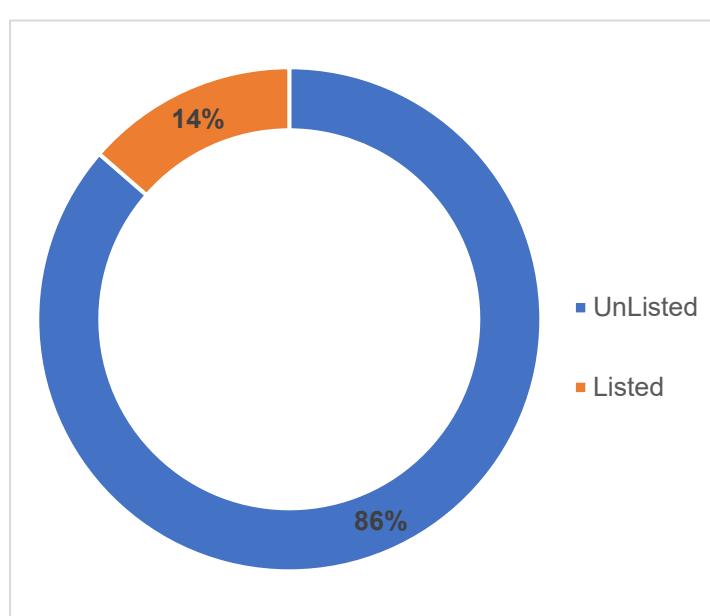


PE-VC TRENDS IN INDIA IN C.Y. 2025

(Data Source: Venture Intelligence Dashboard)

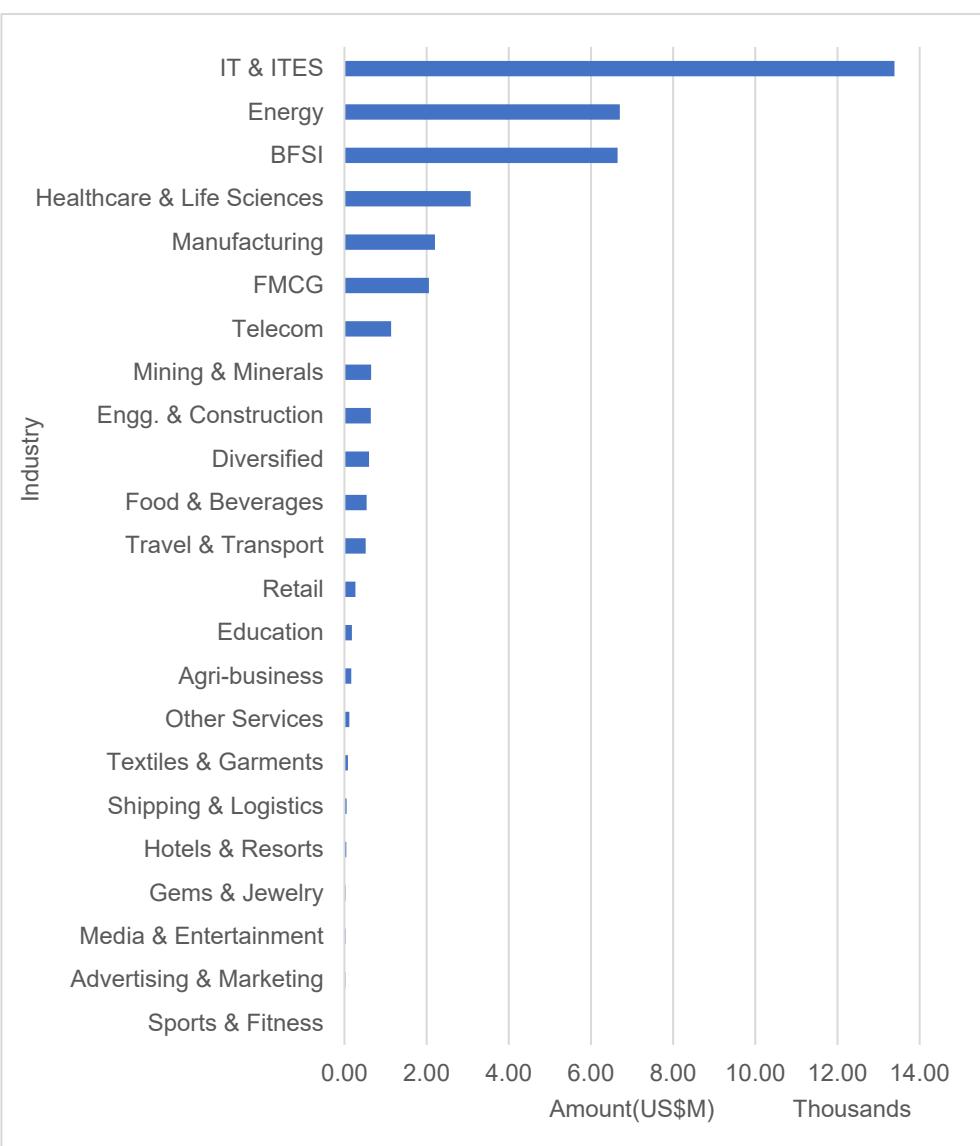
No. of Investments - Stage-Wise

Stage	Count of Investor Type
Buyout	33
Early	607
Growth	477
Late	239
Other	42
PIPE	25
Grand Total	1423

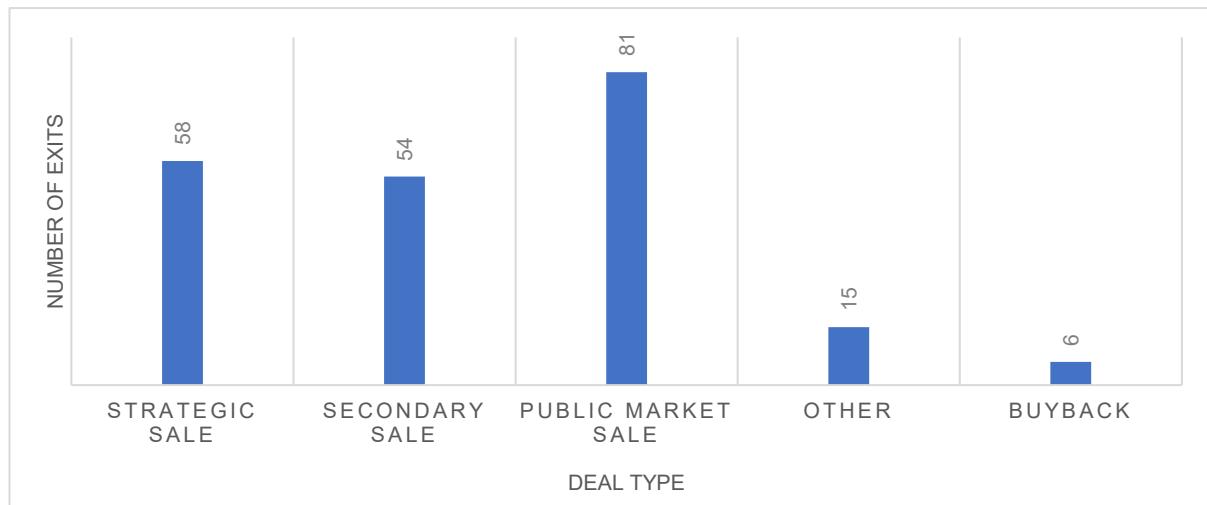
PE-VC Investment in Listed vs Unlisted Companies

Company Type	Sum of Amount (US\$M)
Unlisted	33,821.78
Listed	5,324.87
Grand Total	39,146.65

PE-VC Investments - Industry-wise



PE and VC - Preferred Exit Mode



PATH BREAKING M&A DEALS IN 2025

SMBC'S STRATEGIC INVESTMENT IN YES BANK

INTRODUCTION

The year 2025 witnessed a landmark development in the Indian banking ecosystem with the successful completion of the acquisition of 24.21 % in Yes Bank Limited ("Yes Bank") by Sumitomo Mitsui Banking Corporation, Japan ("SMBC"). This marks the largest cross-border investment in the Indian banking sector to date. The investment consisted of a secondary acquisition of equity shares from a consortium of existing shareholders of Yes Bank, consisting majorly the State Bank of India ("SBI"). The Board of Directors of Yes Bank formally recorded the completion of the transaction on 18 September 2025, making SMBC the single largest shareholder of Yes Bank, while, as on date, SBI continues to hold more than 10% shareholding, in Yes Bank.¹

The realignment of Yes Bank's shareholding structure has significantly strengthened its governance and financial foundation, underpinned by the continued support of India's largest public sector bank, SBI, and the strategic backing of globally renowned investor SMBC. SMBC's scale, robust governance practices, and international banking expertise are poised to play a pivotal role in accelerating Yes Bank's growth trajectory and enhancing its long-term profitability.

BACKGROUND OF THE PARTIES

1. Yes Bank Limited

Yes Bank, a full-service commercial bank headquartered in Mumbai, serves both retail and corporate customers through its digital and branch networks. Following a sharp decline in its financial health, the Yes Bank Limited Reconstruction Scheme, 2020 ("Restructuring Scheme") came into effect on 13 March 2020.² Under this scheme, SBI became the bank's largest shareholder, acquiring approximately 49% of Yes Bank's share capital, with 26% mandated to remain locked in for a period of three years. Seven other banks, namely HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Axis Bank, IDFC First Bank, Federal Bank, and Bandhan Bank ("Other Shareholders") also acquired minority holdings of ranging approximately from 1 to 6%, with 75% of each of their shareholdings subject to a three-year lock-in period. As on the date of the transaction, SBI's stake stood at 23.97%, while the Other Shareholders held between 0.70% and 2.75% each.

2. Sumitomo Mitsui Financial Group

SMBC is a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc., Japan ("SMFG"), one of the world's leading and largest financial institutions, based out of Japan. As of December 2025, SMFG is reported to have assets totalling to approximately USD 2 trillion and is listed on the Tokyo and Nagoya Stock Exchanges and American Depository Receipts issued on the New York Stock Exchange. SMBC also has its presence in India for several years and is already among the leading foreign banks in the country. Its group company, SMFG India Credit Company Limited, is identified among the largest diversified non-bank financial companies operating in India, adding to the group's deep-rooted confidence and interest in the Indian financial services landscape.

STRUCTURE OF THE TRANSACTION

SMBC acquired 4,13,44,04,897 existing equity shares from SBI, amounting to 13.19% of Yes Bank's paid-up equity share capital, and 2,13,68,30,297 shares constituting 6.81% of the paid-up capital from

¹ *Intimation to the NSE and BSE in relation to the Outcome of Board Meeting of YES Bank Limited held on September 18, 2025 YBL/CS/2025-26/112 dated 18 September 2025 (can be accessed at <https://www.bseindia.com/xml-data/corpfilings/AttachLive/0e0e58c1-7bda-402d-8f49-a583415fc35c.pdf>).*

² *Ministry of Finance, 'Gazette notification G.S.R. 174(E) on the Yes Bank Ltd. Reconstruction Scheme, 2020' dated 13 March 2020 (can be accessed at <https://thc.nic.in/Central%20Governmental%20Schemes/Yes%20Bank%20Limited%20Reconstruction%20Scheme,%202020.pdf>)*

Other Shareholders.³ Together, these acquisitions totalled to 6,271,235,194 equity shares, representing 20% of Yes Bank's paid-up share capital.⁴

In addition, SMBC acquired a further 4.22% stake from CA Basque Investments, an affiliate of the Carlyle Group. With this, SMBC's overall shareholding in Yes Bank increased to 24.21%.

The transaction was implemented through a principal Share Purchase Agreement ("SPA") between SBI, Yes Bank and SMBC and separate SPAs with Other Shareholders and CA Basque Investments. In addition, Yes Bank entered into separate shareholder agreements with SBI ("SBI SHA") and with SMBC ("SMBC SHA"), which set out the governance framework, for SBI and SMBC, respectively.

Under the SBI SHA, SBI has a right to nominate 1 'non-executive and non-independent' director on the board of Yes Bank, subject to a fall away threshold of 5%.⁵ While, under the SMBC SHA, SMBC has a right to nominate 2 'non-executive and non-independent' directors on the board of Yes Bank.⁶ Further, SMBC has pre-emptive rights to subscribe to new issuance of share capital of Yes Bank to maintain its pro rata shareholding, subject to fall away threshold of 10%.⁷

KEY LEGAL ASPECTS

Banking Aspects

At the time of the transaction, any acquisition of 5% or more in a banking company required approval from the Reserve Bank of India ("RBI") under the Banking Regulation Act, 1949⁸ ("Banking Regulation Act") read with the erstwhile Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 ("Banking Companies Directions, 2023"). As per Paragraph 4.1 of the Banking Companies Directions, 2023, the acquirer was required to intimate RBI of such a transaction under Form A, basis which RBI seeks certain information from the target bank.⁹ The board of the target bank was required to deliberate upon the transaction and assess the 'fit and proper' status of the acquirer as per Paragraph 4.3 of the Banking Companies Directions, 2023.¹⁰ Such a board resolution needed to be furnished to RBI in Form A1 of the Banking Companies Directions, 2023.¹¹ Consequently, RBI also independently carried out a due diligence to determine the 'fit and proper' status of the acquirer and thereafter grants or denies approval.¹²

To ensure compliance with the Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025 ("Banking Companies Directions, 2025"), Yes Bank has to put in place a mechanism to obtain information on a continuous basis to examine concerns regarding SMBC's status of being 'fit and proper' and report such information or any changes in the information previously submitted to the RBI, at the approval stage.

Further, Paragraph 8(a)(ii) of the erstwhile Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023 ("Banking Companies Guidelines, 2023") the shareholding, for a non-promoter financial company, was capped at 15%.¹³ However, Paragraph 10 of the Banking Companies Guidelines, 2023 empowered the RBI to permit a shareholding of more than

³ *Intimation to the NSE and BSE in relation to the Outcome of Board Meeting of YES Bank Limited held on September 18, 2025* YBL/CS/2025-26/112 dated 18 September 2025 (can be accessed at <https://www.bseindia.com/xml-data/corpfilng/AttachLive/0e0e58c1-7bda-402d-8f49-a583415fc35c.pdf>)

⁴ *Ibid.*

⁵ *Intimation to the NSE and BSE in relation to Outcome of Board Meeting of YES Bank Limited held on May 09, 2025* YBL/CS/2025-26/025 dated 09 May 2025 (can be accessed at https://nsearchives.nseindia.com/corporate/YESBANK_13052025211321_YBL_SE_Intimation_Change_of_SMP_signed.pdf)

⁶ *Ibid.*

⁷ *Ibid.*

⁸ Section 12B of the Banking Regulation Act, 1949

⁹ Paragraph 4.1 of the Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023

¹⁰ Paragraph 4.3 of the Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023

¹¹ *Ibid*

¹² Paragraph 4.4 of the Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023

¹³ Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023, Paragraph 8(a)(ii)

15%, for the purpose of reconstruction or restructuring of a bank.¹⁴ In the current transaction, SMBC had received RBI approval to acquire up to 24.99% of the paid-up share capital of Yes Bank, while not being categorised as a promoter.¹⁵

Paragraphs 14 and 15 of the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, annexed to the Banking Companies Directions, 2025 state that post acquisition the acquirer's shareholding is locked in for a period of 5 years, and such shares cannot be encumbered under any circumstances.¹⁶

FDI Aspects

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA NDI Rules"), prescribes that in private sector banking, foreign direct investment is permitted up to 74%, with automatic approval up to 49%.¹⁷ In the current transaction, SMBC did not require RBI approval under the exchange control framework. However, there are certain conditions which need to be complied on an ongoing basis. For instance, at all times, 26% of the paid-up capital of the bank is required to be held by residents, and all relevant rules and regulations issued by the RBI, need to be complied with.¹⁸

Taxation Aspects

Ordinarily, shareholders exiting an investment are required to pay long-term or short-term capital gains tax (depending on the duration of holding) on the difference between the acquisition cost and the sale value, as provided under the Income Tax Act, 1961 ("Income Tax Act"). Accordingly, SBI, the other shareholders and CA Basque Investments would have been subjected to capital gains tax.

However, it is pertinent to note that clause 3(7) of the Restructuring Scheme carved out a special exemption for investors who contributed to the bank's revival in March 2020.¹⁹ Owing to this provision, the gains realised on their exit were entirely exempt from capital gains tax.

Competition Aspects

If any acquisition meets the threshold prescribed under Section 5 of the Competition Act, 2002 ("Competition Act") then such an acquisition needs to be reported to the Competition Commission of India ("CCI") in Form I, in accordance with Regulation 5 of Competition Commission of India (Combinations) Regulations, 2024 ("Competition Combination Regulations"). By an order dated 2 September 2025, CCI approved SMBC's acquisition stating that the banking market is highly fragmented and dynamic, regulated by the RBI, and comprises of several larger well established, significant and well-resourced players.²⁰ The CCI, approving the acquisition, also stated that the players in the financial service market would continue to exercise competitive constraints post the transaction.

OUR THOUGHTS

The transaction holds paramount significance as it is one of the largest cross-border investments into an Indian private sector bank. It brings in a long-term strategic investor with deep capital strength, while also providing an exit to the banks and investors that supported Yes Bank during its reconstruction in 2020.

¹⁴ Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2023, Paragraph 10

¹⁵ Intimation to the NSE and BSE in relation to approval of the RBI to SMBC, YBL/CS/2025-26/94 dated 23 August 2025 (can be accessed at https://nsearchives.nseindia.com/corporate/YESBANK_23082025135457_YBL_SE_Intimation_SMBC_Signed.pdf)

¹⁶ Reserve Bank of India Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, 2025, at Paragraphs 14 and 15

¹⁷ The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, Regulation 6(a) read with Entry F 2 in Schedule I

¹⁸ Ibid

¹⁹ Ministry of Finance, 'Gazette notification G.S.R. 174(E) on the Yes Bank Ltd. Reconstruction Scheme, 2020' dated 13 March 2020, clause 3(7).

²⁰ Competition Commission of India Press Release on 'CCI approves acquisition of certain share capital and voting rights of YES Bank by Sumitomo Mitsui Banking Corporation' No. 57/2025-2026 dated 02 September 2025 (can be accessed at <https://www.cci.gov.in/antitrust/press-release/details/565> and <https://www.cci.gov.in/images/summaryorders/en/summary1750745208.pdf>)

For SMBC, the acquisition aligns with its broader India strategy and positions it strongly in corporate banking and cross-border financial flows, especially along the India Japan corridor. The rights given to SMBC under the shareholders agreements provide them with meaningful oversight and the ability to protect their position in the bank.

From a regulatory standpoint, the transaction shows how India's banking frameworks can accommodate a large and multi-party secondary acquisition smoothly. Furthermore, even the RBI's discretionary approval for a non-promoter shareholding of up to 24.99% is notable.

RESHAPING GUJARAT'S GAS ECOSYSTEM: A COMPREHENSIVE ANALYSIS OF THE GSPC-GSPL-GGL RESTRUCTURING

INTRODUCTION

In a landmark restructuring of India's energy sector, Gujarat consolidated its gas enterprises under Gujarat Gas Ltd ("GGL"), dissolving Gujarat State Petroleum Corporation ("GSPC"), India's second-largest natural gas trading company and public sector undertaking, after nearly five decades.

