

THE
LOW DOWN:

THE LOW DOWN

**IT IS
ALL
INSIDE**

THE LOW DOWN:

| Lex Consult Newsletter: A quarterly 'Low Down' of legal updates
in the corporate world |

LEX CONSULT EDITORIAL | OCT NOV DEC 2024

SEGMENT ONE

Reserve Bank of India (RBI)

RBI GUIDELINES ON DUE DILIGENCE FOR NON-RESIDENT GUARANTEES UNDER FEMA

RBI, through its circular dated 04 October 2024, issued guidelines to ensure compliance with the Foreign Exchange Management Act (**FEMA**) regulations concerning guarantees provided by non-residents in favor of Indian residents. The RBI observed instances of non-compliance involving guarantees, including Standby Letters of Credit (**SBLCs**) and performance guarantees, issued by non-residents for residents in India. The circular emphasizes specific responsibilities for Authorized Dealer (**AD**) category-I banks, outlining the legal framework governing such transactions. AD category-I banks are directed to ensure that all guarantee contracts advised to or on behalf of their resident clients, strictly comply with FEMA regulations. In addition, they are required to inform their constituents about the applicable regulatory provisions.

PROPOSED AMENDMENTS TO THE INSURANCE ACT

On 26 November 2024, the Government of India through the Ministry of Finance (**Department of Financial Services**) proposed changes to the Insurance Act, 1938 (**Insurance Act**), the Life Insurance Corporation Act, 1956 (**LIC Act**), and the Insurance Regulatory and Development Authority Act, 1999 (**IRDA Act**).

Amendments to the Insurance Act: (i) Increase of permitted foreign investment in insurance sector from seventy-four percent (74%) to one hundred percent (100%); (ii) Increase in threshold (from one percent (1%) to five percent (5%) of paid-up capital) to obtain Insurance Regulatory and Development Authority of India's (**IRDAI**) approval for change in shareholding of insurer; (iii) Ability of the insurer to operate in multiple insurance classes at once such as life, health, general; (iv) Ability of the insurer to engage in additional business activities, such as providing indemnities, guarantees, and managing, selling, realising any property which may come into its possession; (v) Increase of maximum penalty for non-compliance from Rs. 1 crore to Rs. 10 crores; (vi) Restrictions on becoming common managing directors or officers in insurers; (vii) IRDAI can reduce the paid-up equity capital requirement of an insurer servicing underserved or special segments to no less than Rs. 50 crores, (viii) Allow insurers to invest fifteen percent (15%) of their assets in non-approved investments (as provided under the Insurance Act), etc.

Amendments to the LIC Act: (i) Exemption to overseas branches of the corporation, at the option of the Central Government, from reporting its surplus distribution policy; (ii) deletion of redundant references in certain provisions; (iii) Removal of ability of the corporation to make rules regarding the manner of constitution of the Employees and Agents Relations Committee, etc.

Amendments to the IRDA Act: (i) The definition of "insurance intermediary" is aligned with the Insurance Act; (ii) Removal of provision that prescribed that a whole-time member cannot hold office after 62 years of age; (iii) IRDAI to make regulations in consultation with the Insurance Advisory Committee as well as the Central Government, etc.



Compounding of Contraventions Under FEMA

RBI, vide its circular dated 01 October 2024, issued updated guidelines to authorized dealers and category I banks for the compounding of contraventions under the Foreign Exchange Management Act, 1999 (FEMA). The Foreign Exchange (Compounding Proceedings) Rules, 2024 (**New Rules**) issued on 12 September 2024 supersede the erstwhile Foreign Exchange (Compounding Proceedings) Rules, 2000 (**Erstwhile Rules**). Some key measures introduced include:

- Individuals or businesses in violation of Section 13 of FEMA (except under Section 3(a)) may request for compounding within one hundred and eighty (180) days of the violation, according to Section 15 of the FEMA. The RBI officials will process these petitions in accordance with Rule 4 of the New Rules.
- Applicants can submit their compounding applications physically or via the RBI's PRAVAAH website along with the compounding application filing fee of Rs. 10,000 plus applicable GST. Payment details must be promptly provided to the appropriate RBI office. The compounding application should contain all required papers, including foreign direct investment information, if appropriate, and an undertaking regarding existing enforcement or adjudication activities.
- Certain matters have been excluded from the compounding process. These cases include contraventions related to money laundering or terrorism financing and violations under Section 3(a) of FEMA.
- Violators of any provision may face penalties of up to three (3) times the amount involved or a maximum of Rs 2 lakhs for unquantifiable amounts. Continuous contraventions may result in further fines of Rs. 5,000 per day.
- On receiving an application, the RBI will evaluate the circumstances of the matter. The compounding amount will be determined by taking into account factors such as the economic impact of the violation and any excessive benefits. The RBI will issue a compounding order within one hundred and eighty (180) days after receiving a completed application. Once the compounding amount has been calculated, it must be paid within fifteen (15) days of the order. Failure to do so will result in the compounding application being cancelled, and penalties under FEMA will apply.