BACKGROUND OF PARTIES ²¹

1. **Gujarat State Petroleum Corporation ("GSPC")** is an unlisted company, engaged in natural gas trading, with interests in 11 operating exploration and production blocks, and wind power. It has shown strong revenues and profitability, highlighting its scale and rationale for the amalgamation.
2. **Gujarat State Petronet Limited ("GSPL")** is a listed entity primarily engaged in transmitting natural gas through pipelines on an open-access basis.
3. **GSPC Energy Limited ("GEL")** is a wholly owned subsidiary of GSPC engaged in trading natural gas.
4. **Gujarat Gas Ltd ("GGL")** is a subsidiary company of GSPL, and a city gas distribution ("CGD") company engaged in natural gas distribution. In Q2 FY26, GGL's profit fell 9.4% year-on-year to USD 33.1 million on flat revenue, underscoring consolidation needs.
5. **GSPL Transmission Ltd ("GTL")** is a wholly owned subsidiary of engaged in the business of transmitting natural gas through pipelines on an open-access basis.

RATIONALE FOR THE DEAL

From a combined reading of the Scheme of Amalgamation ("Scheme") and transcript for the Investor & Analyst Conference Call held on 31st August 2024,²² the following can be noted:

1. **Central Role of GGL:** The scheme places GGL at the core of the group's integrated gas businesses, allowing each entity sharper growth focus.
2. **Consolidation Benefits:** By merging assets and operations, GGL becomes one of India's largest integrated players in gas trading and city gas distribution. It can deploy cash flows more efficiently, improve profitability, and utilize USD 857.9 million in tax losses for stronger returns.
3. **Strategic Impact:** The structure enhances GGL's market presence, pricing power, and shareholder valuation, while the demerger of transmission into GTL ensures clear focus in each segment.²³

STRUCTURE OF THE DEAL

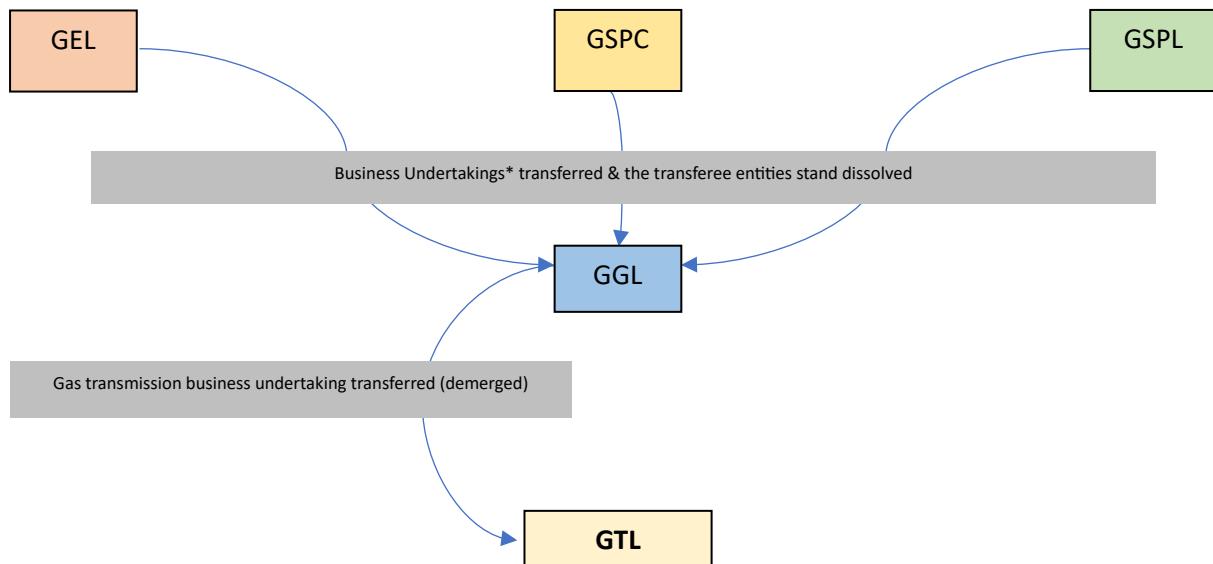
The Scheme merged GSPC, GSPL, and GEL into GGL, then demerged transmission into GTL. The amalgamation removed related-party transactions, boosting GGL's profitability and strengthening key return metrics such as Return on Capital Employed, Return on Equity and Earnings Before Interest Taxes Depreciation and Amortization margins.²⁴

²¹ Composite Scheme of Amalgamation and Arrangement (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](https://www.acuitylaw.co.in/draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf))

²² Gujarat Gas Limited and Gujarat State Petronet Limited Investor & Analyst Presentation Call, August 31, 2024 (can be accessed at [transcript-ggl-conference-call-the-scheme-of-arrangement-31-08-2024.pdf](https://www.acuitylaw.co.in/transcript-ggl-conference-call-the-scheme-of-arrangement-31-08-2024.pdf))

²³ Composite Scheme of Amalgamation and Arrangement (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](https://www.acuitylaw.co.in/draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf))

²⁴ Composite Scheme of Amalgamation and Arrangement (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](https://www.acuitylaw.co.in/draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf))



Under the Scheme, GSPL's joint ventures -India Gasnet and India Transco, were first transferred to GGL as part of its 'Undertaking.' Subsequently, the transmission business of GSPL (i.e., GSPL India Gasnet and GSPL India Transco) would be transferred to GTL, as part of the gas transmission business undertaking being demerged from GGL.

Allocation of shares took place in the following manner:

Transaction	Exchange Ratio	Result
GSPC → GGL	10 GGL (FV INR 2) for 305 GSPC (FV INR 1)²⁵	GSPC shareholders become GGL shareholders
GSPL → GGL	10 GGL (FV INR 2) for 13 GSPL (FV INR 10)²⁶	GSPL shareholders become GGL shareholders
GGL → GTL (Demerger)	1 GTL (FV INR 10) for 3 GGL (FV INR 2)²⁷	GGL shareholders get proportionate GTL shares

Furthermore, GGL will assume all of GSPC's long-term contracts.²⁸

All employees of GSPC, GSPL, and GEL, under the Scheme, are absorbed into GGL with continuity of service.²⁹ The existing management of GGL continues to lead the merged business, and the current GSPL transmission management transitions to GTL, ensuring uninterrupted operational continuity.³⁰

Under the Scheme, all cheque-related and payment-instrument proceedings involving GSPC, GSPL, or GEL are transferred to GGL upon amalgamation, while all legal, tax, regulatory, and arbitration

²⁵ Composite Scheme of Amalgamation and Arrangement at Page 38 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

²⁶ Composite Scheme of Amalgamation and Arrangement at Page 63 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

²⁷ Composite Scheme of Amalgamation and Arrangement at Page 108 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

²⁸ Composite Scheme of Amalgamation and Arrangement at Page 7 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

²⁹ Composite Scheme of Amalgamation and Arrangement at Page 2 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

³⁰ Composite Scheme of Amalgamation and Arrangement at Page 15 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](#))

proceedings relating to the gas transmission business vest in GTL as the successor entity post-demerger.³¹

All outstanding loans, liabilities, and credit facilities of the transferor companies stand transferred to GGL upon the Scheme's effectiveness, with GGL assuming full responsibility for these obligations as the surviving entity.³²

KEY LEGAL ASPECTS

A notable procedural feature of this restructuring is that the approval pathway did not follow the conventional route of seeking sanction from the National Company Law Tribunal ("NCLT") under Sections 230-232 of the Companies Act, 2013 ("Companies Act") instead, approval has to be sought from the Central Government pursuant to notification dated 13 June 2017 issued under Section 462 of the Companies Act.³³

The restructuring by-passed the conventional NCLT approval under Sections 230–232 of the Companies Act. Instead, under a notification dated 13 June 2017 issued by the Ministry of Corporate Affairs ("MCA") granting exemptions to government companies, approval was sought directly from the Central Government. Accordingly, the MCA issued an order on 10 September 2025 to convene shareholder meetings and allow the Scheme to proceed.

1. Petroleum and Natural Gas Regulatory Board Act, 2006 ("PNGRB Act")

The merger and demerger comply with the PNGRB Act. GGL retains its CGD and trading authorisations, while GSPL's transmission licences shift to GTL with PNGRB approval. No new licences are needed, though both must continue ongoing compliance.

2. Competition Aspects

Under Section 5 of the Competition Act, a 'group' exists where one enterprise holds at least 26% voting rights in another. With GSPC holding 37% in GSPL, GSPL 54% in GGL, and GEL wholly owned by GSPC, these entities together formed the "**GSPC Group**".

Item 10 of the Schedule appended to the Competition (Criteria for Exemption of Combinations) Rules, 2024 ("Competition Exemption of Combination Rules") waives CCI approval for intra-group mergers without change in control. Before the deal, the Gujarat Government held 95% voting rights in GSPC; after, it retained 55.07% in GGL and the right to appoint a board majority. Since "control" remained unchanged, the transaction was exempt from CCI approval.

3. Taxation Aspects

As per the provisions of Income Tax Act, any transfer: (i) in a scheme of amalgamation³⁴, of a capital asset³⁵ by the amalgamating company to the amalgamated company if the amalgamated company is an Indian company; and (ii) in a demerger³⁶, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company, is exempted from the provisions of Capital Gains Tax.

Hence, the transfer of assets from GSPC, GSPL and GEL to GGL and the demerger of the transmission business into GTL qualifies as a tax-neutral treatment.³⁷

³¹ Gujarat Gas Limited and Gujarat State Petronet Limited Investor & Analyst Presentation Call, August 31, 2024 at Page 2 (can be accessed at transcript-ggl-conference-call-the-scheme-of-arrangement-31-08-2024.pdf)

³² Gujarat Gas Limited and Gujarat State Petronet Limited Investor & Analyst Presentation Call, August 31, 2024 (can be accessed at transcript-ggl-conference-call-the-scheme-of-arrangement-31-08-2024.pdf)

³³ Ministry of Corporate Affairs notification dated 13 June 2017 (can be accessed at <https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NzY0OA==&docCategory=Notifications&type=open>)

³⁴ Section 2(1B) of the Income Tax Act 1961

³⁵ Section 2(14) of the Income Tax Act 1961

³⁶ Sections 2(19AA) of the Income Tax Act 1961

³⁷ Composite Scheme of Amalgamation and Arrangement at Page 6 (can be accessed at draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf)

In addition, GSPC's accumulated tax losses of approximately USD 857.9 million are eligible to be carried forward to GGL under Section 72A, subject to the prescribed continuity and asset-holding conditions. As confirmed by management, these losses may be set off against the merged entity's profits for the next two to three years, with the benefit available for up to eight assessment years.³⁸ Overall, the scheme is designed to preserve tax attributes, avoid immediate tax leakage, and enhance fiscal efficiency for the reorganised gas businesses.³⁹

4. Approval from Stock Exchanges

GSPC, as a listed entity, was involved in the transaction therefore, the scheme was required to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). Accordingly, the draft scheme of arrangement was filed with the stock exchanges, and the requisite no-objection letters were obtained before filing the scheme with the MCA, as required under the provisions of Companies Act.⁴⁰

OUR THOUGHTS

At its core, this restructuring reflects a decisive strategic shift by the State of Gujarat, moving away from a fragmented, multi-entity framework towards a streamlined, integrated gas portfolio. By consolidating GSPC, GSPL and GEL into Gujarat Gas and carving out a dedicated transmission utility in GTL, the state has effectively rationalised overlapping functions and addressed structural inefficiencies that have persisted for years. The elimination of related-party leakages, the utilisation of approximately USD 857.9 million in accumulated tax losses, and the creation of a unified entity with expanded sourcing, trading and distribution capabilities place GGL in a significantly stronger competitive position. GTL, meanwhile, benefits from the clarity and stability inherent in operating as a pure-play regulated transmission business. The transaction is underpinned by strong economic logic and sectoral alignment, if executed with focus and regulatory precision, this restructuring has the potential to serve as a benchmark for how state-owned energy clusters can modernise and position themselves for India's rapidly evolving gas market.

³⁸ Composite Scheme of Amalgamation and Arrangement at Page 8 (can be accessed at [draft-scheme-of-amalgamation-and-arrangement-13-09-2024.pdf](https://nseindia.com/corporate/GUJGASLTD_05022025192710_1411RevisedObservationLetter05022025.pdf))

³⁹ No immediate tax liability arises on the transfer of assets or on the issuance of shares to shareholders of the transferor companies, and the tax cost of assets continues with the transferee entities by virtue of Section 43(6) and Section 49(1)(iii)(e).

⁴⁰ Disclosure to Stock Exchange dated 05 February 2025 (can be accessed at https://nseindia.com/corporate/GUJGASLTD_05022025192710_1411RevisedObservationLetter05022025.pdf)

JSW PAINTS' STRATEGIC ACQUISITION OF AKZO NOBEL INDIA: A MAJOR DEAL IN THE INDIAN PAINTS SECTOR

INTRODUCTION



In 2025, India's paints and coatings industry witnessed a landmark transaction as JSW Paints Limited ("**JSW Paints**") entered into definitive agreements to acquire a 74.76% majority stake in Akzo Nobel India Limited ("**ANIL**"). This deal represents one of the largest consolidation moves in the country's decorative and industrial paints sector, marking a pivotal strategic expansion for JSW Paints.

A part of the diversified JSW Group, JSW Paints has rapidly emerged as a dynamic player in India's decorative and industrial paints market since its inception in 2019. ANIL, a publicly listed subsidiary of the global coatings leader Akzo Nobel N.V., has a longstanding presence in India and is renowned for its premium Dulux brand in decorative paints, along with a robust portfolio in industrial coatings.

STRUCTURE OF THE DEAL

In June 2025, JSW Paints, a unit of the diversified JSW Group, signed definitive agreements to acquire up to 74.76% of ANIL from Akzo Nobel N.V. and its affiliates i.e, Akzo Nobel Coatings International B.V. and Imperial Chemical Industries Limited (collectively "**Affiliate Entities**"), for a maximum consideration of USD 10,452 million, subject to adjustments and regulatory approvals.⁴¹ The CCI approved the acquisition of up to a 75% stake in ANIL, clearing a key regulatory hurdle for the transaction.⁴² As of 10 December 2025, JSW Paints completed the acquisition of a 60.76% stake from Akzo Nobel N.V. and its Affiliate Entities and an additional 0.44% through an open offer, bringing its total holding in ANIL to 61.2%.

KEY LEGAL CONSIDERATIONS

1. **CCI Approval:** The acquisition was subject to mandatory approval from the CCI under the Competition Act. CCI's order covers the proposed combination implemented through a share purchase agreement and a mandatory open offer, following the parties' filing under the Competition Act and the relevant rules and regulations. In its assessment, the CCI evaluated the deal's potential competitive effects in the decorative and industrial paints segments and concluded that the transaction would not have an appreciable adverse effect on competition in the Indian paints sector, thereby allowing the acquisition to proceed.⁴³
2. **SEBI approval:** Since the acquisition involved JSW Paints acquiring more than 25% of the voting rights in ANIL, it triggered mandatory open offer obligations under Regulation 3(1) and 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Regulations"). Accordingly, the JSW Paints made a public announcement,⁴⁴ filed a Draft Letter of Offer with SEBI⁴⁵ through its merchant banker, and completed the open offer process following SEBI's observations, alongside making requisite disclosures to the stock exchanges under the SEBI LODR Regulations. The company duly reported the share transaction to the stock exchanges in line with SEBI (Prohibition of Insider Trading) Regulations, 2015⁴⁶.

⁴¹ Press Release by JSW Paints (27 June 2025) (can be accessed here at jsw.in/news/jsw-paints-signs-definitive-agreements-to-acquire-akzo-nobel-india-in-a-strategic-move-to-grow-in-indias-paints-industry/).

⁴² Press Release by Competition Commission Of India (16.09.2025) can be accessed here at [Press Release:Press Information Bureau](#)

⁴³ Competition Commission of India Order (16.09.2025) (can be accessed here at [Competition Commission of India, Government of India](#)).

⁴⁴ Public Announcement (27.06.2025) (can be accessed here at [Akzo Nobel India Limited PA_p.pdf](#))

⁴⁵ Draft Letter of Offer (11.07.2025) by JSW Paints can be (accessed here at [Akzo Nobel India Limited DLOO p.PDF](#))

⁴⁶ Disclosure under Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by AkzoNobel (can be accessed here at <4d7b2bf8-fee9-4192-8fe4-766d87fc68be.pdf>)

In its disclosure dated 10 December 2025, ANIL reported compliance with SEBI's Listing Obligations and Disclosure Requirements, noting that JSW Paints intends to be classified as a promoter, while the existing promoters plan to cease their promoter status upon completion of the share purchase agreement.

3. **Tax Implications:** Article 13⁴⁷ of the India-Netherlands Double Tax Avoidance Agreement ("DTAA") deals with the taxation of "capital gains" arising from the sale of shares. Based on a reading of Article 13, where a non-resident alienates shares of a company resident in the other contracting state and such shareholding represents at least a 10% interest in the capital of that company, the source state is permitted to tax the gains if the transfer is made to a resident of that source State. In the present context, since ANIL is an Indian company, and Akzo Nobel N.V. and its Affiliate Entities (being non-residents) sold a stake in excess of the 10% threshold, Article 13 permits India to tax the capital gains arising from this sale. This is because the shares of an Indian company were sold directly to JSW Paints, an Indian buyer. Although, Article 13 also provides an exception under which capital gains would not be taxable in India if the transfer takes place as part of a corporate reorganisation, such as a merger, amalgamation, demerger, or internal group restructuring. However, this exception does not apply to the transaction, as the deal was a straightforward sale of shares for cash consideration through a share purchase agreement. That said, the precise tax treatment will ultimately depend on the final position adopted by the tax authorities, details of which are not yet publicly available.

OUR THOUGHTS

While the bulk of the acquisition has been completed, JSW Paints retains the flexibility to increase its shareholding up to the initially agreed 74.76%, subject to applicable regulatory thresholds and market conditions. The long-term success of the transaction will depend not merely on ownership consolidation but on JSW Paints' ability to seamlessly integrate ANIL's operations, preserve the strength and premium positioning of established brands such as Dulux, and deploy capital efficiently across manufacturing, distribution, and innovation.

⁴⁷ Article 13 of the India-Netherlands Double Tax Avoidance Agreement (can be accessed here at [Netherlands Comprehensive Agreements](#))

IIHL- RELIANCE CAPITAL LIMITED ACQUISITION

BRIEF BACKGROUND

The long-drawn USD 1.11 billion acquisition, of the debt-ridden Reliance Capital Limited ("RCap") by IndusInd International Holdings Limited ("IIHL") was formally completed on 18 March 2025⁴⁸. The transaction began with the RBI superseding RCap's board in November 2021, following serious financial and governance concerns⁴⁹. RCap was admitted into insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 ("IBC") towards the end of 2021.

The Committee of Creditors ("CoC") approved IIHL's resolution plan with an overwhelming 99.60% majority, and the plan subsequently received approval from the NCLT on 27 February 2024⁵⁰. While the statutory 90-day implementation period was triggered thereafter, the transaction faced delays due to the complexity of the resolution, including the formulation of multiple restructuring proposals, the establishment of a Special Purpose Vehicle ("SPV"), and the need to obtain several regulatory approvals and filings. Additionally, IIHL was engaged in multiple litigations with various RCap stakeholders between February 2023 and September 2025, which further contributed to the prolonged timeline before the successful completion of the acquisition.

The acquisition was structured through a combination of equity contribution by IIHL and debt financing raised from external lenders, with ~ USD 301 million comprising of the equity portion and ~ USD 799 million of the debt⁵¹. The resolution amount was paid into escrow and distributed to creditors in accordance with the waterfall mechanism under the IBC. The acquired entity is now a wholly owned subsidiary of IIHL i.e. IndusInd Capital Limited (formerly Reliance Capital Limited). It is registered as Non-Banking Financial Company, Core Investment Company ("CIC") - Non-Deposit Taking Systemically Important (NBFC-CIC-ND-SI) under Section 45-IA of Reserve Bank of India Act, 1934⁵².