RBI, vide its circular dated 11 November 2024, introduced an operational framework for the reclassification of Foreign Portfolio Investment (FPI) to Foreign Direct Investment (FDI). The circular specifies the procedures, approvals, and reporting mechanisms required for such reclassification.

Key provisions of the framework are:

- **Threshold for reclassification**
 - FPI investments must remain below ten percent (10%) of the total paid-up equity capital of an Indian company on a fully diluted basis.
 - Investments exceeding this threshold must either be divested or reclassified as FDI within five (5) trading days from the settlement date.

- **Sectoral restrictions**
 - Reclassification is prohibited in sectors where FDI is not permitted.
 - Required government approvals and the Indian company's concurrence must be obtained, ensuring compliance with FDI regulations, including entry routes, sectoral caps, and pricing guidelines.

- **Reporting and transfer mechanism**
 - Following the reporting of reclassification, the FPI must instruct its custodian to transfer shares to a demat account designated for FDI.
 - The custodian will unfreeze the shares after verifying compliance with reporting requirements.

- **Treatment of reclassified investments**
 - Once reclassified, the investment will be considered as FDI, regardless of whether holdings subsequently fall below the ten percent (10%) threshold.
 - For the reclassification process, FPIs and their investor groups will be treated as a single entity.
 - Investments reclassified as FDI will be governed by Schedule I of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.



RBI provides an operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI)

RBI, vide its circular dated 06 November 2024, has amended the Master Direction on Know Your Customer (KYC), 2016. These amendments are aligned with updates to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967, and other regulatory provisions.

Key Changes in the KYC Framework

- Customer acceptance policy: The customer due diligence (CDD) process is now to be conducted at the Unique Customer Identification Code (UCIC) level. Existing KYC-compliant customers can open new accounts or access additional services without undergoing fresh CDD, unless their identification details change.
- Enhanced monitoring for high-risk accounts: High-risk accounts must undergo intensified monitoring to ensure adherence to regulatory standards.
- Periodic KYC updates: The term “upadation” has been replaced with “periodic updation” across all relevant clauses, ensuring timely and consistent KYC updates in line with statutory and operational requirements.
- Integration with CKYCR and KYC identifier usage: Regulated Entities (REs) are required to update customer KYC data to Central KYC Records Registry (CKYCR) within seven (7) days, enabling real-time updates. Rest must incrementally update KYC records for individuals and legal entities during periodic updates or upon receiving new information.



RBI amends the Master Direction - Know Your Customer (KYC) Direction, 2016

SEGMENT TWO

Securities and Exchange Board of India (SEBI)

Important changes to the index derivatives trading framework

Inclusion of Mutual Fund units in SEBI's Insider Trading Regulation

On 01 October 2024, SEBI introduced significant amendments to the equity index derivatives trading framework. These measures aim to curb excessive speculation, addressing growing concerns over the increasing losses suffered by individual traders. Among the key measures, SEBI raised the minimum contract size for index derivatives from Rs 5 lakhs to a value not less than Rs 15 lakhs. Margin requirements have increased, with brokers now mandated to collect option premiums upfront from buyers to prevent undue intraday leverage. Additionally, the new regulations eliminate the calendar spread treatment on expiry days, introducing intraday monitoring of position limits to ensure stricter compliance. To streamline trading activities and reduce volatility, SEBI has restricted weekly expiries to one benchmark index per exchange. SEBI also imposed an additional extreme loss margin of two percent (2%) imposed on short options contracts.

SEBI on 22 October 2024, issued a circular extending the applicability of the SEBI (Prohibition of Insider Trading) Regulations (**PIT Regulations**), 2015 to mutual fund units, which were previously governed only under the framework for shares, bonds, and other securities. Effective from 01 November 2024, this modification ensures that insider trading restrictions now encompass individuals with privileged knowledge about mutual fund schemes, aligning these assets with other financial instruments.

The circular mandates asset management companies (**AMCs**) to report the holdings of designated individuals, trustees, and their immediate relatives on a quarterly basis starting 01 November 2024. Transactions, or a series of transactions, by these individuals amounting to over Rs. 15 lakhs per quarter across all mutual fund schemes must be disclosed to the AMC's compliance officer within two (2) days of execution. While the existing Master Circular for Mutual Funds dated 27 June 2024, governs investments in various securities, the PIT Regulations will now specifically oversee transactions involving mutual fund units.

Additionally, the circular indicates a prohibition for employees, restricting them from purchasing or selling any security within thirty (30) calendar days after their personal transaction. Any breach of this regulation requires the employee concerned to provide a reasonable explanation to the compliance officer.

On 24 October 2024, SEBI clarified that research reports and recommendations from research analysts (RAs) are not classified as advertisements unless they explicitly promote the goods or services offered by the RAs. SEBI's circular outlined that brochures, notices, circulars, pamphlets, and other materials – whether published in print, displayed in electronic or wireless communications, or disseminated via audio-visual mediums such as television or motion pictures—fall under the scope of advertisement code if intended for promotional purposes.

SEBI has amended the SEBI (Merchant Bankers) Regulations, 1992, by way of SEBI (Merchant Bankers) (Amendment) Regulations, 2024. Key changes include the mandatory employment of at least two (2) professionals qualified in finance, law, accountancy, or business management. Responsibilities related to market-making have been aligned with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The amendments clarify the role of lead managers, mandating disclosing responsibilities for offer document disclosures, allotments, and refunds. Merchant bankers must report changes in registration details within seven (7) days and streamline the grievance-handling mechanism. Gender-neutral terminology has been incorporated to align with the Companies Act, 2013.

Merchant bankers acquiring securities must now submit transaction details to SEBI within fifteen (15) days of the transaction. For acquisitions arising from underwriting or market-making obligations, quarterly reporting to SEBI is required. These updates aim to enhance transparency, accountability, and compliance within the merchant banking sector.



**Clarification with respect to advertisement code
for Research Analysts (RAs)**

**SEBI introduces amendments to Merchant Bankers
Regulations to strengthen transparency and
compliance**

SEBI has introduced the Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2024 (**Issue Amendment Regulations**) enhancing role and responsibilities of bankers to an issue. The amendments include new services such as providing escrow facilities for issue management, buybacks, delisting, and open offers, along with managing separate bank accounts for initial public offer (**IPO**) or further public offer proceeds.

Regulation 3 now mandates that no individual or entity can act as a banker to an issue without a valid SEBI registration certificate. Existing sub-regulations have been renumbered and revised to align with these changes.

SEBI has introduced the SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2024 (**Second Amendment Regulations**) amending the SEBI (Buy-Back of Securities) Regulations, 2018. The key provisions of the Second Amendment Regulations are outlined below:

- **Entitlement ratio calculation:**

In buy-backs via tender offer route, the shareholding of promoters and promoter groups opting out of participation will be excluded from entitlement ratio calculations.

- **Issuance of securities during buy-back:**

Companies may issue securities before the buy-back period concludes, provided such issuance fulfills pre-existing obligation (e.g., warrants, stock option schemes, sweat equity, or conversions). Public announcements must disclose details and potential impacts of such issuance.

- **Additional disclosure requirements**

The entitlement ratio for small and general shareholders, along with a link to the website of the Registrar (*as defined under SEBI (Buy-Back of Securities) Regulations, 2018*) and share transfer agent for checking entitlements, must be disclosed on the cover page of the letter of offer.

SEBI Issues amendments to Securities and Exchange Board of India (Bankers to an Issue) (Amendment) Regulations, 2024

SEBI Amends Buy-Back of Securities Regulations, 2024

SEBI Notifies the Alternative Investment Funds (Fifth Amendment) Regulations, 2024

SEBI has notified the Alternative Investment Funds (Fifth Amendment) Regulations, 2024, amending the SEBI Alternative Investment Funds Regulations, 2012.

Key changes include the introduction of pro-rata rights for investors based on their commitments to the scheme, covering both investments and distribution proceeds. Differential rights may also be offered to specific investors under conditions that do not prejudice the interests of others. However, these differential rights will not apply to Large Value Funds for Accredited Investors (*as defined under the SEBI (Alternative Investment Funds) Regulations, 2012*).

Existing schemes issued before the amendment and not in compliance with the new provisions will be addressed as per SEBI's directions.

SEBI, through its circular dated 04 November 2024, issued clarifications on investments by Indian mutual funds in overseas mutual funds and unit trusts. The key conditions outlined in the circular are as follows:

- **Exposure to Indian securities:** Indian mutual funds may invest in overseas funds with exposure to Indian securities, provided such exposure does not exceed twenty five percent (25%) of the overseas fund's total assets. Compliance with this limit must be actively monitored. If the threshold is breached for over six (6) months, based on public disclosures, Indian mutual funds must liquidate their investments and halt further investments until compliance is restored.
- **Pooled investments:** The investments must be pooled into a single vehicle with pro-rata and pari-passu rights for all investors, without side vehicles.
- **Independent management:** The overseas funds must be managed independently by active managers and disclose their portfolio at least quarterly.
- **No advisory agreement:** Indian mutual funds are prohibited from entering into advisory agreements with overseas funds to prevent conflicts of interest.
- **Non-compliance and rebalancing:** The circular also outlines conditions for addressing non-compliance, including rebalancing requirements and handling changes in the fundamental attributes of overseas funds.