OVERVIEW OF THE PARTIES⁵³

1. Reliance Capital Limited (*Corporate debtor*): RCap was a diversified financial services company in India, operating across insurance, mutual funds, asset management, and broking. It was classified as a CIC and a systemically important NBFC under Core Investment Companies (Reserve Bank) Directions, 2016.
2. IIHL (*resolution applicant*): IIHL is a public company incorporated in Mauritius promoted by the Hinduja Group. Its principal activity is investment holding whereby IIHL holds shares in different companies spread across sectors.
3. IIHL BFSI (India) Limited (*implementing entity*): An SPV and a subsidiary of IIHL based out of Mauritius which infused capital into RCap and implemented the resolution plan along with the IIHL.

⁴⁸Article by Live Mint dated March 18, 2025 (can be accessed at [IIHL completes acquisition of Reliance Capital, insurance units of debt-ridden firm to be listed in 2-3 years: Report | Stock Market News](https://www.livemint.com/industry/iihl-completes-acquisition-of-reliance-capital-insurance-units-of-debt-ridden-firm-to-be-listed-in-2-3-years-report-116451120250318.html))

⁴⁹RBI Press Release dated November 29, 2021 (can be accessed at <https://www.vistraitcl.com/sites/default/files/RBI%20PRESS%20RELEASE-Reliance%20Capital%20Limited.PDF?>)

⁵⁰NCLT order dated July 23, 2024 (can be accessed at https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/2709138123792021/04/Order-Challenge/04_order-Challange_004_172181418952624321066a0ccad5609c.pdf)

⁵¹Article by Business Standard dated December 15, 2024 (can be accessed at https://www.business-standard.com/companies/news/iihl-s-takeover-of-reliance-capital-set-to-complete-by-january-end-124121500443_1.html?)

⁵²'About Us' by IndusInd Capital (can be accessed at <https://www.reliancecapital.co.in/aboutus>)

⁵³NCLT order dated July 23, 2024 (can be accessed at https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/2709138123792021/04/Order-Challenge/04_order-Challange_004_172181418952624321066a0ccad5609c.pdf)

Details Of the Acquisition⁵⁴

S. No.	Particulars	Details
1.	Capital Infused	<ul style="list-style-type: none"> ➤ ~USD 1.1 billion – Upfront Cash Amount Extra Amounts: ➤ ~USD 5.77 million (proposed by IIHL) – linked to avoidance transactions set aside by the Adjudicating Authority under IBC ➤ ~USD 1.27 million - for the benefit of the CoC ➤ ~USD 32.9 million -cash already lying with RCap ➤ ~USD 23.1 million – infused separately to bolster the solvency of Reliance General Insurance (a key RCap subsidiary).
2.	Distribution Mechanism	<ul style="list-style-type: none"> ➤ To operational creditors (vendors and service providers)= 5% of their admitted claims ➤ Deductions: Administrator Payments and CoC's costs ➤ Unsecured financial creditors who did not vote in favour of the resolution plan= NIL ➤ Secured financial creditors who did not vote in favour of the resolution plan - paid in the same proportion as the Secured Non-Retail Creditors. ➤ Related party creditors= NIL ➤ Financial creditors who voted in favour of the Plan: <ul style="list-style-type: none"> (i) Retail Secured Assenting Financial Creditors (Individuals or HUFs): paid in full principal (ii) Unsecured creditors= 5% of admitted claims (iii) Secured Non-Retail Creditors: Pro-rata share based on their admitted claims
3.	Recovery Ratio	37.03% - overall received by creditors of what they claimed
4.	Treatment of shareholders	<ul style="list-style-type: none"> ➤ Placed at the last under Section 53, IBC ➤ "Equity shareholders- NIL. ➤ Their shares are cancelled and extinguished at zero value. ➤ After implementation, IIHL and its nominees became the only shareholders of RCap.

In essence, under the resolution plan, creditors recovered about 37% of their admitted claims, operational creditors received 5% and retail secured creditors were fully repaid. The equity shareholder of Rcap received no value as their shares were extinguished and IIHL took full ownership of RCap.

KEY LEGAL ASPECTS

1. Deadlock over escrow agreements⁵⁵: During the implementation of the resolution plan under the IBC, a key issue arose around escrow arrangements. The acquisition experienced a stall, a month prior to completion, with the disagreements between the lenders and CoC of IIHL surrounding the unwinding provision of the escrow agreement i.e. how the funds should be returned in the event any litigation arose after the funds were moved to the escrow account, prior to the completion of the share transfer. The issue was resolved with the consultation of the NCLT.
2. Insolvency and Bankruptcy Code, 2016: The resolution was governed by the IBC, which mandates strict timelines for completion of the Corporate Insolvency Resolution Process ("CIRP") (extendable up to an outer limit of 330 days in exceptional circumstances)⁵⁶ and prescribes eligibility norms for resolution applicants⁵⁷. The approved resolution plan was required to comply with statutory distribution principles, including payment of CIRP costs in priority, minimum protection to

⁵⁴*Ibid.*

⁵⁵ Escrow deadlock stalls Reliance Capital deal, IIHL seeks NCLT guidance, February 26, 2025 (can be accessed at [Escrow deadlock stalls Reliance Capital deal, IIHL seeks NCLT guidance - The Economic Times](#))

⁵⁶ Section 12 of the Insolvency and Bankruptcy Code, 2016

⁵⁷ Section 29A of the Insolvency and Bankruptcy Code, 2016

operational and dissenting financial creditors in line with the liquidation waterfall mechanism, and fairness in allocation⁵⁸. Upon NCLT approval and a complete change in control, IIHL (the acquirer) benefitted from statutory immunity for pre-resolution offences. Liability for past misconduct is shifted to the individuals responsible, i.e. promoters, officers, or anyone directly involved in the offence and the new management gets a clean slate start⁵⁹.

3. SEBI (Delisting of Equity Shares) Regulations, 2021: As part of the approved resolution plan, the equity shares of RCAP were delisted from stock exchanges. This ensured that existing shareholders' equity was extinguished, and no mandatory delisting offer was required because the resolution plan contemplated cancellation of the existing share capital⁶⁰. Thus, RCAP ceased to be a publicly traded company. Existing equity shareholders received no consideration given their nil liquidation value under the resolution plan.
4. Insurance Regulatory and Development Authority ("IRDAI") Approval: IRDAI approvals were a mandatory regulatory checkpoint because the transaction involved a change in control of three regulated insurance entities:
 - Reliance General Insurance Company (**RGIC**)
 - Reliance Nippon Life Insurance Company (**RNLIC**)
 - Reliance Health Insurance Limited (**RHIL**)

Under the Insurance Act, 1938 ("**Insurance Act**") read with IRDAI (Registration of Indian Insurance Companies) Regulations, any acquisition resulting in a direct or indirect transfer of shareholding above 5% or a change in promoter/control cannot be affected without prior IRDAI approval⁶¹. This approval is based on "fit and proper" evaluation of the incoming sponsor, financial soundness, capital adequacy, and solvency assurance under the new ownership structure, governance transition, including board composition, independence thresholds, and key managerial personnel changes, ring-fencing policyholder interests and long-term viability of the insurance subsidiaries⁶².

OUR THOUGHTS

The successful acquisition of RCAP by IIHL demonstrates a textbook application of the IBC framework, delivering a structured resolution that not only balances creditor interests, but also decisively clears legacy liabilities. By Providing a genuine clear "clean slate" for the incoming management and ensuring seamless regulatory and operational continuity, the transaction sets a powerful precedent for structured, value-driven turnarounds in India's financial sector.

⁵⁸ Section 30 read with Section 53 of the *Insolvency and Bankruptcy Code, 2016*

⁵⁹ Section 32A of the *Insolvency and Bankruptcy Code, 2016*

⁶⁰ Reliance Capital Annual Report 2024-2025, page 22 (can be accessed at

https://reliancecapital.co.in/PDF/Reliance_Capital_Annual_Report_2024_25.pdf)

⁶¹ Section 6A of the *Insurance Act, 1938* read with Regulation 3 of the *IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015*

⁶² Section 6A of the *Insurance Act, 1938* read with Regulation 6 of the *IRDAI (Transfer of Equity Shares of Insurance Companies) Regulations, 2015*

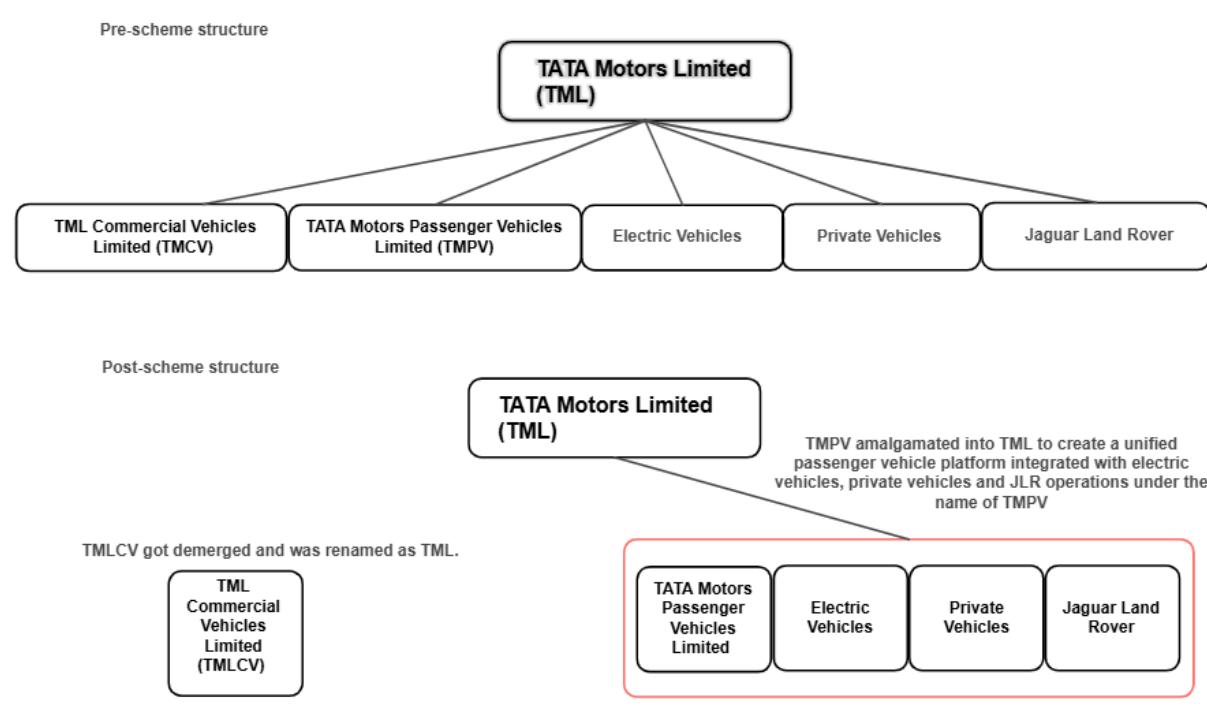
DRIVING CLARITY: TATA MOTORS' LEGAL AND STRUCTURAL OVERHAUL

INTRODUCTION

Over the past few years, the Commercial Vehicles Business ("CVB") and the Passenger Vehicles Business ("PVB") have demonstrated strong and consistent performance, driven by the successful execution of distinct and focused business strategies. In order to build on this momentum and enable sharper strategic and operational focus, Tata Motors Limited ("TML") undertook a significant strategic reorganisation and separated the CVB from the PVB, resulting in the creation of two independent and focused entities.

STRUCTURE OF THE DEAL

The composite scheme of arrangement ("Scheme") became effective on 1 October 2025, being the Effective Date and is structured as a single, integrated transaction comprising of two limbs, as described below:



1. Demerger of the Commercial Vehicles Business⁶³

Under the first limb of the Scheme, the CVB of TML was separated and transferred, as a going concern, to TML Commercial Vehicles Limited ("TMLCV.") The transfer included all assets and liabilities, employees, contractual arrangements, intellectual property, licences, permits, approvals, and associated investments relating to the CVB. All contracts, obligations, and legal proceedings (excluding tax proceedings) relating to TML were transferred in the name of TMLCV, with all statutory and regulatory approvals in force. Further, as consideration for the demerger, equity shares of TMLCV were issued to the shareholders of TML in a 1:1 entitlement ratio, resulting in a mirrored shareholding structure in both entities.

⁶³ Part II (Transfer and Vesting of the Demerged Undertaking into the Resulting Company) of the scheme of arrangement (can be accessed here at [Annexure2.pdf](#))

2. Amalgamation of the Passenger Vehicles Business⁶⁴

The second limb of the Scheme provided for the amalgamation of Tata Motors Passenger Vehicles Limited (“TMPV”) into TML, to create a unified passenger-vehicle platform integrated with the electric vehicle business, private vehicle and JLR operations. Pursuant to the Scheme, TMPV was dissolved without winding up. All assets, liabilities, employees, contracts, and legal proceedings of TMPV vested in TML as the continuing entity. Given that TMPV was a wholly owned subsidiary of TML, no shares were issued as consideration for the amalgamation. Consequently, the equity shares of TMPV held by TML, stood cancelled in the books of TML, reflecting the consolidation of the PVB within a single legal entity i.e. TMPV.

Pursuant to the implementation of the Scheme and to align corporate identities with the restructured business operations, the company formerly known as TML was renamed as TMPV and TMLCV was renamed as TML⁶⁵.

KEY LEGAL ASPECTS

NCLT Approval

Under Sections 230 to 232 of the Companies Act, any scheme of arrangement whether a merger, demerger, or amalgamation requires the prior approval from the NCLT. In this case, the Scheme involving the demerger of Tata Motors’ CVB into TMLCV, followed by the amalgamation of TMPV into TML, was submitted to the NCLT. The scheme was sanctioned by NCLT Mumbai.⁶⁶

Approval from Stock Exchanges

Since TML is a listed entity, the restructuring required a no-objection letter⁶⁷ from the stock exchanges under Regulation 37 of the SEBI LODR, read with the SEBI Circular on Schemes of Arrangement.⁶⁸ Accordingly, both the National Stock Exchange and Bombay Stock Exchange reviewed the Scheme, assessing its compliance with the conditions on mirror shareholding and post-Scheme governance requirements to ensure that the Scheme was implemented in a manner that avoided unfair prejudice, information asymmetry, or disproportionate benefits to any class of shareholders.

Competition Law

From a merger-control perspective, the Tata Motors’ restructuring constitutes an intra-group reorganisation and qualifies as an exempt combination under the Competition Exemption of Combination Rules. The Rules exempt (i) merger or amalgamation within the same group, provided that the transaction does not result in a change in control⁶⁹, and (ii) demergers where the resulting company issues shares to the demerged company or its shareholders in proportion to their existing shareholding⁷⁰. In the present case, both the PVB and the CVB continue to remain within the Tata Group, with no change in ultimate control. Further, TMLCV issued equity shares to the shareholders of TML on a 1:1 mirror basis and satisfied the proportionality requirement prescribed for demerger-related exemptions under the Rules.

⁶⁴ Part III (Amalgamation of the Amalgamating Company with the Amalgamated Company) of the scheme of arrangement (can be accessed here at [Annexure2.pdf](#))

⁶⁵ Name Change information (can be accessed here at [bece4d69-3276-4305-88a5-440ed2a2660e.pdf](#)).

⁶⁶ NCLT Mumbai Order (25 August 2025) (can be accessed here at https://nclt.gov.in/gen_pdf.php?filepath=/File_Document/ncltdoc/casedoc/2709138071692025/04/Order-Challenge/04_order-Challange_004_175612431034595096668ac54969a494.pdf).

⁶⁷ Observation letter regarding receipt of “No Adverse Observations” from Exchange in relation to the Scheme of Arrangement (24 February 2025) (can be accessed here at [cv.tatamotors.com/assets/cv/files/investors/2025/02/BSE-Observation-Letter-dated-Feb-24-2025.pdf](#)).

⁶⁸ SEBI Circular on Schemes of Arrangement (3 November 2020) (can be accessed here at [SEBI | Schemes of Arrangement by Listed Entities and \(ii\) Relaxation under Sub-rule \(7\) of Rule 19 of the Securities Contracts \(Regulation\) Rules, 1957](#))

⁶⁹ Para 10, Schedule of Competition (Criteria for Exemption of Combinations) Rules, 2024 (can be accessed here at [Competition Commission of India, Government of India](#))

⁷⁰ Para 12, Schedule of Competition (Criteria for Exemption of Combinations) Rules, 2024 (can be accessed here at [Competition Commission of India, Government of India](#))

Tax Implications

Under the provisions of the Income Tax Act, (i) any transfer of capital assets under a scheme of amalgamation⁷¹ and (ii) any transfer of a capital asset pursuant to a demerger⁷² between Indian companies is exempt from capital gains tax. Accordingly, the demerger of Tata Motors' CVB into TMLCV and the merger of TMPV into TML are treated as tax-neutral transactions.

OUR THOUGHTS

The Scheme represents a deliberate and forward-looking step to align Tata Motors' corporate structure with the distinct strategic, operational, and capital requirements of its businesses. By enabling independent governance while retaining group control, the reorganisation enhances strategic flexibility, improves transparency, and lays a robust foundation for sustainable growth across both business segments.

⁷¹ Section 2(1B) and other relevant provisions of the Income Tax Act

⁷² Section 2(19AA) and other relevant provisions of the Income Tax Act

BAJAJ CONSOLIDATES FULL CONTROL: ALLIANZ EXITS JOINT VENTURE

INTRODUCTION

In one of the most significant restructurings in the Indian insurance landscape, the Bajaj Group initiated a sweeping realignment of its long-standing partnership with Allianz SE (“**Allianz**”), marking the end of one of the country’s successful joint ventures. After two decades of the joint venture, the German insurer Allianz exited its joint venture with the Bajaj Group as part of a global portfolio realignment, despite reaffirming that India remains a strategic priority. The exit was amicable and planned, with both parties coordinating the transition.

Allianz’s stake in Bajaj Allianz Life Insurance Company (“**BALIC**”) and Bajaj Allianz General Insurance Company (“**BAGIC**”) were both acquired by the Bajaj Group. Further, 50% of the shareholding of Allianz in Bajaj Allianz Financial Distributors Limited (“**BAFDL**”), the authorised corporate agent of BAGIC and BALIC was acquired by Bajaj Finserv (“**BFS**”).

As part of the acquisition, BFS, Bajaj Holdings & Investment Ltd. (“**BHIL**”), and Jamnalal Sons Private Limited (“**JSPL**”) collectively acquired:

1. 26% paid-up equity share capital in BAGIC for a consideration of USD 1.586 billion; and
2. 26% paid-up equity share capital in BALIC for a consideration of USD 1.196 billion.

Further, BFS acquired 50% of the paid-up equity share capital i.e. 12,00,000 equity shares in BAFDL for a consideration not exceeding USD 1.44 billion.