SEBI updates conditions for investments in Overseas Mutual Funds/Unit Trusts by Indian Mutual Funds

SEBI SIMPLIFIES REGISTRATION NORMS FOR FOREIGN PORTFOLIO INVESTORS (FPIs)

SEBI, through its circular dated 12 November 2024, introduced simplified registration norms for Foreign Portfolio Investors (**FPIs**). The new framework reduces redundancy by allowing eligible FPIs to complete an abridged Common Application Form (**CAF**), requiring only unique information. Remaining details will be auto-populated or disabled based on existing system data, provided applicants consent and confirm the accuracy of previously submitted information.

The depository participants and custodians are tasked with ensuring the integrity of the auto-populated data. The custodian and depository participants' standards setting forum will define the fields eligible for auto-population or disabling, streamlining the registration process.

SEBI ISSUES AN INTERIM EX-PARTE ORDER AGAINST UNREGISTERED ONLINE PLATFORMS (UOPS)

SEBI had previously allowed stockbrokers in the debt segment to operate as Online Bond Platform Providers (**OBPPs**) for offering listed debt securities like non-convertible debentures (**NCDs**). However, SEBI issued an interim *ex-parte* order against certain platforms involved in soliciting and selling unlisted NCDs to non-institutional and retail investors.

SEBI found these platforms engaged in down-selling privately placed NCDs, which violated public issue norms under the Companies Act, 2013. The platforms failed to ensure compliance with these regulations, making securities available for public sale instead of to pre-identified investors. While not concluding on any collusion with issuers, SEBI deemed the offering of NCDs on these platforms, a violation of the Companies Act, 2013 and directed them to cease offering securities for sale or subscription.

SEGMENT THREE

Ministry of Corporate Affairs (MCA)



MCA notifies Companies (Adjudication of Penalties) Second Amendment Rules, 2024

On 9 October 2024, the Ministry of Corporate Affairs (**MCA**) through a notification introduced the Companies (Adjudication of Penalties) Second Amendment Rules, 2024. This amendment represents a targeted effort to enhance the framework governing the adjudication of penalties under the Companies Act, 2013 (**Act**).

A key provision is the insertion of a proviso to sub-rule (1) of Rule 3A in the Companies (Adjudication of Penalties) Rules, 2014, stating:

"Provided that the proceedings pending before the Adjudicating Officer or Regional Director on the date of such commencement shall continue as per provisions of these rules existing prior to such commencement."

This ensures procedural continuity, for ongoing adjudication processes, preventing disruptions caused by the rule change.

SEGMENT FOUR

National Company Law Appellate Tribunal (NCLAT)/

National Company Law Tribunal (NCLT)

BAR UNDER SECTION 68 OF THE TRANSFER OF PROPERTY ACT, 1882 EXTENDABLE TO PROCEEDINGS UNDER SECTION 95 OF THE IBC, 2016?

NCLT Mumbai in the case of YES Bank Limited v Mrs. Sakshi Jiwrajka, dated 07 October 2024 held that the bar under Section 68 of the Transfer of Property Act 1882 (TOPA) does not extend to proceedings initiated under Section 95 of the Insolvency and Bankruptcy Code, 2016 (IBC).

Facts:

JSK Marketing Ltd. (**Corporate Debtor**) availed financial assistance of Rs. 25 Crores from YES Bank under a Master Facility Agreement dated 2 June 2017, secured by a personal guarantee from the respondent. Upon default by the Corporate Debtor, the applicant invoked the personal guarantee, but the respondent failed to repay despite notice.

Resultantly, the applicant filed an application under Section 95 of the IBC before NCLT Mumbai to initiate the Personal Guarantor's Insolvency Resolution Process (**PGIRP**) against the respondent.

Issue:

- Whether the applicant is estopped under Section 68 of TOPA from enforcing its claim under Section 95 of the IBC?
- Whether insolvency proceedings can be dismissed merely on account of failure of the assignee to make necessary amendments to the cause title and the captioned petition?

Decision:

The NCLT held that:

- It is a settled position that proceedings under Section 95 of the IBC are intended for the insolvency resolution of the personal guarantor concerning the Corporate Debtor, and not for the recovery of the creditor's dues. These processes operate on distinct legal grounds. Accordingly, the bar under Section 68 TOPA does not extend to proceedings initiated under Section 95 of the IBC.
- A secured creditor is not precluded from initiating the insolvency resolution process of a personal guarantor merely because it has exercised its rights to enforce the security interest in the mortgaged property.
- Insolvency proceedings cannot be dismissed solely on the ground that the assignee of the debt failed to amend the cause title or the captioned petition, particularly when this Court has already allowed the substitution application to continue the proceedings.

RAISING OF FUNDS BY WAY OF A SHARE SUBSCRIPTION-CUM SHAREHOLDERS AGREEMENT IS CLASSIFIED AS FINANCIAL DEBT UNDER SECTION 5(8) OF THE IBC

In *Spectrum Trimpex Pvt. Ltd. v. VPhrase Analytics Solutions Pvt. Ltd.*, NCLT Mumbai vide its judgment dated 04 October 2024 addressed whether funds raised through a Share Subscription-cum-Shareholders Agreement (SSA) qualify as "financial debt" under Section 5(8) of Insolvency and Bankruptcy Code, 2016 (IBC).

Facts:

Spectrum Trimpex Pvt. Ltd. (**Financial Creditor**) invested in VPhrase Analytics Solutions Pvt. Ltd. (**Corporate Debtor**) under the SSA. The shares were compulsorily redeemable, with an exit period of five (5) years. Clause 16.1 of the SSA required the founders to arrange an exit for investors by the fifth (5th) anniversary or, if unable, allow investors to demand a buyback at fair market value determined by an independent valuer.

After the exit period, the Financial Creditor issued a notice requesting share buyback based on audited financial statements, but the Corporate Debtor did not respond. Subsequently, the Financial Creditor engaged a valuer who set the fair market value at Rs. 34,600 per share. Despite a second notice with the valuation report, the Corporate Debtor remained unresponsive. Consequently, citing a default amounting to Rs. 1.31 crore, the Financial Creditor filed an application under Section 7 of the IBC, to initiate a Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor.

Issue:

- Can the purchase of shares of the Corporate Debtor under the SSA be treated as financial debt?
- Whether the Corporate Debtor has committed a default in respect of the financial debt?

Decision:

The NCLT ruled as follows:

- The capital raised by the Corporate Debtor through the SSA was deemed a financial debt under Section 5(8) of the IBC, as it had the commercial effect of a borrowing.
- Initially, Section 7 of the IBC could not be invoked because the valuation of the shares was below the threshold limit of Rs. 1 crore. The Financial Creditor's unilateral appointment of an independent valuer violated the SSA, which required mutual consent for appointing a valuer. Therefore, the Corporate Debtor was not bound by the valuation report.

In *Indian Renewable Energy Development Agency Ltd. v. Waaree Energies Ltd. & Taxus Infrastructure and Power Projects Pvt. Ltd.*, NCLAT on 06 December 2024 examined whether compulsorily convertible debentures (CCDs) qualify as "financial debt" under Section 5(8) of Insolvency and Bankruptcy Code, 2016 (IBC).

Facts: Indian Renewable Energy Development Agency (**Appellant**) provided financial assistance to Taxus Infrastructure (**Corporate Debtor**). Upon default, an application under Section 7 of the IBC was filed, initiating a Corporate Insolvency Resolution Process (**CIRP**). Waaree Energies (**Respondent 1**) filed a claim based on secured convertible debentures, including principal and interest. Although initially accepted as a financial creditor, doubts were raised, and the Resolution Professional (**RP**) sought to set aside the arbitral award favoring Respondent 1. However, the application was rejected, and Respondent 1 was reinstated as a financial creditor, as the debentures qualified as "debt" due to the interest component, reflecting the time value for money.

The Appellant argued that the Debenture Subscription Agreement (**DSA**) mandated only conversion into equity, with no provision for redemption, meaning the transaction could not be classified as "financial debt". The Appellant also claimed reliance on the arbitral award was inappropriate, as its status was still under consideration.

Respondent 1 maintained that the debentures qualified as 'financial debt' under Section 5(8) of the IBC, as the DSA involved financial assistance. Since the Corporate Debtor failed to convert the debentures into equity or repay the amount, Respondent 1 became entitled to the principal and interest. The RP contended that Respondent 1's status as a financial creditor should not rely solely on the arbitral award.

Issue: Is conversion of CCDs into equity shares of Corporate Debtor, at the option of the financial creditor, covered under the definition of "financial debt" under Section 5(8) of the IBC?

Decision: The tribunal emphasized that prior judgments establish the importance of examining agreement terms to determine the transaction's nature. Upon reviewing the DSA, it was noted that a debenture is defined as "evidencing a debt", and CCDs are compulsorily convertible into equity at the investor's option. Clause XVI of the DSA specifies that failure to redeem debentures constitutes an event of default.

Since the Corporate Debtor neither made payments nor converted the debentures into equity as requested by Respondent 1, a default was triggered.

Based on the agreement clauses and facts, the tribunal concluded that the transaction involved a time value of money and qualified as financial debt under Section 5(8) of the IBC.

**CONVERSION OF COMPULSORILY
CONVERTIBLE DEBENTURES (CCDS) INTO
EQUITY SHARES OF CORPORATE DEBTOR,
AT THE OPTION OF THE FINANCIAL
CREDITOR IS CATEGORISED AS FINANCIAL
DEBT UNDER SECTION 5(8) OF THE IBC**

SEGMENT FIVE

The Supreme Court (SC) / High Courts (HC)

SC | HC

BOMBAY HC: ONCE THE SALE DEED IS EXECUTED, THE ARBITRATION CLAUSE IN THE AGREEMENT FOR SALE HAS NO LEGAL EFFECT

On 11 November 2024, the Hon'ble Bombay High Court (**Court**) in **Bks Galaxy Realtors LLP vs. Sharp Properties** ruled that once a sale deed is executed, the arbitration clause in the agreement for sale has no legal effect.