STRUCTURE OF THE DEAL

The restructuring was anchored in a way where Allianz fully exited all three joint venture entities i.e. BAGIC, BALIC and BAFDL with the Bajaj Group assuming complete ownership. The acquisition was done through three share purchase agreements that were entered into by the entities for acquisition of paid-up equity share capital. The shareholding prior to and subsequent to the acquisition is as follows:⁷³

BAGIC and BALIC		BAFDL	
Shareholding Structure prior to the acquisition	Shareholding post the acquisition	Holding prior to the acquisition	Holding post the acquisition
BFS: 74%	BFS: 75.01%	BFS: 50%	BFS: 100%
Allianz: 26%	BHIL: 19.95%	Allianz: 50%	
	JSPL: 5.04%		

As of 8 January 2026,⁷⁴ Allianz confirmed the completion of the sale of 23% in BALIC and BAGIC to the Bajaj Promoter Group. It expects to complete the exit from the insurance JVs and transfer the remaining 3% stake by Q2 2026. Allianz also reiterated that the Indian market continues to remain a core growth market for the group leading to a proposed partnership with Jio Financial Services, resulting in a binding 50:50 domestic reinsurance joint venture, and additional non-binding proposals for equally owned life and general insurance JVs.

⁷³ Intimation under Regulation 30(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2017 (can be accessed at: [Intimation under Regulation 30\(9\) read with Schedule III, Para D of Part A of SEBI \(Listing Obligations and Disclosure Requirements\) Regulations, 2015 \(17 March 2025\)](#))

⁷⁴ Media release by Allianz dated 8 January 2026 (can be accessed at: <https://www.allianz.com/en/mediacenter/news/media-releases/260108-allianz-divestment-joint-ventures-bajaj.html>)

KEY LEGAL ASPECTS

Companies Act

The transaction is governed by the share-transfer framework under the Companies Act, pursuant to which shares are transferable in accordance with Section 56 of the Companies Act and the articles of association of the respective entities. The board of directors of the relevant Bajaj group entities, at their board meetings held on 17 March 2025, considered Allianz's proposal to exit the insurance joint ventures and approved the termination of the joint ventures, subject to the receipt of necessary regulatory approvals from CCI and IRDAI.⁷⁵ Three share purchase agreements dated 17 March 2025 were entered into for acquisition of shareholding in BALIC, BAGIC and BAFDL respectively. Further, an agreement was entered into to terminate the joint venture agreements.

Insurance Regulatory and Development Authority of India

The Insurance Act is the governing act for the transfer of shares in an insurance company. Sub-section 4 of Section 6A of the Insurance Act⁷⁶ provides that any public limited company dealing with general and life insurance business shall not register any transfer of its shares unless:

- i. It is in accordance with Section 56 of the Companies Act;
- ii. After the approval of IRDAI, when the total paid-up holding of the transferee is likely to exceed five percent of the paid-up capital post the transfer; and
- iii. After the approval of IRDAI, where the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds one percent of the paid-up equity capital post the transfer.

The requirements under Section 6A of the Insurance Act must be read in conjunction with the provisions of Chapter IV of IRDAI (Registration, capital structure, transfer of shares and amalgamation of insurers) Regulations, 2024 ("IRDAI Regulations"). Any application seeking prior approval from the IRDAI under Section 6A, along with the requisite documents and details pertaining to the transferor and transferee of shares, must be submitted in the format prescribed under Regulation 22(1) of the IRDAI Regulations⁷⁷. Furthermore, in accordance with Regulation 23, IRDAI will conduct due diligence prior to granting approval for the proposed transfer of shares under Section 6A of the Insurance Act.

BAGIC and BALIC are public limited companies involved in the business of general insurance and life insurance respectively. In line with the procedural framework, IRDAI constituted a Panel of Whole-Time Members to evaluate the applications filed by BALIC and BAGIC for the proposed transfer of 26% shareholding to BFS, BHIL, and JSPL. The Panel of Whole-Time Members approved the applications in its meeting dated 15 July 2025 thereby providing a green signal to the acquisition.⁷⁸

Competition Aspects

The acquisition was notified to CCI under Section 6(2) of the Competition Act read with the Competition Combination Regulations.

The Commission noted that BFS already held 74% equity control over BALIC and BAGIC and further the proposed acquisition would result in a change from joint control to sole control of the Bajaj Group in all three entities. After assessing the transaction under the factors set out in Section 20(4) of the Competition Act, the CCI concluded that the consolidation of ownership within the Bajaj Group would not alter market dynamics in the life insurance, general insurance, or insurance distribution segments,

⁷⁵ Intimation under Regulation 30(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2017 (can be accessed at: [Intimation under Regulation 30\(9\) read with Schedule III, Para D of Part A of SEBI \(Listing Obligations and Disclosure Requirements\) Regulations, 2015 \(17 March 2025\)](#))

⁷⁶ Section 6A of the Insurance Act, 1938

⁷⁷ Regulation 22(1) of IRDAI (Registration, capital structure, transfer of shares and amalgamation of insurers) Regulations, 2024

⁷⁸ IRDAI press release dated 16 July 2025 (can be accessed at: [Press Note- Transfer of equity shares related to M/s Bajaj Allianz Life Insurance Company and M/s Bajaj General Insurance Company \(16 July 2025\)](#))

and accordingly approved the combination under Section 31(1) of the Competition Act, finding that it was unlikely to cause any appreciable adverse effect on competition in India.⁷⁹ ⁸⁰

FDI Aspects

Since Allianz is a European Company incorporated and registered in Germany, with its registered office in Munich, it will be considered a non-resident person for foreign exchange control regulations. As the transaction involved the transfer of shares from a non-resident to resident Indian acquirers, it was subject to the compliance requirements under the FEMA NDI Rules. The parties were required to comply with Form FC-TRS reporting for the transfer of shares from a non-resident to resident Indian acquirers and adhere to the pricing and valuation requirements prescribed under Rule 21 of FEMA NDI Rules, which mandates that shares transferred from a non-resident to a resident must not be sold at a price lower than the fair market value, as determined in accordance with internationally accepted valuation methodologies certified by a chartered accountant or a SEBI-registered merchant banker.

OUR THOUGHTS

The Bajaj-Allianz JV buyout is widely seen as a strategic win for the Bajaj Group resulting in a consolidation of ownership and control of BALIC, BAGIC and BAFDL within the Bajaj Group, transitioning the insurers from a long-standing joint-venture structure to sole control by a single corporate group. While the transaction does not materially alter competition or market concentration in the life or general insurance markets, this acquisition is expected to streamline governance and align with the long -term goals of Bajaj Group. This transaction reflects a maturing phase of the Indian insurance market, where established domestic financial groups are consolidating promoter control over scaled insurance platforms, even as global insurers enter Indian insurance markets with renewed interest.

⁷⁹ Press Information Bureau press release dated 20 May 2025 (can be accessed at [CCI approves the proposed combination, Press release \(20 May 2025\)](#))

⁸⁰ CCI order on notice under Section 6 (2) of the Competition Act, 2002 dated 20 May 2025 (can be accessed at [CCI Order \(20 May 2025\)](#))

JIO-BLACKROCK JOINT VENTURE: RESHAPING INVESTMENT LANDSCAPE



INTRODUCTION

The alliance between Jio Financial Services Limited (“**Jio**”) and BlackRock Group marks a significant development in India’s financial services market. On 26 July 2023, the two entities announced a 50:50 joint venture i.e., a JV, with the objective of entering and reshaping India’s asset management industry.⁸¹ The transaction brings together Jio’s extensive domestic footprint, digital infrastructure and execution capabilities with BlackRock’s expertise in investment management, product excellence and access to technology.

BACKGROUND OF PARTIES

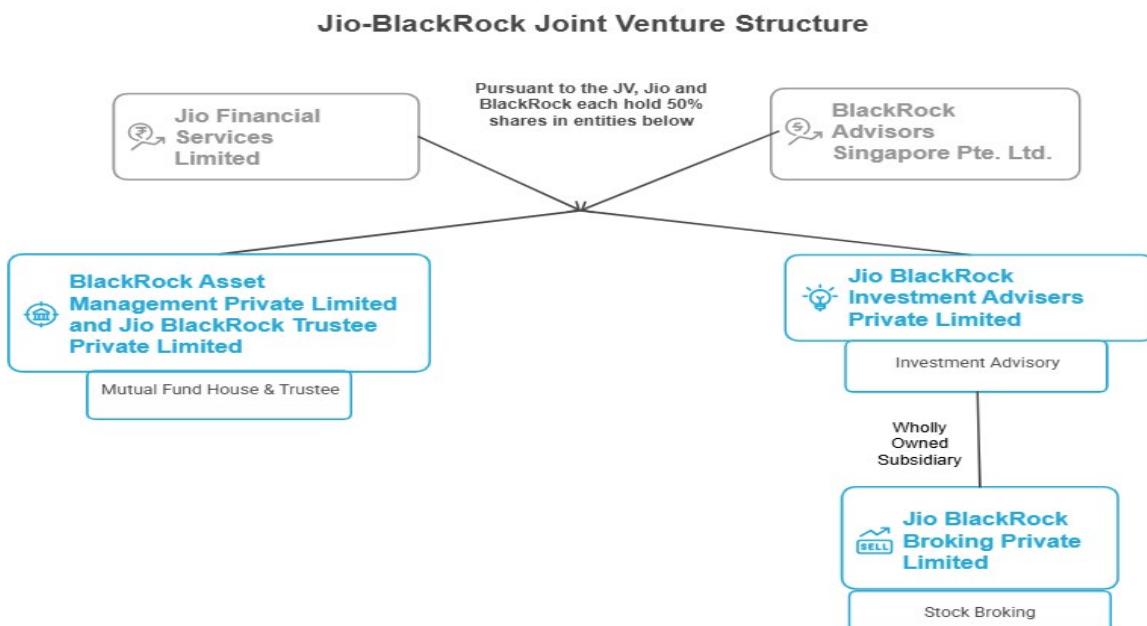
1. Jio Financial Services Limited

Jio operates as a financial services platform with a strategic focus on delivering credit, investment, and other retail financial products directly to consumers and merchants.

2. BlackRock Advisors Singapore Pte. Ltd

BlackRock Advisors Singapore Pte. Ltd. (“**BlackRock**”) is part of the BlackRock Group, a leading global asset manager known for its expertise in investment management, risk analytics, and technology-enabled investment solutions.

STRUCTURE OF THE TRANSACTION



⁸¹ Press release by Blackrock dated July 26,2023 (can be accessed at: <https://www.blackrock.com/corporate/newsroom/press-releases/article/corporate-one/press-releases/blackrock-and-jio-financial-services-agree-to-form>)

1. Mutual Fund

The formation of a mutual fund is governed by the provisions of Security Exchange Board of India (Mutual Funds) Regulations, 1996 (“**Mutual Fund Regulations**”). The Mutual Fund Regulations provide that a mutual fund shall be constituted in the form of a trust and further, one of the criteria for grant of certificate of registration by the SEBI is the appointment of an asset management company to manage the mutual fund and operate the scheme of such funds.

After receiving an in-principle approval from SEBI on 3 October 2024, Jio and BlackRock incorporated Jio BlackRock Asset Management Private Limited (“**AMC**”) and Jio BlackRock Trustee Private Limited (“**Trustee Company**”) on 28 October 2024.⁸² Jio and BlackRock, both held equal shareholding (50:50) in the AMC and the Trustee Company.

Jio and BlackRock each made a further capital infusion into the AMC in the following manner:

Sl. No.	Date	No of Equity Shares (Jio and BlackRock each)	Total Amount infused (in USD millions)
1.	21 January 2025	58.5 mn	13.53
2.	3 April 2025	63.0 mn	7.80
3.	10 December 2025 (rights issue)	136.0 mn	15.15

SEBI granted its final approval to AMC through the issuance of the certificate of registration and approval to act as the asset management company for ‘Jio BlackRock Mutual Fund’ on 26 May 2025.⁸³

2. Investment Advisory

The Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, mandate that any person seeking to act as an investment adviser must obtain SEBI’s approval and meet the prescribed eligibility norms relating to qualifications and net – worth thresholds. Upon compliance with these conditions, SEBI issues the certificate of registration.

On 6 September 2024, Jio and BlackRock incorporated another joint venture entity, Jio BlackRock Investment Advisers Private Limited, in which Jio and BlackRock held equal shareholding (50:50).⁸⁴

Jio and BlackRock each made a further capital infusion into Jio BlackRock Investment Advisers Private Limited in the following manner:

Sl. No.	Date	No of Equity Shares (Jio and BlackRock each)	Amount infused by Jio and BlackRock each (in USD millions)
1.	3 April 2025	66.5 mn	7.80
2.	10 December 2025 (rights issue)	93.5 mn	10.41

SEBI, subsequently, on 10 June 2025, granted Jio BlackRock Investment Advisers Private Limited its certificate of registration to operate as an investment adviser.

3. Stock Brokering

⁸² Disclosure by Jio Financial Services Ltd under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements),2015 dated 4 October 2024 (can be accessed at :<https://bsmedia.business-standard.com/media/bs/data/announcements/bse/04102024/57730fa6-8bd7-4aeb-97bf-ebe7942efa87.pdf>)

⁸³ Disclosure by Jio Financial Services Ltd. under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) 2015, dated 27 May 2025 (can be accessed at: https://nsearchives.nseindia.com/corporate/JIOFINANCIAL_27052025130900_JFSL.pdf)

⁸⁴ Disclosure by Jio Financial Services Ltd. under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements),2015 dated 8 September 2024 (can be accessed at <https://jep-asset.akamaized.net/cms/assets/fs/investor-relations/corporate-announcements/incorporation-of-a-joint-venture-company.pdf>)

The Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 require any person intending to act as a stockbroker to obtain SEBI's approval. SEBI evaluates factors such as infrastructure, operational capability, past experience etc. Upon satisfaction of these conditions, SEBI issues the certificate of registration.

On 20 January 2025, Jio BlackRock Investment Advisers Private Limited incorporated a wholly owned subsidiary, Jio BlackRock Broking Private Limited, to undertake stock broking activities. SEBI subsequently granted this entity its certificate of registration to operate as a stockbroker/clearing member on 25 June 2025⁸⁵.

Ecosystem Capabilities

The Jio–BlackRock joint venture and its associated businesses, comprising a mutual fund house, an investment advisory arm, and a stock broking platform are designed with strong backend integration capabilities that enable seamless interaction across all three verticals. For example, subject to compliance with SEBI's conflict of interest provisions, the mutual fund house can leverage the Jio–BlackRock stock broking platform both to advertise its products and to execute trades. Simultaneously, the investment advisory arm can provide the mutual fund house with expert inhouse insights on investment opportunities. These cross platform integration capabilities provide a unique touch to the joint venture, enhancing operational efficiency and ultimately driving long term shareholder value.

KEY LEGAL ASPECTS

FDI Aspects

BlackRock's investment in the JV would need to comply with FEMA NDI Rules, as it falls in the sector of 'other financial services'. Foreign direct investment in this sector is permitted up to 100% though the automatic approval route, subject to compliance with conditionalities imposed by SEBI, including minimum capitalization norms.

AI Aspects

Jio BlackRock Mutual Fund is positioning Artificial Intelligence ("AI") as a core part of both its investment process and its risk management through BlackRock's Aladdin platform and Systematic Active Equity ("SAE"). Aladin aggregates market data, runs risk analytics, stress tests, and compliance checks while unifying portfolio management, trading, operations, and reporting in one system. While SAE, approach builds predictive stock signals through machine learning on big data, then optimizes active portfolios with human oversight to generate more returns.

SEBI's regulations on Artificial Intelligence ("AI") and Machine Learning ("ML") are still in their nascent stages. Through its circular on 'Reporting for AI and ML applications and systems offered and used by mutual funds' dated 09 May 2019, SEBI is creating an inventory of the AI and ML landscape in India.⁸⁶ The circular prescribes that mutual funds should report AI and ML applications in their operations, within 15 days of each quarter to the Association of Mutual Fund in India. Further, SEBI has also released a consultation paper on "Guidelines for Responsible Usage of AI/ML in Indian Securities Markets" dated 28 June 2025.⁸⁷ Currently, these are not binding, and comments are solicited from the stakeholders. However, they signal SEBI's regulatory intent to develop a framework that mitigates the risks associated with AI and ML deployment in the financial markets.

⁸⁵ Disclosure by Jio Financial Services Ltd. under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 dated 27 June 2025 (can be accessed at : https://nsearchives.nseindia.com/corporate/JIOFINANCIAL_27062025103641_JBBPL.pdf)

⁸⁶ Circular by Securities Exchange Board of India on Reporting for AI and ML applications and systems offered and used by mutual funds dated 9 May 2019 (can be accessed at: https://www.sebi.gov.in/legal/circulars/may-2019/reporting-for-artificial-intelligence-ai-and-machine-learning-ml-applications-and-systems-offered-and-used-by-mutual-funds_42932.html)

⁸⁷ Consultation Paper by Securities Exchange Board of India on Guidelines for Responsible Usage of AI/ML in Indian Securities Market dated 20 June 2025 (can be accessed at: https://www.sebi.gov.in/reports-and-statistics/reports/jun-2025/consultation-paper-on-guidelines-for-responsible-usage-of-ai-ml-in-indian-securities-markets_94687.html)

OUR THOUGHTS

Jio BlackRock's entry signals an important shift in the evolution of India's investment ecosystem. By anchoring its platform in technology enabled and AI supported investment processes, the joint venture positions itself to expand the reach of formal asset management beyond traditional investor segments. If executed responsibly, this model can meaningfully lower distribution frictions, personalise advisory pathways at scale, and bring first-time investors into the fold of regulated financial products.

That promise, however, must be matched with prudence. Retail investors in India are still developing an understanding of algorithmic tools, and the marketing of AI and ML carries the risk of misperception. In the absence of a dedicated SEBI framework governing the use of AI and ML in financial markets, the onus lies on Jio BlackRock to prioritise transparency, risk disclosures, and investor literacy. A proactive approach to education and communication will be essential, not only to safeguard investor interests but also, to preserve the long-term credibility of a platform that intends to operate at scale in a trust sensitive market.

DEALS TO WATCH OUT FOR IN 2026

BLACKSTONE'S MINORITY STAKE ACQUISITION IN FEDERAL BANK**INTRODUCTION**

Federal Bank, via its press release dated 25 October 2025⁸⁸, announced its capital raising initiative via the preferential issue of warrants to Asia I Topco XIII Pte Ltd, an affiliate of Blackstone. This issuance represents a maximum of 9.99% of the post-issue paid-up share capital of Federal Bank, with the capital infusion totalling USD 700.4 million and has received board and shareholder approvals.

The warrant issue is priced at INR 227 each, an 8% premium over the regulatory floor price and the Bank's highest share price⁸⁹. Under the terms of the deal, Blackstone will be entitled to nominate one director to Federal Bank's board, provided its shareholding remains at or above 5%. The infusion will be completed in tranches, with 25% coming in the first tranche and the remaining capital to be infused after 18 months⁹⁰. This acquisition is a step in the right direction for Federal Bank, whose strategy is capital availability without immediate dilution.

The deal is firmly embedded within India's regulatory framework, ensuring transparency and stability at every stage. It was approved under the Companies Act which governs preferential allotments and mandates shareholder consent. The pricing of warrants complies with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, reflecting adherence to disclosure norms and fair valuation principles. Oversight from the RBI provides an additional safeguard, ensuring that the transaction supports banking stability and sound governance. Furthermore, CCI recently in December 2025 cleared the acquisition under the Competition Act, confirming that the investment does not distort market competition⁹¹. Finally, the transaction aligns seamlessly with India's Foreign Direct Investment policy for private sector banks, reinforcing the country's openness to global capital while maintaining regulatory discipline.

OUR THOUGHTS

The Blackstone-Federal Bank deal is one that merits close attention from investors and market observers. It is more than a capital infusion and can be classified as a strategic partnership that reflects the increasing globalization of India's banking sector. By securing funds through a staggered warrant issue, Federal Bank achieves capital availability without immediate dilution, balancing growth with shareholder protection. As India's banking sector continues to attract marquee investors, the Federal Bank-Blackstone partnership will likely serve as a template for future cross-border investments, strengthening the sector's resilience and competitiveness in a rapidly evolving financial landscape. The recent Emirates NBD investment in RBL Bank further illustrates how leading international banks are positioning themselves to capture long-term growth opportunities in India's dynamic financial services market.

As India's banking sector continues to attract marquee investors, the Federal Bank-Blackstone partnership will likely serve as a template for future cross-border investments, strengthening the sector's resilience and competitiveness in a rapidly evolving financial landscape. The recent Emirates NBD investment in RBL Bank and SMBC in Yes Bank further illustrate how leading international banks are positioning themselves to capture long-term growth opportunities in India's dynamic financial services market, underscoring the sector's growing integration with global capital flows. Together, these deals signal a new era where Indian banks are increasingly integrated into the global financial ecosystem.

⁸⁸ Press release by Federal Bank dated October 24, 2025 (can be accessed at <https://www.federal.bank.in/documents/d/quest/federal-bank-announces-landmark-strategic-investment-1>)

⁸⁹ Ibid.

⁹⁰ Article on "Federal Bank says Blackstone capital to lift CRAR by 50 bps in Q4" by Crypto World dated January 19, 2026 (can be accessed at <https://bfsi.economictimes.indiatimes.com/articles/federal-bank-boosted-by-blackstones-capital-investment-50-bps-rise-in-crar/126564867>)

⁹¹ Press release by Press India Bureau dated December 23, 2025 (can be accessed at <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2207901®=3&lang=2>)

EMIRATES NBD'S ACQUISITION OF RBL BANK

BACKGROUND

In October 2025, Emirates National Bank of Dubai P.J.S.C (“**Emirates NBD**”) announced the acquisition of a controlling stake with board control in Ratnakar Bank Limited (“**RBL**”) through a primary capital infusion up to approximately USD 3 billion for subscribing up to 60% of the total paid-up share capital of RBL, marking the largest FDI in India’s financial services sector.⁹² Emirates NBD will become a ‘promoter’ of RBL post consummation of the transaction.⁹³ This transaction is highly significant as it represents the first instance when a foreign bank will be acquiring a majority stake and board control in a profitable Indian bank. Although the transaction is approved by the Competition Commission of India⁹⁴ without requiring any modifications, it is still subject to several regulatory approvals. The effective completion of the transaction is targeted for April 2026.⁹⁵

TRANSACTION STRUCTURE: THREE-LEGGED APPROACH

Under the Investment Agreement dated 18 October 2025 (“**Investment Agreement**”), Emirates NBD has agreed to acquire stake in RBL through a three-legged mechanism consisting of the following:

Phase 1: Investment Agreement and Preferential Issue

Under the Investment Agreement, Emirates NBD will subscribe to up to 959,045,636 fully paid equity shares at ₹280 per share through a preferential issue, representing approximately 60% of RBL's paid-up share capital for a subscription amount~ USD 3 billion.⁹⁶

Phase 2: Mandatory Open Offer to Public Shareholders

Following execution of the Investment Agreement, Emirates NBD made a mandatory open offer to public shareholders under the SEBI Substantial Acquisition of Shares and Takeovers Regulations (“**SAST Regulations**”) upon acquiring more than 25% voting rights of RBL. The open offer concluded on 26 December 2025, with post-offer disclosures awaited.⁹⁷

Phase 3: Proposed Amalgamation of Emirates NBD Branch Operations

Following completion of Phase 1 and Phase 2, and subject to receipt of regulatory approvals, Emirates NBD proposes to amalgamate its India branches (Mumbai, Chennai, and Gurugram) into RBL.⁹⁸

Under the FEMA Non-Debt Instruments Rules (“**NDI Rules**”), foreign banks may operate in India only through one of the following three channels: (a) branches; (b) a wholly owned subsidiary; or (c) a

⁹² Press release by Emirates National Bank of Dubai P.J.S.C dated 18 October 2025 (can be accessed at: <https://www.emiratesnbd.com/en/media-center/emirates-nbd-to-acquire-majority-stake-in-rbl-bank>)

⁹³ Draft Letter of Offer by RBL Bank Ltd under Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2015, dated 4 November 2024 at page 18 (can be accessed at: https://www.sebi.gov.in/sebi_data/commdocs/nov-2025/RBL%20Bank%20Limited%20-%20DLO_p.pdf)

⁹⁴ Summary Order by the Competition Commission of India under Section 31 of Competition Act 2002, dated 20 January 2026 (can be accessed at: <https://www.cci.gov.in/combination/orders-section31>)

⁹⁵ Website Article by Angel One Broking dated 20 October 2025 (can be accessed at: <https://www.angelone.in/news/market-updates/rbl-bank-ceo-breaks-down-emirates-nbd-deal-and-outlines-expansion-plans>)

⁹⁶ Draft Letter of Offer by RBL Bank Ltd under Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2015, dated 4 November 2024 at page 22 (can be accessed at: https://www.sebi.gov.in/sebi_data/commdocs/nov-2025/RBL%20Bank%20Limited%20-%20DLO_p.pdf)

⁹⁷ Disclosure by RBL Bank under Regulation 30 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 dated 28 October 2025 (can be accessed at: https://nsearchives.nseindia.com/corporate/RBLBANK_28102025185652_AdvertisementIntimation28102025Signed.pdf)

⁹⁸ Draft Letter of Offer by RBL Bank Ltd under Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2015, dated 4 November 2024 at page 8 (can be accessed at: https://www.sebi.gov.in/sebi_data/commdocs/nov-2025/RBL%20Bank%20Limited%20-%20DLO_p.pdf)

subsidiary with aggregate foreign investment of up to 74% in a private bank ("Subsidiary Mode of Presence"). Since RBL is a listed Banking Company, the only route available for the Emirates NBD for continuing its operations in India is through the Subsidiary Mode of Presence, replacing its current branch model.⁹⁹

Gating Mechanism

Stage 1: The MPS Cap Ceiling (Maximum Permissible Shareholding)

Regulation 38 of SEBI Listing Obligations and Disclosure Requirements ('**LODR**') and the Rule 19A of the Securities Contracts Regulation Rules ("**SCRR**") provide that a listed company shall have a minimum public shareholding ("**MPS**") of 25% ("**MPS Cap**") to remain listed. Accordingly, the acquirer's final ownership cannot exceed 75% of the listed company.¹⁰⁰

As a result, if the subscription shares under preferential allotment and tendered shares under the open offer are more than 75% threshold, then:

- Emirates NBD must proportionately reduce both acquisition of the tendered shares and subscription of subscription shares to bring the total shareholding back to 75%.
- This reduction is under SEBI Regulation 7(4) of SAST Regulations.
- It's called the "**MPS Proportionate Reduction**"

Stage 2: Foreign Shareholding Threshold Ceiling

NDI Rules and Consolidated FDI Policy restricts the *total foreign ownership* in a private bank to 74% of its issued and outstanding equity share capital ("**FDI Threshold**"). In case of RBL this would include:

- Final shares acquired by Emirates NDB (after any MPS Proportionate Reduction); and
- All other foreign investors' existing shares.

As a result, if Emirates NBD's final shareholding along with other foreign investors' shareholding is more than the FDI Threshold, then:

- Emirates NBD will be able to acquire fewer subscription shares than originally planned under the preferential offer.
- The tendered shares under open offer shall remain as is.
- This ensures total foreign ownership stays less than or equal to 74%.

Given the complexity of this transaction and the interplay of multiple statutory provisions and compliance requirements, the broad legal framework and approvals required thereunder are provided in **Annexure 1** and **Annexure 2** respectively. .

OUR THOUGHTS

Foreign investor interest in Indian private banks is surging, with over USD 15 billion in deals completed in 2025. Notable examples include SMBC's 24% stake in Yes Bank and Abu Dhabi's IHC acquiring 42% of Sammaan Capital Limited for nearly USD 1 billion.

Yet, investors must weigh the legal asymmetry between ownership and control under India's banking laws. Foreign investors may hold up to 74% economic ownership, but voting rights are capped at 26%, shifting effective control to board governance and RBI oversight. This framework has three key implications:

⁹⁹ Schedule 1, Table F.2.1(g) of Foreign Exchange Management (Non-debt Instrument) Rules, 2019

¹⁰⁰ Draft Letter of Offer by RBL Bank Ltd under Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2015, dated 4 November 2024 at page 18 para 5 (can be accessed at: https://www.sebi.gov.in/sebi_data/commondocs/nov-2025/RBL%20Bank%20Limited%20-%20DLO_p.pdf)

- **Regulatory-led control** – board appointments, quorum rules, and RBI approvals drive de facto authority.
- **Voting ceiling safeguard** – the 26% cap prevents unilateral dominance, protecting minority shareholders and ensuring stability.
- **Regulatory discretion** – RBI approvals and exemptions (including promoter shareholding limits) are critical valuation factors.

Against this backdrop, Emirates NBD's multi-billion dollar investment in RBL secures majority economic ownership and a strong foothold in India's fast-growing private banking sector. The deal underscores confidence in India's macro fundamentals, offers investors exposure to a high-growth market, and sets a precedent for deploying foreign capital within regulatory limits, making it a landmark transaction and potential blueprint for future cross-border banking deals.

Annexure 1 Legal Framework

S. No.	Provision	Details
1.	Sections 12(2) of the Banking Regulation Act read with RBI Gazette Notification DBR.PSBD.No.1084/16.13.100/2016-17 dated 21 July 2016 ("RBI Notification")	Caps the exercise of voting rights by any shareholder, including promoters, at 26% of total voting rights
2.	Section 12B of the Act and Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025 ("2025 Banking Companies Directions")	As per Paragraph 7, any acquisition exceeding 5% of a bank's share capital or voting rights requires prior RBI approval and adherence of the Acquirer to the 'Fit and Proper Criteria' as per Paragraph 6 of the 2025 Banking Companies Directions.
3.	Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies ("Guidelines")	Paragraph 10 of the Guidelines limits promoter shareholding in a private bank up to 26%. However, this limit, upon RBI's discretion can be relaxed as per Paragraph 12 in cases of restructuring or change in control.
4.	Regulations 3(1), 4 and 7 of the SAST Regulations	Mandatory open offer to public shareholders
5.	FEMA NDI Rules and Consolidated FDI Policy 2020	Schedule 1, Table (F.2.1) permits foreign shareholding in Indian banks up to 74% for the private banking sector. Accordingly, up to 49% of FDI can be made through the automatic route and any investment above 49% till 74% shall be made after seeking approval from Department for Promotion of Industry and Internal Trade.

6.	Section 44-A of the Banking Regulation Act, and the RBI Master Direction - Amalgamation of Private Sector Banks Directions, 2016	Amalgamation of Emirates NBD's Indian branches into and with RBL would require board approval from both the entities as well as strict adherence to RBI Master Direction – Amalgamation of Private Sector Banks, 2016 Chapter III B (Entitlement of Dissenting Shareholders)
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Annexure 2 List of Approvals

Regulatory Body	Approvals to be obtained
Reserve Bank of India	Prior written approval of the RBI approving the amendment to its articles of association and memorandum of association; and
	Prior approval of the RBI for the appointment of Emirates NBD' nominee director(s) on RBL's board.
	Prior written consent of the RBI for acquiring up to 74.00% (seventy-four per cent.) and not below 51.00% (fifty-one per cent.) of the total paid-up share capital of RBL, on such agreed terms
	Dispensation from the RBI with respect to dilution and glide-path requirements hence permitting Emirates NBD to maintain 51-74% shareholding in RBL indefinitely without mandatory phased shareholding reductions and compulsory equity dilution to public shareholders
	Approval of the RBI under the 'Scheme for setting up of wholly owned subsidiaries by foreign banks in India, 2013' issued by the RBI read with Paragraph F2.1.(g)(i) of the table in Schedule I of the NDI Rules, to hold shares of the Target Company, and concurrently for a temporary period, to operate in India as a branch of a foreign bank.
CCI Approval	Under the Competition Act and Competition Combinations Regulations, Emirates NBD has obtain CCI's approval for the acquisition, which combines preferential issue and open offer. This approval assesses competitive implications of foreign banking entry through a listed private bank acquisition.
Central Bank of UAE (CBUAE) Approval	Emirates NBD requires home country regulatory clearance from CBUAE to consummate the transaction, reflecting the outbound investment nature of the acquisition.
Department for Promotion of Industry & Internal Trade (DPIIT) Approval	DPIIT must provide written approval for Emirates NBD to hold more than 49% and up to 74% of RBL Bank's paid-up share capital for foreign exchange purposes.

MERGER OF TORRENT PHARMACEUTICALS WITH JB CHEMICALS: EN ROUTE TO BECOMING SECOND-LARGEST PLAYER IN PHARMA INDUSTRY

INTRODUCTION

On 29 June 2025,¹⁰¹ Torrent Pharmaceuticals Limited (“**Torrent**”) announced a strategic transaction to acquire a controlling stake in J.B. Chemicals & Pharmaceuticals Limited (“**JB Pharma**”), followed by the proposed amalgamation of JB Pharma into Torrent (“**Deal**”). Both companies are engaged in the manufacturing and marketing of pharmaceutical products, and the transaction is aimed at strengthening Torrent’s scale, product portfolio, and market presence. The deal is currently subject to receipt of shareholder and applicable statutory approvals.

TRANSACTION STRUCTURE OF THE DEAL¹⁰²

1. Pursuant to the share purchase agreement dated 29 June 2025, Torrent will acquire 46.39% of the equity share capital from Tau Investment Holdings Pte. Ltd., the promoter of JB Pharma (an entity of the US private equity firm Kohlberg Kravis Roberts & Co. (“**KKR**”), at a consideration of approximately USD 1,394 million.
2. Torrent also proposes to acquire up to 2.47% of JB Pharma’s fully diluted equity from employees upon exercise of their vested Employee Stock Option Plans.
3. Following the acquisition of employees shares, Torrent will make a mandatory open offer to acquire up to 4,17,45,264 equity shares, representing 26.00% of the expanded share capital of JB Pharma, from the eligible public shareholders of JB Pharma.
4. Upon completion of the acquisition and open offer, JB Pharma is proposed to be amalgamated into Torrent pursuant to a scheme of amalgamation¹⁰³ under Sections 230 to 232 of the Companies Act.

REGULATORY APPROVALS

The Deal has so far received the approval of CCI on 21 October, 2025; however, a detailed order is yet to be uploaded.¹⁰⁴ Further, the no-objection letters from SEBI, as well as approvals from NCLT and the shareholders, are still pending.

Further, it is to be noted, that although schemes of amalgamation of listed entities ordinarily require approval of the majority of public shareholders through e-voting, the present merger qualifies for an exemption, as confirmed by the statutory auditor’s certificate issued by B S R & Co. LLP dated 29 June 2025.¹⁰⁵ Under Paragraph A(10)(a) read with Paragraph A(10)(b) of Part I of the SEBI Master Circular on Schemes of Arrangement 2023,¹⁰⁶ where a scheme does not involve circumstances such as issuance of shares to promoters or related parties, transactions with promoter-controlled entities, amalgamations involving unlisted companies, etc, listed companies are required to obtain public shareholder approval since they do not involve any such triggering factors; accordingly, it is not required to comply with the obligation to seek separate approval of public shareholders.

OUR THOUGHTS

The USD 1.4 billion Torrent–JB Pharma merger, India’s second-largest pharmaceutical deal after Sun-Ranbaxy, reflects a strategic consolidation with significant long-term value creation. The deal will

¹⁰¹Press Release by Torrent Pharma (29 Jun 2025) (can be accessed here at https://www.torrentpharma.com/assets/Torrent_Pharma_Press_Release_29_6_25_8146831bae.pdf)

¹⁰² SE Intimation by Torrent Pharma (can be accessed here at Microsoft Word - SE intimation req 30)

¹⁰³ Scheme of Amalgamation (can be accessed here at [1_Scheme_of_Amalgamation_7da94ef9b9.pdf](https://www.torrentpharma.com/assets/1_Scheme_of_Amalgamation_7da94ef9b9.pdf))

¹⁰⁴ PIB Press Release by Competition Commission of India (21 October, 2025) (can be accessed here at <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2181329®=3&lang=2>)

¹⁰⁵ Auditor’s Certificate (29 June, 2025) (can be accessed here at

[11_Statutory_Auditor_Certificate_Non_Applicability_9740db3448.pdf](https://www.torrentpharma.com/assets/11_Statutory_Auditor_Certificate_Non_Applicability_9740db3448.pdf))

¹⁰⁶ SEBI Master Circular (June 20, 2023) can be accessed here at https://www.sebi.gov.in/legal/master-circulars/jun-2023/master-circular-on-scheme-of-arrangement_72839.html)

combine Torrent's strong domestic presence¹⁰⁷ with JB Pharma's global operations, including exports to over 30 countries¹⁰⁸, its expanding India business, and its international Contract Development and Manufacturing Organisation ("CDMO") capabilities. JB Pharma's strong performance is reflected in a 19% increase in net profits in FY 2024–25¹⁰⁹. The Deal is also expected to strengthen Torrent's position in chronic therapies and enable its entry into the ophthalmology segment. In this context, JB Pharma holds several key licences, including ten trademark licensing agreements for ophthalmology brands with Novartis Innovative Therapies AG. All such licences, together with the related intellectual property, will automatically transfer to Torrent upon completion of the scheme of amalgamation.

From a private equity perspective, the Deal stands out as a major success for **KKR**. KKR acquired a controlling stake in JB Pharma through its indirect holding, Tau Investment Holdings Pte Ltd in 2020. Market estimates suggest that KKR's eventual exit to Torrent will generate returns of more than five times its original investment, with a gross internal rate of return of about 36% over a four-year holding period. This KKR exit is another successful bet in India's fast-growing healthcare sector and further strengthens KKR's strong exit track record in India, following earlier high-profile deals such as Max Healthcare.

¹⁰⁷ *J.B. Chemicals & Pharmaceuticals Ltd., Letter of Offer* (can be accessed here at [J.B. Chemicals & Pharmaceuticals Limited - LOF p.pdf](#)).

¹⁰⁸ *Exports information* (can be accessed here at [J.B. Chemicals & Pharmaceuticals Limited - LOF p.pdf](#)).

¹⁰⁹ *Net profits in FY 2024–25* (can be accessed here at [J B CHEMICALS AND PHARMACEUTICALS LTD. : Latest Quarterly Results Analysis - ICICI Direct](#)).

NOTEWORTHY JUDGEMENTS IN 2025

LIMITING COMPLIANCE OFFICERS' LIABILITY: V. SHANKAR V. SECURITIES EXCHANGE BOARD OF INDIA

INTRODUCTION

On 05 May 2025, the Securities Appellate Tribunal ("SAT") in the case of *V. Shankar v. Securities Exchange Board of India*¹¹⁰, ruled on whether compliance officers or company secretaries under Section 215 of the Companies Act, 1956 and Regulation 19(3) of the SEBI (Buyback of Securities) Regulations, 1998 ("Erstwhile Regulations") are required to reverify the documents which they are signing, especially when the documents have been certified by a qualified Chartered Accountant and subsequently approved by the Board of Directors of a company.