Facts:

The appeal, filed under Section 37 of the Arbitration and Conciliation Act, 1996 (**Act**), sought to set aside the order passed by the civil court. The respondent had entered into a joint development agreement with the appellant and subsequently executed an Agreement for Sale (**Agreement**), which included an arbitration clause. Dispute arose, and the respondent secured an ex-parte temporary injunction from the trial court. The appellant challenged this, citing the arbitration clause, arguing that the MoU and the allotment letter were not separate and should be jointly considered. However, the trial court rejected the argument, leading to the present appeal.

Issue:

Whether the arbitration clause in the agreement for sale is valid in the event of execution of the sale deed?

Judgment:

The Court held that the Agreement was fully discharged upon the execution of the sale deed, rendering the arbitration clause in the Agreement legally ineffective. Further, the Court held that the MoU and the allotment letter were distinct transactions, separate from the Agreement. The Court upheld the trial court's order, stating that the rights, and obligations under the Agreement had merged into the sale deed upon its execution, and dismissed the appeal.



**STAMP DUTY DEMAND AGAINST
AMBUJA CEMENT QUASHED BY
DELHI HC**

On 14 November 2011, the Hon'ble Delhi HC (**Court**) in **Ambuja Cement vs Collector of Stamps Delhi**, approved a scheme of arrangement between Holcim (India) Private Limited (**Transferee Company**) and Ambuja Cement India Private Limited (**ACIPL/Transferor Company**), both subsidiaries of Holderind Investments Ltd., Mauritius. The Transferor Company was primarily an investment business, holding dematerialized shares in ACC Limited and Ambuja Cements Limited.

Facts:

The Transferee Company issued equity shares to ACIPL's shareholders, Holderind Investments Ltd. In March 2014, the Collector of Stamps, Delhi, issued a show-cause notice alleging non-payment of stamp duty on the merger order classifying it as a "conveyance" under Article 23 of Schedule IA of the Indian Stamp Act, 1899 (**Indian Stamp Act**). However, the Transferee Company contended that the transaction was exempt from Central Government Notification No. 13, dated December 25, 1937.

Issue:

Whether the notification dated 1937 which exempts stamp duty for transfers between subsidiaries of a common parent company, applied to this merger?

Judgment:

On 06 November 2024, the Court emphasized the broad definition given under Section 2(10) of the Indian Stamp Act of "conveyance", which includes property transfers by operation of law. Referring to the Delhi Towers Ltd. case, the Court reaffirmed that stamp duty applies regardless of whether the transfer is affected by a legal order or private agreement. However, the Court found that the notification dated 1937, which remains in force, exempts transfers of assets between wholly-owned subsidiaries of a common parent company from stamp duty. Since both Holcim and ACIPL were one hundred percent (100%) subsidiaries of Holderind Investments Ltd., the Court held that the merger qualified for the exemption, and no stamp duty was payable on the amalgamation.

In **Central Organisation for Railway Electrification (CORE) v. ECI-SPIC-SMO-MCML (JV)**, the Hon'ble Supreme Court of India (**Court**) addressed the validity of unilateral arbitrator appointments in arbitration agreements, emphasizing the necessity for impartiality and adherence to statutory provisions.

Facts:

The common set of facts involved the courts testing the constitution of arbitral tribunal by certain persons including state-controlled and government entities in public-private contracts by way of: (a) procedure authorising one party to unilaterally constitute panels of eligible arbitrators, out of which the arbitral tribunal may be constituted or (b) procedure allowing arbitrator/s to be appointed by one party only. The Court's Constitution bench considered the principle of party autonomy (towards determining the procedure for appointment of arbitrators) and fundamental requirements for independence, impartiality, and equality under the Arbitration Act (*defined herein*).

Issue:

Whether the appointment process which allows a party who has an interest in the dispute to unilaterally appoint a sole arbitrator, or curate a panel of arbitrators and mandate that the other party select their arbitrator from the panel is valid under the Arbitration and Conciliation Act, 1996 (**Arbitration Act**)?;

Whether a unilateral process for appointing arbitrators in public-private contracts violates mandatory provisions of the Arbitration Act and the principle of equality under Article 14 of the Constitution of India?

Decision:

While public sector undertakings may empanel potential arbitrators, an arbitration clause cannot mandate the other party to select its arbitrator from such curated panel. The same would be against the principle of equal treatment of parties.

The principle of equal treatment of parties applies from the moment the parties choose arbitration over civil proceedings for dispute resolution – including the duty to establish an independent and impartial tribunal. Any provision that allows one party to unilaterally appoint a sole arbitrator would cloud the impartiality of the arbitrator.