In the said case, V. Shankar ("Appellant"), serving as a company secretary of Deccan Chronicle Holdings Limited ("DCHL") was held not to bear responsibility for the information contained in DCHL's annual reports or the information disclosed in DCHL's public announcement regarding buyback of equity shares. This finding is significant because, although a Company Secretary is generally expected to remain apprised of the company's assets, liabilities, and Board resolutions, the SAT clarified that such general responsibilities do not extend to independently verifying or re-auditing financial statements that have already been certified by statutory auditors and approved by the Board of Directors.

BRIEF FACTS

On 03 August 2017, the SEBI issued a show cause notice to DCHL, contending that the Appellant had signed certain documents of DHCL that were under scrutiny. The documents included the annual reports for the financial year 2008-2009, 2009-2010 and 2010-2011, wherein SEBI noted that DHCL had understated its outstanding loans and interest in finance charges, and the public announcement made by the Company on 06 May 2011 for the buyback of its equity shares were more than 25% of its paid-up share capital without having the adequate free reserves, which is a contravention of Section 68 (2) (c) read with Section 77A (2) (c) of Companies Act, 1956. The Company understated its loans and finance charges by transferring them from DCHL to another entity i.e. Deccan Chronicle Marketers on the last day of the financial year, only to bring them back to DCHL at the beginning of the following year.

The adjudicating officer ("AO") by its order dated 22 March 2022 penalised DHCL, its directors, promoter and the Appellant. The order of AO was subsequently challenged before the SAT.

Thereafter, SAT, set aside the AO's order by relying on Section 215 of the Companies Act, 1956 and stated that the Board of Directors had a fiduciary responsibility to verify the balance sheet before approving it, while the Company Secretary's role in signing the balance sheet after such approval was merely procedural in nature. The NCLT further noted that the AO's order lacked any specific finding of liability against the Company Secretary under Section 77A of the Companies Act, 1956, and instead made clear that responsibility for the understatement and misleading statements rested with the directors. Additionally, relying on Regulation 19(3) of the Erstwhile Regulations, the SAT observed that the Appellant's functions were confined to addressing investor grievances. However, on appeal, the Supreme Court set aside the SAT's decision.

The Supreme Court ruled that SAT had made a patent error while interpreting Regulation 19(3) of Erstwhile Regulations which stated that the purpose of appointment of a compliance officer by a company planning to buy-back its shares was to "ensure compliance with the buyback Regulations". Hence, the proceedings were remanded back to the SAT for fresh consideration of the facts.

FINDINGS OF SAT

The AO had taken a view based on Section 215 of the Companies Act, 1956 that a company secretary cannot plead innocence by stating that he has merely fulfilled a statutory duty by signing the audited accounts which were prepared by the auditors and approved by the Board of Directors. The AO ruled that the Appellant was required to aid, advise and assist the Board in ensuring that the accounts

¹¹⁰ Appeal No. 283 of 2022

contained true information before the same were approved by checking if the audited accounts contained all the assets & liabilities.

However, SAT overruled this view. It held that the Appellant was not required to verify whether the audited accounts, which were certified by a qualified Chartered Accountant and subsequently approved by the Board of Directors, contained all the assets and liabilities, as this is not mandated by any legal provision. The SAT held that the AO had wrongly presumed that the compliance officer or Company Secretary ought to re-examine the veracity of certified accounts. Therefore, the Appellant cannot be presumed to be an “officer in default”.

The SAT further observed that it was DHCL and its directors who had manipulated the accounts and disseminated incorrect information to the public through the announcement. Thus, the Appellant was not responsible for the information contained in the public announcement for the buyback of shares in absence of any specific duty under Regulation 19(3) of the Erstwhile Regulations.

OUR THOUGHTS

The ruling underscores that a compliance officer or Company Secretary is not legally obliged to reverify the accuracy of documents already certified by auditors and approved by the Board. In this case, relief was granted to the Appellant because he acted bona fide, and the manipulation was attributable solely to DHCL and its directors. Significantly, the decision must be read in its factual context and cannot be construed as blanket protection, particularly where a Company Secretary is complicit in or negligent toward regulatory violations.

COUPON DEFAULT ON CCDS TRIGGERS INSOLVENCY: L&T FINANCE V. TIKONA INFINET**INTRODUCTION**

On 1 May 2025, the Mumbai Bench of NCLT in the case of *L&T Finance Ltd. v Tikona Infinet Pvt. Ltd*¹¹¹ examined whether default in payment of coupon amounts on Compulsorily Convertible Debentures (“CCDs”) could constitute a financial debt under Section 5(8) of the Insolvency and Bankruptcy Code 2016 ('IBC'). The decision is significant for its treatment of hybrid instruments, clarifying that CCDs may retain debt-like characteristics prior to conversion, thereby permitting initiation of CIRP upon default.

BRIEF FACTS

L&T Finance Limited (“**Financial Creditor**”) subscribed to Series ‘E’ CCDs issued by Tikona Infinet Pvt. Ltd. (“**Corporate Debtor**”) under a Share Subscription Agreement and Shareholders’ Agreement dated 25 August 2017 (as amended). The CCDs carried periodic coupon payments at an agreed internal rate of return (“**IRR**”), exercisable from the third anniversary until the IRR was achieved. The Corporate Debtor allegedly defaulted on coupon payments from 30 August 2021, with arrears of USD 13.90 million as of June 2024.

The Financial Creditor issued demand and default notices, claiming the unpaid coupons constituted “financial debt” with time value of money. The Corporate Debtor opposed the Section 7 CIRP application, arguing CCDs are equity-linked instruments meant for compulsory conversion, with coupon payments contingent on distributable cash, and that the Creditor was an investor, not a lender. The Financial Creditor maintained the coupon obligation was unconditional, had the commercial effect of borrowing, and thus qualified as financial debt.

FINDINGS OF NCLT

The NCLT admitted the insolvency application and initiated CIRP against Corporate Debtor, *inter alia* holding that:

1. CCDs can qualify as “financial debt” under Section 5(8) of the IBC where there exists a binding contractual obligation to pay coupon or interest amounts before conversion.
2. The insolvency claim was not based on repayment of principal but on coupon amounts accrued prior to conversion. Whether a CCD should be treated as debt depends on the specific facts and circumstances of each case. Even if a CCD is mandatorily convertible into equity at a fixed date or on the occurrence of certain events and does not require repayment of the principal, it can still be considered financial debt if the payment of the coupon is an unconditional obligation of the corporate debtor.
3. The classification of CCDs as equity in the corporate debtor’s balance sheet does not affect the treatment of the coupon rights arising from them as financial debt under insolvency law.
4. Merely describing the debenture holder as an “investor” under contractual documents does not negate the existence of a debt obligation where the instrument otherwise carries debt-like features.

Accordingly, the NCLT rejected the Corporate Debtor’s contention that CCDs are immune from insolvency proceedings merely due to their compulsory conversion feature.

SUBSEQUENT DEVELOPMENTS

Subsequent to the admission of CIRP, the parties arrived at an amicable settlement. On 27 May 2025, the NCLT allowed withdrawal of the CIRP proceedings under Section 12A of the IBC, recording that the dispute had been resolved and that nothing further survived for adjudication.

TRENDS WITH CCDS

Jurisprudence on CCDs reflects a consistent substance-over-form approach. In *Elite Wealth Advisors Ltd v. Ind-Barath Energy (Utkal) Ltd*,¹¹² the NCLAT treated CCDs as financial debt based on repayment

¹¹¹ C.P (IB) 694(MB)2024

¹¹² C.A (AT) No. 334 of 2018

obligations upon non-conversion. This approach was reaffirmed in *IREDA v. Waaree Energies Ltd.*¹¹³ where the NCLAT held that CCDs with enforceable claims for principal and interest, clear rights of redemption on default, and articulation of the time value of money qualify as financial debt. The tribunal emphasised that enforceable monetary rights and redemption obligations are central to financial debt classification. *AgriTrade Power Holding Mauritius Ltd. v. Ashish Arjunkumar Rathi*¹¹⁴ recognised that accrued interest on matured but unconverted CCDs could nevertheless rank as financial debt. This signalled that, interest as a standalone monetary claim can constitute financial debt if it reflects time value of money on an underlying disbursal that was itself debt prior to conversion.

Conversely, the Supreme Court in *IFCI Ltd v. Sutanu Sinha*,¹¹⁵ affirmed that instruments mandating equity conversion lack the essential character of “financial debt” under Section 5(8) when no cash repayment of principal is contemplated. This reasoning has been echoed in *SGM Webtech Pvt Ltd v. Boulevard Projects Pvt Ltd*,¹¹⁶ where the NCLT treated CCDs as financial debt, noting that while accounting treatment as long-term borrowings is not determinative, it corroborates the contractual allocation of fixed returns and liability to pay.

OUR THOUGHTS

NCLT’s decision reaffirms the principle that substance prevails over form in insolvency law. While CCDs are commonly structured as equity-linked instruments, the NCLT correctly focused on the existence of enforceable coupon obligations and the commercial effect of borrowing. The ruling strengthens creditor protection in structured finance transactions and signals that issuers of hybrid instruments cannot avoid insolvency exposure merely by deferring principal repayment through conversion mechanisms. It also underscores the need for careful drafting of return structures in CCD issuances, particularly where assured or time-bound payment obligations are contemplated.

¹¹³ C.A (AT) (IB) No. 1380 of 2024.

¹¹⁴ CP (IB) No. 893/MB/C-IV/2021

¹¹⁵ 2023 INSC 1023 Civil Appeal No. 4929/2023.

¹¹⁶ C.P. No. (IB)-967/(PB)/2018.

SUPREME COURT BACKS ENFORCEABILITY OF BOND CLAUSES IN EMPLOYMENT AGREEMENTS: VIJAYA BANK & ANR. V. PRASHANT B NARNAWARE

In *Vijaya Bank v. Prashant B. Narnaware*, the Supreme Court of India upheld the validity of employment bond clauses requiring employees to serve a minimum tenure or pay damages for early exit, holding that such clauses are not a restraint of trade under Section 27 of the Indian Contract Act, 1872 ("Contract Act") if they operate only during the period of employment and are fair, reasonable, and proportionate. The Hon'ble Supreme Court rejected the view that bonds in standard-form contracts are *per se* against public policy, noting that they can legitimately protect employers' interests in retaining skilled personnel in competitive markets. On the facts, a three-year service bond with a INR 2 lakh indemnity was upheld, particularly as the employee was a senior, well-paid manager and the amount was not unconscionable or excessive, reinforcing that enforceability will depend on the reasonableness of the clause and the surrounding circumstances.

(To get more insights on this judgement, please read our Article published [here](#).)

SC ON NCLT'S JURIDICTON IN FRAUD AND MISMANAGEMENT CASES: MRS. SHAILJA KRISHNA V. SATORI GLOBAL LIMITED & ORS.

In *Shailja Krishna v. Satori Global Limited*, the Supreme Court of India held that the NCLT has the jurisdiction to decide allegations of fraud that are integral to oppression and mismanagement petitions under the Companies Act. By ruling so, the Supreme Court reversed the view of the National Company Law Appellate Tribunal ("NCLAT") that such cases related to determination of fraud must go to civil courts. The case arose after Mrs. Shailaja Krishna, who held over 98 % of the shares in Satori Global Ltd., alleged that in 2010, her resignation as director was accepted without proper notice, and her shares were fraudulently transferred to her mother-in-law via a gift deed in board meetings held without quorum. She contended that these actions were fraudulently executed leading to oppression and mismanagement under Sections 397 and 398 of Companies Act, 1956. The NCLT originally agreed and restored her position, but the NCLAT overturned this stating that NCLT did not have the requisite jurisdiction to examine matters relating to fraud. The Supreme Court, however, reinstated the NCLT's order, finding that the contested gift deed, share transfer and board actions were central to proving oppression and mismanagement and thus within the wide remedial powers of NCLT.

(To get more insights on this judgement, please read our Article published [here](#)).

**SC REAFFIRMS MSME STATUS CANNOT BE CLAIMED BY A MERE INTERMEDIARY:
CLOUDTHAT TECHNOLOGIES PRIVATE LIMITED. V. THOUGHTSOL INFOTECH PRIVATE
LIMITED & ORS.¹¹⁷**

BRIEF FACTS

The judgment, Clouthat Technologies Pvt. Ltd. v. Thoughtsol Infotech Pvt. Ltd. affirmed the ruling pronounced by the Allahabad High Court in Thoughtsol Infotech Pvt. Ltd. v. Union of India¹¹⁸. The ruling constitutes an important exposition of the law governing procurement preference given to Micro, Small and Medium Enterprises (“**MSMEs**”) in public tenders. In this matter, the Directorate General of Hydrocarbons issued a tender on 22 March 2024 for the hiring of cloud services for the upgradation of the National Data Repository onto a cloud platform. Thoughtsol Infotech Pvt. Ltd. (“**Thoughtsol**”) emerged as the lowest bidder in the financial evaluation. However, the contract was awarded to Clouthat Technologies Pvt. Ltd. (“**Clouthat**”) on the basis that it was a registered Micro and Small Enterprise eligible for procurement preference under the Public Procurement Policy for Micro and Small Enterprises (2012), which permits such enterprises to be awarded the contract despite not being the lowest bid.

Thoughtsol challenged the grant of the MSME preference to Clouthat stating the cloud service upgradation contract was not a pure service contract but a composite works contract, since it involved the supply and transfer of software and licences and such works contracts are expressly excluded from MSME procurement preference. Further, Thoughtsol contended that Clouthat merely acted as an intermediary, while the core services and infrastructure were provided by Amazon Web Services, a non-MSME foreign entity to whom nearly 97% of the contract value was payable. Clouthat argued that the MSME policy did not contain any fixed financial threshold to determine ineligibility for procurement preference and that the respondent's valid registration entitled it to such benefit.

ISSUES FOR CONSIDERATION

The Allahabad Court considered two key issues (i) whether MSME benefits can be claimed solely on the basis of registration where the registered MSME does not itself perform the substantive portion of the contract, and (ii) whether a cloud service upgradation contract involving the supply and transfer of software and licences constitutes a “works contract” that falls outside the ambit of MSME preference.

JUDGEMENT OF ALLAHABAD HIGH COURT

The Allahabad High Court held that notwithstanding its description as a service contract, the agreement involved the supply and transfer of software and licences, which are legally recognised as goods. Since the contract involved both goods and services, it was held to be a composite works contract, falling outside the scope of MSME procurement preference under the applicable policy framework.

The Allahabad High Court further held that MSME procurement preference under Section 11 of the MSME Act is contingent upon the MSME itself producing the goods or rendering the substantive services under the contract. Mere possession of registration was held to be insufficient in the absence of actual performance and control by the MSME. The Court rejected the Clouthat's contention that financial dominance was irrelevant, holding that the applicable test is one of substance, control, and dominant performance rather than arithmetic precision. On a holistic assessment, Amazon Web Services was found to be the dominant performer under the contract, while the Clouthat's role was limited and subservient. The Court concluded that the routine and mechanical application of MSME preference solely on the basis of registration, without examining the actual role of the bidder, was arbitrary and violative of Article 14 of the Constitution. Consequently, the award of the contract in favour of Clouthat was quashed.

The Allahabad High Court ruling was appealed before the Supreme Court by Clouthat by way of a Special Leave Petition. However, it was dismissed by the Supreme Court, thereby affirming the decision of the Allahabad High Court.

¹¹⁷ SLP (C) No. 12281 of 2025

¹¹⁸ Writ C No. 605 of 2025

OUR THOUGHTS

By emphasising substance over form and rejecting front-ending arrangements, the Court has reinforced the underlying objective of the MSME regime to promote genuine MSME participation and capability. The recognition of software and licences as goods further has significant implications for cloud, SaaS, and digital procurement contracts, many of which may fall within the category of works contracts.

The decision thus serves as an important precedent for procurement authorities and bidders alike, ensuring that MSME benefits are applied in a manner consistent with constitutional principles of equality and non-arbitrariness. It compels contracting agencies to adopt a more rigorous evaluation of MSME claims, ensuring that benefits are applied in a manner consistent with constitutional principles of equality, transparency, and non-arbitrariness. For bidders, it signals that compliance with the substantive performance requirement is non-negotiable, and that attempts to exploit MSME registration without genuine capacity will not withstand judicial scrutiny. Ultimately, the ruling strengthens the integrity of public procurement, aligns MSME benefits with their intended purpose of fostering indigenous enterprise, and sets a clear benchmark for future disputes in the rapidly evolving digital procurement landscape.

SC RULING ON ONE-SIDED FORFEITURE CLAUSES: GODREJ PROJECTS DEVELOPMENT LIMITED VS. ANIL KARLEKAR & ORS¹¹⁹

INTRODUCTION

In a landmark ruling delivered on 3 February 2025, the Supreme Court provided significant relief to homebuyers by scrutinizing the enforceability of one-sided forfeiture clauses in builder-buyer agreements. The Hon'ble Court held that any forfeiture of earnest money upon cancellation of a flat booking must be reasonable and proportionate and cannot be so excessive as to amount to a penalty under Section 74 of the Contract Act. Strongly criticizing real-estate developers for incorporating arbitrary and onerous terms, the Court declared that such clauses constitute “unfair trade practices” within the meaning of the Consumer Protection Act, thereby reinforcing the principle that contractual fairness must prevail in housing transactions.

BRIEF FACTS

The Buyers / Respondents booked a flat with the Godrej Projects Development Limited (“Developer”) in Gurgaon, Haryana, in 2014, and subsequently entered into an Apartment Buyer Agreement (“Agreement”) which *inter alia* stipulated a forfeiture clause in case of cancellation. The Agreement provided that 20% of the Base Selling Price (“BSP”) would be considered as earnest money, which would be forfeited in case the Buyer does not fulfil his obligation. In 2017, after the apartment was ready, the Developer offered possession, but the Buyer refused to accept possession on the grounds of market recession and declining property prices, and sought a full refund of approximately USD 55,672 (amount paid). The Developer invoked the forfeiture clause in the Agreement to forfeit 20% of the earnest money after the Buyer cancelled their bookings.

The Buyers filed a consumer complaint before National Consumer Dispute Resolution Commission (“NCDRC”), where they contested the unilateral enforcement of the forfeiture clause in the Agreement, arguing that the 20% forfeiture was excessive, unjust, and effectively a penalty under Section 74. They claimed that booking cancellations did not represent a breach of contract that would justify the forfeiture as a penalty. NCDRC ruled in favor of the buyers allowing the developer to forfeit only 10% of the BSP as earnest money, instead of 20% and directed the refund of the remaining amount with 6% interest per annum. Assailing the NCDRC's decision, the Developer appealed to the Supreme Court.

FINDINGS OF THE SUPREME COURT

Affirming the NCDRC's ruling, the Supreme Court ruled that:

1. The Agreement provided a very flexible timeline for the Developer to deliver the house, which was subject to extension based on various factors. Further, if the Developer failed to abide by the deadline, the compensation to the Buyer was very meagre. Thus, the court ruled that the Agreement was one-sided and tilted in favor of the Developer making the forfeiture of 20% earnest money excessive and arbitrary.
2. Also, the Court referenced the landmark case of *Central Inland Water Transport Limited and Another v. Brojo Nath Ganguly and Another*¹²⁰, where the Court by taking recourse to Article 14 of the Constitution of India held that the courts will not enforce an unfair and unreasonable contract or an unfair and unreasonable clause in a contract, entered into between parties who are not equal in bargaining power.¹²¹
3. Reference was also drawn to the case of *Pioneer Urban Land and Infrastructure Limited v. Govindan Raghavan and Ors.*¹²² to hold that *the incorporation of one sided clauses in an agreement constitutes an unfair trade practice as per Section 2(1)(r) of the Consumer Protection*

¹¹⁹ Civil Appeal No. 3334 of 2023

¹²⁰ Civil Appeal No. 4412 and 4413 of 1985

¹²¹ Para 26 of (Civil Appeal No. 3334 of 2023)

¹²² Civil Appeal No. 12238 of 2018 and 1677 of 2019

*Act, 1986 since it adopts unfair methods or practices for the purpose of selling the flats by the builder.*¹²³

4. Relying on ***Maula Bux v. Union of India***¹²⁴, the Court held that if the forfeiture of earnest money is reasonable, then it does not fall within Section 74 of the Contract Act. However, where the breaching party undertook to pay a sum of money or to forfeit a sum of money which he had already paid to the other party, then that would constitute a penalty and Section 74 would get attracted. In the present case, the Court considered a 10% forfeiture of BSP to be reasonable.¹²⁵ However, the payment of 6% interest by the Developer was disallowed. This is because the Buyer refused to take the property citing sharp decline in market prices, and the court reasoned that the refund ordered was adequate to enable the Buyer to secure an alternative property.¹²⁶

OUR THOUGHTS

This judgment brings much-needed clarity to the real estate sector, where developers have traditionally exercised disproportionate control by imposing terms heavily skewed in their favour. Clauses granting builders wide discretion over construction timelines or payment schedules will now be subject to stricter judicial scrutiny, ensuring greater fairness and balance in builder-buyer agreements.¹²⁶

¹²³ Para 27 of (Civil Appeal No. 3334 of 2023)

¹²⁴ Civil Appeal No. 851 of 1966

¹²⁵ Para 37 of (Civil Appeal No. 3334 of 2023)

¹²⁶ Para 40 of (Civil Appeal No. 3334 of 2023)

NCLAT CONFIRMS ABUSE OF DOMINANCE: WHATSAPP LLC V. UNION OF INDIA

BACKGROUND

In January 2021, WhatsApp released an in-app notification mandating users to accept its updated privacy policy ("2021 Privacy policy") and Terms of Service by 08 February 2021, failing which users would lose access to the platform.¹²⁷ Unlike previous policy updates, the 2021 Privacy Policy, removed the option for users to decline sharing their data with Meta Group entities. On 24 March 2021, the Competition Commission of India ('CCI') took suo moto cognizance of the update and directed the Director General to conduct an investigation, observing *prima facie* that the revised policy appeared "exploitative" and "exclusionary", potentially amounting to an abuse of dominant position under Section 4 of the Competition Act.

CCI ORDER

In its order dated 18 November 2024¹²⁸, the CCI identified two distinct yet interconnected relevant markets: (a) the market for online display advertising in India and (b) the market for Over-The-Top ("OTT") messaging applications through smartphones in India. The CCI rejected WhatsApp and Meta's contention that these constituted "zero-price market", holding instead that users provide personal data as a form of non-monetary consideration, thereby making such markets economically significant.

The CCI observed that user data is a critical input in online display advertising, enabling highly granular audience targeting and conferring substantial competitive advantage on entities with deeper data repositories.

Further, the CCI observed that the 2021 Privacy Policy update which removed the user opt-out mechanism and expanded the scope of data sharing with Meta group entities, afforded Meta a structural advantage by enhancing its reach and data-profiling capabilities.

Consequently, the CCI consequently imposed a USD 25.5 million penalty on WhatsApp and Meta for violating the following provisions of Section 4 of the Competition Act:

- (a) coercing users into accepting expanded data collection and sharing with Meta group entities without offering an option to opt-out under the Privacy Policy, thereby violating Section 4(2)(a)(i) of the Competition Act;
- (b) sharing user data beyond WhatsApp service needs, denying market access in online display advertising in India, thereby violating Section 4(2)(c) of the Competition Act; and
- (c) leveraging dominance in OTT messaging applications through smartphones in India to protect its online display advertising position, thereby violating Section 4(2)(e) of the Competition Act.

In addition to monetary penalties, the CCI imposed certain restrictions on WhatsApp including a 5 year ban on sharing data with Meta. WhatsApp and Meta have subsequently appealed the CCI's order before the NCLAT.

SUBMISSIONS BEFORE THE NCLAT

Before the NCLAT, WhatsApp and Meta argued that the CCI had exceeded its jurisdiction by assessing privacy and consent-related issues, which they contended fall exclusively under the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, especially since the Digital Personal Data Protection Act, 2023 had not yet been notified at the time of the judgment. They further submitted that the 2021 Privacy Policy did not

¹²⁷ Privacy Policy by WhatsApp LLC dated 4 January 2021 (can be accessed at: <https://www.whatsapp.com/legal/terms-of-service/revisions/20210104>)

¹²⁸ S.M. 01/2021, 05/2021, 30/2021

materially differ from the previous 2016 Policy, as it neither expanded data collection nor removed existing opt-out options, and therefore prior precedents rejecting similar challenges remained binding.

They further contended that the CCI's findings were based on speculative harm, as no actual anti-competitive effects had materialized over four years. WhatsApp and Meta also argued that the CCI failed to account for pro-competitive efficiencies such as innovation and enhanced security features enabled through data integration. They also challenged the five-year ban on using WhatsApp data for advertising, asserting that it was disproportionate, particularly given Meta's non-dominance in the online display advertising market.

KEY ASPECTS OF THE NCLAT RULING

1. Data privacy practices as a competition concern:

The NCLAT, on 04 November 2025 held that while data protection laws are aimed at safeguarding personal information, competition law is concerned with whether a dominant enterprise's use of personal or non-personal data distorts competition, restricts consumer choice, or results in exploitative or exclusionary conduct. It clarified that there is no conflict between the Competition Act and data-protection statutes, as both operate in complementary domains. The NCLT also noted that international competition authorities similarly recognize that technology companies' privacy policies and data-handling practices can have adverse competitive effects in digital markets.¹²⁹

2. Abuse of dominance in the relevant markets:

The NCLAT upheld the CCI's delineation of the relevant markets and rejected WhatsApp and Meta's objections. It endorsed the CCI's analysis of abuse of dominance and made the following key findings:

- i. Violation of Section 4(2)(a)(i): NCLAT held that WhatsApp's 2021 Privacy Policy forced users into accepting data-sharing terms or lose a critical communication tool thereby, imposing unfair, discriminatory, "take-it-or-leave-it" conditions without offering an effective opt-out option, thereby violating of Section 4(2)(a)(i) of the Competition Act.
- ii. Violation of Section 4(2)(c): NCLAT agreed that sharing user data between WhatsApp and Meta strengthened Meta's competitive position in online display advertising by giving it data advantages unavailable to rivals. This resulted in denial of market access, engaging Section 4(2)(c) of the Competition Act. Although the CCI had noted that Meta was a "leading" and not dominant player in display advertising, the NCLT emphasized that Section 4(2)(c) is broad and applies to denial of market access "in any manner," making the corporate separation between WhatsApp and Meta irrelevant for this assessment.
- iii. Non-application of Section 4(2)(e): While the conduct resembled leveraging dominance, the NCLAT agreed that Section 4(2)(e) could not apply because it requires both entities involved to be dominant in their respective markets. Since Meta is not dominant in online display advertising, the provision was inapplicable despite Meta's full control over WhatsApp.

Accordingly, the NCLAT upheld the CCI's findings for violation of Section 4(2)(a)(i) and Section 4(2)(c) but not of Section 4(2)(e) of the Competition Act. It also affirmed the penalty, but set aside the five-year ban on data sharing, holding that the CCI's directions restoring user choice made such a prohibition unnecessary.

¹²⁹ Competition Appeal No. 1 of 2025

CLARIFICATORY ORDER (15 DECEMBER 2025)

Following the ruling, the CCI sought clarification regarding whether the upheld transparency and opt-out requirements also applied to data sharing for advertising purposes. In its clarificatory judgment, the NCLAT reaffirmed that:¹³⁰

- i. Explicit, revocable user consent is required for any data collection or sharing beyond core messaging functions, including for advertising;
- ii. WhatsApp must ensure transparency, purpose limitation, and opt-out options for such data use; and
- iii. WhatsApp must implement these compliance measures within three months.

APPEAL TO THE SUPREME COURT

WhatsApp has challenged the NCLAT judgment before the Supreme Court of India. The contentions raised in the appeal and the outcome on the same remain to be seen.¹³¹

OUR THOUGHTS

The NCLAT's ruling is significant on three fronts: (a) it affirms privacy as a non-price parameter of competition, (b) it defines the limits of the CCI's powers in addressing data-related conduct, and (c) it aligns competition law enforcement with evolving data protection norms pre- and post-the DPDPA.

Firstly, by treating personal data as non-monetary consideration, the NCLT affirms that privacy and user choice influence competitive dynamics in digital markets. This expands abuse-of-dominance analysis beyond price to include exploitative data practices, underscoring user autonomy as a core element of consumer welfare.

Secondly, the ruling balances enforcement with restraint. While upholding the CCI's authority to scrutinize unfair or exclusionary data practices, the NCLAT struck down the five-year data-sharing ban as unjustified and redundant once user choice is restored in the 2021 Privacy Policy. The decision reiterates that remedies must target actual competitive harm, not duplicate privacy regulation.

Thirdly, the NCLT aligns competition oversight with India's evolving data-protection framework by reaffirming the centrality of consent, transparency, and purpose limitation for any data use beyond core messaging. Its clarificatory order further requires explicit, revocable consent and opt-out mechanisms even for advertising-related data. Collectively, these findings advance India's digital competition jurisprudence by integrating privacy considerations while maintaining the CCI's competition-focused mandate.

¹³⁰ I.A No. 6817/2025 in Competition Appeal No.1 of 2025

¹³¹ C.A No. 000366-000367/ 2026

DELHI HC ON VICARIOUS LIABILITY OF AUDITORS: DELOITTE HASKINS & SELLS LLP V UNION OF INDIA

BACKGROUND

On February 7, 2025, the Delhi High Court (“**High Court**”) ruled in *Deloitte Haskins & Sells LLP v. Union of India & Ors.* on writ petitions by audit firms like Deloitte Haskins & Sells LLP and SRBC & Co. LLP, and further, individual chartered accountants (collectively referred to as “**Petitioners**”)¹³². They challenged the constitutional validity of the Section 132 of the Companies Act, 2013 (“**Companies Act**”) and its retrospective operations, and certain provisions of National Financial Reporting Authority Rules, 2018 (“**NFRA Rules**”) dealing with the powers of National Financial Reporting Authority (“**NFRA**”). After reviewing the Companies Act and the NFRA Rules, the High Court upheld Section 132 of the Companies Act and the provisions of the NFRA Rules.

BRIEF FACTS AND CONTENTIONS

Petitioners: The Petitioners contended that these proceedings arose from disciplinary action initiated by the NFRA under Section 132(4) of the Companies Act, including in respect of audits completed prior to the provision’s notification. The Petitioners argued that vicariously holding a Limited Liability Partnership (“**LLP**”) incorporated under Limited Liability Partnership Act (“**LLP Act**”) liable under Section 132 of the Companies Act would unfairly impose liability on all partners, even those not involved in the audit-related fraud, negligence, or misconduct. This would unreasonably restrict their fundamental right to practice under Article 19(1)(g) and violate the principle of equality under Article 14 of the Constitution of India.

Another core grievance raised by the Petitioners was that the structure of NFRA permitted the same officers handle inspection, investigation, adjudication and further, penalties too. This concentration of functions was contended to be a violation of fair and due process in breach of Article 14 of the Constitution of India

Respondent: The Union of India (“**Respondents**”) justified the proceedings initiated by noting that Section 132 of the Companies Act establishes NFRA as an independent regulator for public-interest financial reporting, independent from ICAI’s framework. Further, the Respondents argued that an appointed audit firm partner acts as its representative as per Accounting Standards, requiring firm-level oversight over partners. Thus, individual actions of partners are inseparable from the firm’s engagement. Sections 25 and 26 of Partnership Act, 1932, and further, Section 27(2) of the LLP Act impose joint and several liability on partners of a firm and hence the arguments of the Petitioners were misplaced.

FINDINGS OF THE HIGH COURT:

The High Court held as follows:

- a) Legislative competence: The High Court upheld the sovereign power of the Parliament to enact retrospective laws under Section 132 of the Companies Act, if the legislative intent is clear. This addressed a clear regulatory gap in audit oversight by introducing the robust framework of NFRA. This move aligned India with global standards to ensure accountability and transparency in corporate audits. It dismissed claims that Section 132 of the Companies Act is arbitrary, viewing it as a justified measure to protect audit integrity.
- b) Vicarious liability: The High Court rejected the argument that Section 132 of the Companies Act creates a novel form of liability at the entity level. It observed that Section 147 of the Companies Act already contemplates consequences against both: (i) the auditor (including the audit firm); and (ii) the individuals involved in the audit process. Accordingly, firm liability is neither structurally impermissible nor legally unforeseen. Hence, imposition of liability on an audit firm for the actions of its partners is not violative of Article 14 of the Constitution of India.

The High Court further, noted that auditing standards impose firm-level obligations of control and oversight, reinforcing that audit quality is not solely an individual output but also a function

¹³² W.P.(C) 1065/2021 & CM APPL. 9896/2021

of firm-wide systems and supervision. In essence, the Court affirmed that vicarious liability is integral to preserving audit accountability and preventing fragmentation of enforcement.

- c) Protections of LLP Act do not negate firm level accountability: The High Court examined the Companies Act with the LLP Act. It held that acts/omissions by partners during audits are done in course of the business of the LLP thereby, rendering the LLP liable under Section 27(2) of the LLP Act for partners' wrongful acts. While Section 28(2) of the LLP Act limits personal liability of non-participating partners, it does not dilute firm-level exposure arising from a statutory audit engagement.
- d) Dual role of NFRA: The High Court rejected a blanket rule requiring separate authorities for investigation and adjudication. It upheld a single statutory body's dual role if the scheme and practice ensure natural justice without risk of bias. It cited the judgement of the Supreme Court in *Union of India v. Vipan Kumar Jain*¹³³, allowing the same officer to conduct searches and assessments as a precedent.

Upon the current facts at hand, the Court held that the process of the NFRA is flawed as its Executive Body investigated, and de facto adjudicated via conclusive Audit Quality Review Reports ("AQRR"), then based Show Cause Notices solely on them. The Court, thus, quashed these proceedings for pre-determination and bias, mandating NFRA to treat AQRRs as preliminary, and allow meaningful pre-finalization responses.

APPEAL TO THE SUPREME COURT

NFRA has filed a Special Leave Petition ("SLP") on 7 May 2025 before the Supreme Court of India, challenging the judgment of the Delhi High Court.¹³⁴

OUR THOUGHTS

The High Court's scrutiny of NFRA's processes reveals the inherent risks in allowing a regulator to combine oversight, investigation, and adjudication without clear structural safeguards. While Section 132 validly empowers the NFRA to enhance audit quality even on a retrospective basis, its reliance on audit quality review reports that pre-judged alleged misconduct, raise serious concerns under Article 14 of the Constitution of India.

Further, the High Court by upholding Section 132 of the Companies Act preserves regulatory efficiency without compromising procedural fairness. The High Court's decision serves as a reminder that regulatory enforcement must be proportionate, prospective, and procedurally robust.

The pending appeal before the Supreme Court of India will now be crucial in determining whether NFRA must structurally separate its functions or whether a composite regulatory model can withstand constitutional scrutiny, ultimately shaping the future architecture of audit oversight in India.

¹³³ Civil Appeal No. 1093 of 2002

¹³⁴ SLP (C) No. 0017877/ 2025

NOTABLE DEVELOPMENTS IN 2025

ALL IN THE NAME: BIRA 91

This article examines the decline of Bira 91 rapid from a leading beer brand, attributing it to multiple governance decisions and a seemingly straightforward corporate name change that inadvertently triggered complex compliance challenges under India's state excise regulations. It highlights how a poorly timed or inadequately executed corporate actions, particularly during the sensitive transition from a private to public company, can result in significant regulatory, financial and strategic consequences especially within the context of India's increasingly IPO-driven environment.

BRIEF CONTEXT



In December 2022, B9 Beverages Pvt. Ltd., the company behind Bira 91, changed its name to "B9 Beverages Ltd." Under Indian state excise laws, the new name was treated as a new legal entity, requiring fresh excise licences, label approvals and product registrations for each beer variant in each state where the product was sold. Consequently, while the financials reported a revenue of approx. USD 86 million in 2021-2022, this declined sharply to USD 66.70 million by 2023-2024. The company's total loss escalated to USD 77.12 million, prompting auditors to question its ability to continue as a going concern, derailing its earlier ambition of launching an IPO in 2026.¹³⁵ Further, as per a press coverage, a proposed USD 59.9 million investment by BlackRock reportedly fell through.¹³⁶ Furthermore, in October 2025, Kirin Holdings (its largest shareholder) and Anicut Capital (its lender) invoked their convertible equity rights and took control of assets under *Better Than Before (BTB)*, the entity operating *The Beer Café* chain and other F&B ventures. Founder Ankur Jain has challenged this before the Delhi High Court. *Image Source:*

<https://inc42.com/features/inside-the-bitter-collapse-of-bira-91/>

LEGAL CONTEXT

As alcohol is a State subject under the Constitution of India (Entry 8 of List II of the Seventh Schedule), each State of India independently prescribes its own excise laws, labelling norms, and licensing regimes.

For instance, Section 20 of the Delhi Excise Act, 2009, read with the corresponding rules, expressly prohibits the transfer of an excise licence without prior approval of the licensing authority. Similarly, the West Bengal Excise (Transfer of Licence) Rules, 2023 mandate that any establishment seeking a change in its registered name is required to submit a formal application for approval. By contrast, the Andhra Pradesh Excise Rules include an exception for a "*mere change of name keeping the entity intact*"; however, this does not apply where there is a change in the corporate form, such as a conversion from a private limited company to a public limited company, which is deemed a material change and therefore falls outside the scope of the exception.

The absence of a jurisdiction-specific statutory analysis and a comprehensive pan-India regulatory impact assessment prior to executing a corporate action such as a name change directly resulted in a commercial standstill, significant revenue losses, and widespread operational disruption

¹³⁵ Article by Business Today dated October 10, 2025 (can be accessed at <https://www.businesstoday.in/latest/corporate/story/the-fall-of-bira-91-how-a-simple-name-change-sparked-the-collapse-of-indias-coolest-beer-brand-497645-2025-10-10?>) https://www.skylinerta.com/pdf_file/291181817696_AnnualreportB9 Beverages Limited31 March2024.pdf

¹³⁶ Article by The Economic Times dated October 10, 2025 (can be accessed at <https://economictimes.indiatimes.com/industry/cons-products/liquor/bira-91-india-craft-beer-ankur-jain-turbulence-staff-move-plea-for-leadership-change/articleshow/124448175.cms>)

The Companies Act and state excise statutes operate in entirely distinct regulatory fields. While the Companies Act is concerned with corporate personality, governance, internal restructuring and shareholder rights, excise laws are directed towards public revenue, state control over manufacture, distribution, and sale of alcohol. In *More Retail Private Limited v. State of Karnataka*,¹³⁷ Karnataka High Court held that the Karnataka Excise Act, 1965 and the Karnataka Excise (General Conditions of Licences) Rules, 1967 do not recognise “name change” of a licence holder. The name change under the Companies Act has no effect on excise licensing. Thus, any change in corporate status must conform strictly to the circumstances listed under Rules 17, 17-A, and 17-B of Karnataka Excise (General Conditions of Licences) Rules, 1967, or otherwise requires prior approval. The Companies Act cannot be invoked to compel excise authorities to treat a renamed company as the same licence holder when the excise statute does not recognise such continuity.