**UNILATERAL ARBITRATOR
APPOINTMENT CLAUSES IN PUBLIC-
PRIVATE CONTRACTS ARE INVALID**

SEGMENT SEVEN

Insolvency and Bankruptcy Board of India (IBBI)

IBBI INTRODUCES CENTRALISED ELECTRONIC LISTING AND AUCTION PLATFORM FOR SALE OF ASSETS UNDER LIQUIDATION PROCESS

IBBI (Liquidation Process) Regulations, 2016 (**IBBI Liquidation Regulations**) mandates liquidators to sell assets exclusively through an electronic auction platform empaneled by the IBBI.

To enhance transparency and provide a centralised, publicly accessible platform, the IBBI has collaborated with the Indian Banks' Association (**IBA**) to facilitate auctions via the eBKray platform, operated by PSB Alliance Private Limited, a consortium of twelve (12) public sector banks.

The platform would require liquidators to list all corporate debtor's assets on the eBKray platform, as specified in the asset memorandum prepared in the form prescribed under IBBI Liquidation Regulations.

IBBI RELEASED A DISCUSSION PAPER ON MEDIATION BY OPERATIONAL CREDITORS BEFORE APPROACHING THE ADJUDICATION AUTHORITY FOR FILING THE SECTION 9 APPLICATION

IBBI is exploring the introduction of mediation as a preliminary step before operational creditors file application under Section 9 of the Insolvency and Bankruptcy Code, 2016 (**IBC**). This initiative aims to expedite the resolution of money claims and address the significant number of cases settled before admission.

Mediation may resolve disputes between the operational creditor and the corporate debtor, promoting faster adjudication. In cases where mediation fails, the mediator would prepare a report on non-settlement, which must be annexed to the application filed by the operational creditor.

IBBI RELEASED A DISCUSSION PAPER ON CONSTITUTION OF MONITORING COMMITTEE UNDER CIRP

IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 presently empowers the committee of creditors (**COC**) to consider the constitution of a monitoring committee for the implementation of a resolution plan. The COC may, relying upon the provisions, constitute the same while approving the resolution plan.

The discussion paper considers the constitution of the monitoring committee to be a mandatory exercise for implementation of all resolution plans.

The proposed composition of the monitoring committee would include equal nominees from the successful resolution applicant and from the COC apart from the resolution professional, who shall chair the said committee.

IBBI RELEASED A DISCUSSION PAPER ON ISSUES RELATED TO INSOLVENCIES INVOLVING CORPORATE DEBTORS IN THE REAL ESTATE SECTOR

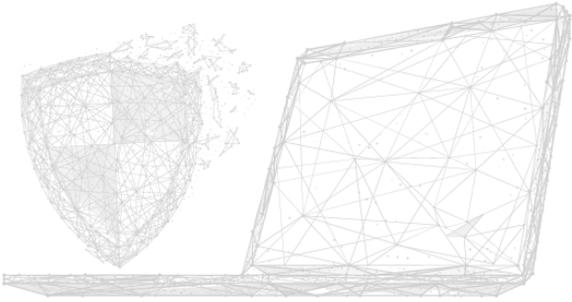
The IBBI has proposed several measures to address practical challenges in resolving insolvencies involving corporate debtors in the real-estate sector:

- Inclusion of land authorities in committee of creditors (COC) meetings: Land authorities with operational creditor claims may participate in the meetings of the COC to corroborate on addressing associate regulatory compliance in real estate projects.
- Handling cancelled land allotments in real-estate insolvency cases: The insolvency professionals must report cancelled land allotments and repossession by authorities before the insolvency commencement date to the COC and adjudicatory authority, enabling informed decisions on the conclusion of the corporate insolvency resolution process (CIRP).
- Relaxations where resolution applicants are associations of allottees: Associations representing at least ten percent (10%) or one hundred (100) allottees (whichever is higher) may be granted relaxations on eligibility criteria and performance securities to facilitate their participation as resolution applicants.
- Clarification about inclusion of interest in homebuyers' claims in CIRP: Regulation 16A(7) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (IBBI CIRP Regulations) provides for consideration of interest rate of eight percent (8%) per annum over the claim of the homebuyers who form part of the COC towards calculating their voting share. The IBBI intends to clarify that the stipulated interest rate would also be considered as a portion of the claims of such homebuyers.
- Representation of large number of creditors through facilitators: While the Insolvency and Bankruptcy Code, 2016 (IBC) provides for appointment of one authorised representative for a class of creditors - where such class consists of a large number of member-creditors, a single representative may potentially face challenges on effectively representing the interests of such creditors. Hence, appointment of facilitators would be permitted by such authorised representative.
- Dissemination of minutes of meetings of the COC to all creditors in class of real estate projects: While the IBC provides for the authorised representative to share the minutes of the meeting of the COC with the class of creditors it represents, the proposal provides for dissemination of the minutes of the meetings of the COC on the data room/ website so maintained by the resolution professional.
- Streamlining possession handover in real estate projects: Where the corporate debtor has completed unit construction pending a formal handover, the courts have permitted transfer of ownership during CIRP in select projects, without violating the terms of the moratorium instituted upon admission. The resolution professionals have previously, also executed the documents on behalf of the real estate developer. The proposal intends to introduce a provision for the resolution professionals to hand over the possession of units to the homebuyers on an 'as is where is' basis on payment of balance amounts, if any, with the permission of the COC.