OUR THOUGHTS

The case of Bira 91 highlights the critical need for a thorough legal and regulatory due diligence in India’s IPO-driven landscape. Seemingly routine corporate actions like name changes of a company can trigger complex, sector-specific compliance obligations that extend beyond the Companies Act. Given the federal structure of India’s regulatory regime, it is essential to undertake a granular, state-by-state mapping of applicable laws, particularly in sectors governed by stringent local statutes such as excise, gaming, non-banking financial services, food safety, telecommunications, and environmental regulation. Bira 91’s experience serves as a cautionary tale that even a procedural change, if mishandled, can have disproportionate and potentially irreversible consequences on a company’s commercial trajectory.

¹³⁷ 2021 SCC OnLine Kar 15576.

STARLINK'S INDIA LAUNCH AND THE NEW ERA OF SATELLITE POLICY IN INDIA

INTRODUCTION

India's space sector Foreign Direct Investment ("FDI") policy has undergone a significant transformation from its previously restrictive approach driven by national security concerns. Previously, foreign investment in "satellites — establishment and operation" was permitted upto 100%, but only through the government approval route and subject to the guidelines issued by the Indian Space Research Organisation ("ISRO"), Department of Space.

POLICY LIBERALIZATION

Press Note 1, dated 4 March 2024, introduced a significant overhaul of India's FDI policy in the space sector by liberalizing investment thresholds across several sub-sectors.¹³⁸ These reforms took effect on 16 April 2024, following the notification of the Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2024 by the RBI.

Under the revised framework, the entry routes for FDI in various space-related activities are as follows:

1. Up to 74% under the automatic route:

- Satellite manufacturing and operations
- Satellite data products
- Ground segment and user segment
- Investments beyond 74% in these areas require government approval.

2. Up to 49% under the automatic route:

- Launch vehicles and associated systems or subsystems
- Establishment of spaceports for launching and receiving spacecraft

Investments exceeding 49% in these categories fall under the government approval route.

3. Up to 100% under the automatic route:

- Manufacturing of components and systems/subsystems for satellites, ground segments, and user segments.

STARLINK'S ENTRY IN INDIA

Starlink, a satellite internet service developed by **SpaceX**, the aerospace company founded by Elon Musk, is one of the early major foreign satcom entrants under the liberalised 2024 FDI framework. It has initiated its India entry through its wholly owned subsidiary, Starlink Satellite Communications Private Limited, after securing key regulatory approvals. These include a five-year space-segment authorisation from Indian National Space Promotion and Authorisation Centre ("IN-SPACe") for its Gen-1 low earth orbit constellation under the Indian Space Policy, 2023¹³⁹ and the IN-SPACe Norms, Guidelines and Procedures, 2024 (collectively "**IN-SPACe NGP, 2024**").¹⁴⁰ In June 2025, Starlink also secured a unified licence from the Department of Telecommunications ("DoT") to provide Global Mobile Personal Communication by Satellite ("**GMPCS**") services in India. Starlink is expected to conduct trials using provisional spectrum, with full commercial launch remaining subject to final spectrum assignment and the applicable fee framework.

¹³⁸ Press Note by Department for Promotion of Industry and Internal Trade on Review of FDI Policy in Space Sector, dated 4 March 2024 (can be accessed at: <https://www.dpiit.gov.in/static/uploads/2025/07/53ca8531250d55c237a49ab951567e97.pdf>)

¹³⁹ Indian Space Policy by Indian Space Research Organization dated 2023 (can be accessed at: https://www.isro.gov.in/media_isro/pdf/IndianSpacePolicy2023.pdf)

¹⁴⁰ Guidelines by Indian National Space Promotion and Authorization Centre, Department of Space, Government of India, dated May 2024 (can be accessed at: https://www.inspace.gov.in/sys_attachment.do?sys_id=5d532e37877102503b0f0d060ccb35cf)

NEW REGIME

Concurrently, India's satellite communications regime is undergoing a significant regulatory transition under the Telecommunications Act, 2023 ("Telecommunications Act"). Telecom Regulatory Authority of India ("TRAI") has issued recommendations on assignment of spectrum for satellite-based service. In parallel, the DoT has introduced the draft Telecommunications (Authorisation for Telecommunication Network) Rules, 2025, which seek to replace the long-standing licensing framework under the Telegraph Act 1885, with a unified authorisation regime, including categories such as Satellite Earth Station Gateway and Data Centre and Internet Provider.

Notwithstanding this shift, existing GMPCS operators such as Starlink will continue to operate under the legacy Unified Licence framework, whereby, their existing licences remain valid, with no re- required for re- application as provided under the provisions of the Telecommunications Act. Overall, this evolving regulatory framework reflects India's commitment to modernise satellite regulation while operational continuity for current licensees during the transition.

KEY REGULATORY CHANGES BY BUREAU OF INDIAN STANDARDS IN 2025**INTRODUCTION**

In 2025, the Government of India, continued the expansion and rationalisation of India's quality control framework via notifications and withdrawal of multiple Quality Control Orders ("QCOs"). As of 2025, the Government has notified approximately 190 QCOs covering more than 800 products, mandating compulsory certification by the Bureau of Indian Standards ("BIS") across several industrial and consumer-facing sectors. These measures have been issued by various Central Ministries by virtue of the powers enshrined under Bureau of Indian Standards Act, 2016 and are operationalised through the BIS (Conformity Assessment) Regulations, 2018, with the objective of improving product quality, consumer safety and standardisation across various industries.

MAJOR INDUSTRIES IMPACTED

Some of the major industries impacted in 2025 by such QCOs issued from time to time, are as follows:

1. **Chemicals and Petrochemicals**: Chemicals and petrochemicals were initially governed through multiple product-specific QCOs rather than a single sector-specific order. In 2025, the Government withdrew approximately 14 QCOs relating to the Chemical Industry. This action was taken to alleviate supply constraints, reduce high import costs, and streamline operations for MSMEs in the textile, packaging, and plastics industries. The revocation of these QCOs eased raw material supply constraints for textile and plastic industry.
2. **Metals and Alloys**: The Aluminium and Aluminium Alloy Products (Quality Control) Order, 2025 dated 05 May 2025, brought aluminium products within the compulsory BIS certification regime. The order affects aluminium manufacturers and importers supplying infrastructure, construction and engineering projects, where compulsory certification has now become a prerequisite for market participation.
3. **Fasteners, Hardware and Hand Tools**: QCOs covering industrial fasteners, together with the Hand Tools (Quality Control) Order, 2025 dated 22 July 2025, extended mandatory BIS certification to commonly used mechanical tools. These orders impact manufacturers and importers supplying construction and industrial projects, where uncertified products cannot be sold or deployed on-site.
4. **Furniture and Consumer Products**: The Furniture (Quality Control) Order, 2025 dated 13 February 2025, mandated BIS certification for specified furniture categories. This QCO affects consumer-goods manufacturers and importers, particularly those supplying such products in institutional, commercial and organised retail markets, by making the BIS compulsory certification a condition for manufacture and sale of specified furniture category.
5. **Electrical and Industrial Equipment**: The introduction of Safety of Household, Commercial and Similar Electrical Appliances (Quality Control) Order, 2025 dated 19 May 2025, lead to regulation of a broad range of electrical appliances. The said QCO impacted manufacturers and importers of consumer durables and industrial electrical equipment, where BIS certification operates as a gatekeeping requirement for market access.
6. **Beverage Industry**: BIS certification requirements applicable to aluminium cans for food and beverages under the QCO framework materially affected the beverage industry in 2025. Limited domestic certified capacity and certification requirements for imported cans created supply

7. bottlenecks, disrupting production and sales for beer manufacturers and prompting industry representations seeking transitional relaxations.

OUR THOUGHTS

The developments in 2025 reflect a more nuanced approach to quality regulation in India. While the continued expansion of QCOs across chemicals, metals, hardware, furniture and electrical equipment reinforces the Government's commitment to standardisation and product safety, the targeted withdrawal of certain chemical and textile-related QCOs indicates regulatory sensitivity to industry concerns and supply-chain realities. From a compliance perspective, BIS certification has emerged as a critical and non-negotiable market-access requirement rather than a procedural formality. Businesses operating in manufacturing, imports, distribution and sale of regulated products in India, will need to closely monitor sector-specific QCO notifications, exemptions and phased implementation timelines, as compliance failures may have direct commercial and operational consequences in the Indian market.

KEY REGULATORY UPDATES

1. Consent Requirements for Off-Market Transfer of Shares of Private Companies (July 2025)

The National Securities Depository Limited (“**NSDL**”), vide circular dated 3 June 2025, has introduced revised compliance requirements for off-market transfers of shares of private companies held in dematerialised form. Prior to the circular, such transfers could be affected solely upon submission of a Delivery Instruction Slip to the depository participant.

However, pursuant to the circular, in addition to the Delivery Instruction Slip, the shareholders intending to transfer shares in private companies are now required to obtain and submit a prior consent or confirmation letter from the concerned company in the format prescribed by NSDL. Accordingly, the role of the company in dematerialised share transfers has shifted from being passive to requiring active confirmation prior to execution of the transfer. The revised requirement has presently been introduced only by NSDL and does not apply to transfers processed through the Central Depository Services (India) Limited (“**CDSL**”). *(To get more insights on this key development, please read our Article [here](#).)*

2. Expansion of scope of Fast Track Mergers under Companies Act – Wider class of companies eligible for simplified merger route (September 2024)

On 4 September 2025, the MCA issued a notification expanding the scope of fast track mergers under Section 233 of the Companies Act. The amendment broadens the category of companies eligible for mergers under the fast-track process, i.e., without NCLT sanction, enabling faster, more cost-efficient corporate restructuring. Pursuant to this notification, additional classes of companies, including mergers involving unlisted companies into their wholly owned subsidiaries, cross border mergers (subject to certain conditions) have been brought within the ambit of fast track mergers. This is a key development for group reorganisations and internal restructurings, as it simplifies approval timelines and reduces procedural complexity. *(To get more insights on this key development, please read our Article published [here](#).)*

3. Delhi Revenue Department clarifies stamp duty on issuance of shares (October 2025)

The Revenue Department of the Government of NCT of Delhi, through circulars issued in July 2025 and September 2025, clarified the applicable stamp duty payable on the issuance of shares by companies having registered offices within the NCT of Delhi. The circulars affirm that stamp duty on share issuance must be paid at 0.1% of the value of shares under Article 19 of Schedule I-A of the Indian Stamp Act, 1899, as applicable in Delhi, and not at the lower rate of 0.005% collected by depositories under the Central framework. Further, the circulars direct that stamp duty on share certificates (physical and dematerialised) should be paid through the Stock Holding Corporation of India Limited (“**SHCIL**”) mechanism. This development is relevant to companies operating in Delhi and requires an immediate review of stamp duty calculation for share allotments, to avoid any penalties and risk of regulatory scrutiny. *(To get more insights on this key development, please read our Article published [here](#).)*

4. Leveraged Buyouts in India – regulatory constraints remain, though RBI reforms may enable acquisition financing (October 2025)

Leveraged buyouts (“**LBOs**”), where acquisitions of companies are financed primarily through debt secured against the target’s assets and cash flows, have historically been difficult to execute in India due to regulatory constraints, particularly restrictions on Indian banks’ financing of acquisitions / buyouts. As a result, LBO transactions in India have typically relied on alternative structures such as offshore debt and sponsor financing, alongside careful structuring of security, guarantees and downstream obligations under Indian foreign exchange regulations. In this backdrop, the RBI has proposed several key measures through its ‘Statement on Developmental and Regulatory Policies’ dated 1 October 2025, signalling a potential shift towards enabling acquisition financing by banks under a controlled framework. If implemented, the reforms could materially reshape India’s acquisition finance ecosystem and improve domestic debt availability for M&A / private equity transactions. *(To get more insights on this key development, please read our Articles published on 30 September 2025 [here](#) and on 06 October 2025 [here](#).)*

5. RBI Draft Capital Market Exposure Directions for Bank-Financed Acquisitions (October 2025)

On 24 October 2025, the Reserve Bank of India, issued the Draft Reserve Bank of India (Commercial Banks - Capital Market Exposure) Directions, 2025 (“**Draft Directions**”) for public comments, proposing a consolidated framework for acquisition financing in India. The Draft Directions introduce a framework for bank-financed acquisitions, permitting commercial banks to provide acquisition finance, for share acquisitions by listed companies or their step-down subsidiaries or special purpose vehicles, subject to prescribed eligibility and prudential conditions, including a cap of 70% bank funding and a minimum 30% contribution from the acquirer’s own funds. The Draft Directions remain subject to public consultation and are yet to be finalised and notified. (*To get more insights on this key development, please read our Article [here](#).*)

6. Implementation of India’s Labour Codes – Key compliance changes for employers (November 2025)

On 21 November 2025, the Government of India, through the Ministry of Labour and Employment, brought into effect the four Labour Codes, namely: Code on Wages, 2019, Industrial Relations Code, 2020, Occupational Safety, Health and Working Conditions Code, 2020, and the Code on Social Security, 2020 (collectively, “**Labour Codes**”).

The Labour Codes consolidate and repeal 29 Central labour laws, replacing fragmented labour compliance with a unified, simplified statutory framework. The Labour Codes materially impact employer compliance, including changes to wage and bonus structuring, conditions for retrenchment, layoffs, closure, threshold for framing the standing orders, social security coverage, and the recognition of gig and platform workers. Accordingly, the employers are now required to review their HR policies, manuals, employee handbooks, employment agreements, etc., to align with this new regime. (*To get more insights on this key development, please read our Article published [here](#).*)

7. Karnataka mandates paid menstrual leave (November 2025)

The Department of Labour and Employment, Government of Karnataka, through an order dated 12 November 2025, implemented the Menstrual Leave Policy, 2025 (“**Menstrual Policy**”) mandating employers in Karnataka to provide one day of paid menstrual leave per month (i.e., 12 paid leaves annually) to eligible women employees, in addition to existing statutory leave entitlements. The policy applies across sectors, including government offices, IT/ITES, MNCs, garments and other private industries. The policy applies to establishments registered under, *inter alia*, the Karnataka Shops and Commercial Establishments Act, 1961, the Factories Act, 1948, and the Plantation Labour Act, 1951, and covers women employees aged 18 to 52 years, including those engaged as permanent, contractual or outsourced employees. Notably, the policy permits availing menstrual leave without requiring medical certificates or documentation, emphasising privacy and autonomy. Accordingly, employers in Karnataka are required to align their HR policies/employee handbooks with the mandate to mitigate potential compliance exposure.

(*To get more insights on this key development, please read our Article published [here](#).*)

Update: The Menstrual Policy was initially stayed by the High Court of Karnataka on 9 December 2025; however, the Court subsequently recalled the stay order on 10 December 2025, thereby reinstating the Menstrual Policy’s implementation.

8. Notification of Digital Personal Data Protection Laws in India (November 2025)

On 13 November 2025, India’s new data privacy framework was formally operationalised through the notification of key provisions of the Digital Personal Data Protection Act, 2023 (“**DPDP Act**”) and the Digital Personal Data Protection Rules, 2025 (“**DPDP Rules**”). Pursuant thereto, the Data Protection Board of India was also established, marking a key step toward enforcing the new data protection regime. The notifications provide for a phased enforcement of the DPDP Act and DPDP Rules, with certain provisions taking effect immediately, while key compliance requirements relating to consent managers, cross border data transfers, enforcement mechanisms, coming into force over a longer transition period, i.e., from 12 November 2026 and 12 May 2027. These timelines are critical for organisations to plan structured compliance implementation and redesign internal governance

frameworks for personal data processing. (*To get more insights on this key development, please read our Article published [here](#).*)

9. Promotion and Regulation of Online Gaming in India (November 2025)

In 2025, the Parliament had enacted the Promotion and Regulation of Online Gaming Act, 2025 (“**Gaming Act**”) to introduce a central framework for regulation of online gaming in India. The Gaming Act received the assent of the President of India on 22 August 2025, however, it has not yet come into force, as no commencement date has been yet notified by the Central Government in the Official Gazette. In parallel, the Ministry of Electronics and Information Technology, released the Draft Promotion and Regulation of Online Gaming Rules, 2025 for public consultation, which also remain unnotified, till date.

The Gaming Act imposes a blanket prohibition on Online Money Games, defined as online games involving any monetary stake or expectation of monetary return, irrespective of whether such games are based on skill or chance. The prohibition extends to offering, advertising, or facilitating such games, including facilitation of payments by banks and financial institutions. However, E-Sports and Online Social Games, which do not involve monetary stakes, are permitted. (*To get more insights on this key development, please read our FAQs [here](#).*)

10. Revision of “Small Company” Thresholds under the Companies Act (December 2025)

The MCA, vide notification dated 1 December 2025, has revised the financial thresholds for classification of “Small Companies” under Section 2(85) of the Companies Act, increasing the paid-up share capital limit to approximately USD 1.12 million and the turnover limit to USD 11.17 million. The revised thresholds apply prospectively for financial years ending on or after 1 December 2025, with no retrospective effect on prior filings or compliances. Accordingly, companies qualifying as ‘Small Company’ under the revised thresholds continue to be eligible for compliance relaxations under the Companies Act, including reduced board meetings, simplified financial statements and annual returns, reduced penalties, exemption from mandatory dematerialisation of shares and eligibility for fast-track mergers under Section 233 of the Companies Act. However, public companies, holding or subsidiary companies, Section 8 companies, and companies governed by special laws remain excluded from the ambit of ‘Small Companies’. (*To get more insights on this key development, please read our Article [here](#).*)

11. MCA overhauls Directors’ KYC filing framework (December 2025)

The MCA, vide notification dated 31 December 2025, notified the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025 (“**Companies Director Rules**”) substituting Rule 12A of the Companies Director Rules with effect from 31 March 2026. Pursuant to the amendment, every individual holding a Director Identification Number (**DIN**) as on 31 March of a financial year is now required to file KYC intimation in Form DIR-3 KYC Web on or before 30 June of the immediately following every third consecutive financial year, replacing the earlier framework which operated as an annual compliance regime with a 30 September due date.

In addition, the amended Rule 12A of Companies Director Rules introduces a mandatory event-based updation requirement, requiring directors to file Form DIR-3 KYC Web within thirty days of any change in their mobile number, email address or residential address, along with the prescribed fee, irrespective of whether the triennial KYC filing is otherwise due. The amendment also embeds DIR-3 KYC Web as the primary statutory mechanism for Director KYC compliance, signalling a shift towards reduced periodic filings coupled with real-time accuracy of director data. (*To get more insights on this key development, please read our Article published [here](#)*)

12. Key changes In AIF landscape in the year 2025

The SEBI (Alternative Investment Funds) Second Amendment Regulations, 2025, and Third Amendment Regulations, 2025, mark pivotal refinements to India’s AIF ecosystem, enhancing operational flexibility, co-investment mechanisms, and governance for sophisticated investors. Notified on September 9, 2025, the Second Amendment introduces Co-Investment Vehicle (CIV) schemes for Category I and II AIFs, restructures angel funds as a distinct Category I sub-category with updated

eligibility, corpus removal, and disclosure norms, and aligns with a September 9 circular prescribing operational conditions. The Third Amendment, effective November 18, 2025, establishes "Accredited Investors Only Funds" (AIOFs) as a new scheme category with exemptions from certain compliances, reduces minimum investor counts to 25 for eligible schemes, enables existing AIFs to convert to AIOFs or large value funds, and streamlines trustee responsibilities to fund managers for these structures.

(To get more insights on this key development, please read our Article published [here](#).)

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