SEGMENT EIGHT

Artificial Intelligence (AI)

UK GOVERNMENT LAUNCHED A DEDICATED NEW RIO



POLAND SUBMITS DRAFT AI BILL FOR PUBLIC CONSULTATION FOR IMPLEMENTING THE EU AI ACT

On 08 October 2024, the United Kingdom (**UK**) government launched the Regulatory Innovation Office (**RIO**) to streamline regulatory processes and accelerate the adoption of transformative technologies.

RIO aims to: (i) reduce regulatory red tape on innovation; (ii) expedite access to technologies that enhance daily life; (iii) bring innovative products and services to market more swiftly, efficiently and quickly by eliminating regulatory barriers; and (iv) stimulate economic growth through innovation.

The government has recognized the cross-sectoral applications of emerging technologies, such as AI systems. RIO will initially concentrate on: (i) engineering biology; (ii) space technology; (iii) AI in healthcare; and (iv) autonomous technology.

On 16 October 2024, the Ministry of Digital Affairs, Poland, released a draft AI law for public consultation. The proposed legislation aligns with the European Union (**EU**) Artificial Intelligence Act, 2024, implemented on 01 August 2024. The key features of the draft AI bill include:

- AI development and security commission – Establishing a collegial body to monitor the AI market and support entrepreneurs;
- Social council- A consultative body to shape AI policy and ensure broad participation;
- Popularization of the use of AI systems: Popularizing high-risk systems and creating regulatory sandboxes;
- General and individual interpretations for companies – Providing general and individual interpretations to enhance operational stability and predictability for AI driven companies;
- Annual AI computing and energy intelligence – ensure transparency, sustainability, and editing AI investment planning; and
- Recommendations for best practices for the use of AI.

This draft law aims to enhance Poland's AI ecosystem while ensuring compliance with EU standards and fostering innovation responsibly.

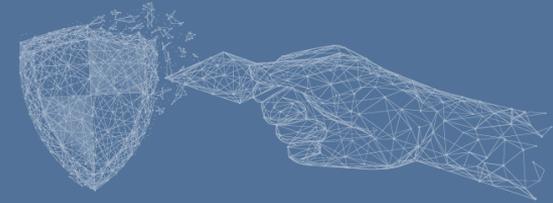
On 24 October 2024, the United States (**US**) White House issued the first-ever National Security Memorandum (**NSM**) on AI, providing guidelines for harnessing AI models and AI-enabled technologies in the US government, particularly in national security systems. The memorandum emphasizes protecting human rights, civil liberties, privacy, and safety in AI-enabled national security activities.

The NSM focuses on: (i) fostering innovation and promoting AI development and research; (ii) securing the US AI ecosystem; (iii) strengthening AI governance; and (iv) facilitating global adoption of emerging technologies.

The NSM fulfills the US White House's October 2023 executive order on AI, which mandates national security officials to draft an AI NSM to guide the adoption of AI capabilities for advancing the US national security mission and addressing adversarial uses of AI.

On 14 November 2024, the European Union (**EU**) AI office published the first draft of the General-Purpose AI (**GPAI**) Code of Practice (**GPAI Code**), with the primary purpose to support compliance of the providers of the GPAI with the EU AI Act, 2024. The GPAI Code sets out detailed guidelines for ensuring transparency, safety, trustworthiness and accountability in general-purpose AI (**GPAI**) models, particularly those with systemic risks. It outlines risk assessment, mitigation measures, and governance structures while promoting international collaboration and inclusivity among industry leaders, independent experts, and civil society, while also addressing emerging challenges in AI safety, such as systemic risks, model evaluation, and transparency, with provisions for whistle-blower protections and external evaluations.

WHITE HOUSE ISSUES FIRST-EVER NATIONAL SECURITY MEMORANDUM ON AI



EUROPEAN AI OFFICE RELEASES FIRST DRAFT OF THE GENERAL-PURPOSE AI CODE OF PRACTICE

SEGMENT NINE

Pharmaceutical/ Healthcare

UPDATED MEDICAL DEVICE ADVERSE EVENT REPORTING FORM BY THE INDIAN PHARMACOPOEIA COMMISSION



REVISION OF CERTIFICATION REQUIREMENTS UNDER THE FOOD SAFETY AND STANDARDS REGULATIONS



The Indian Pharmacopoeia Commission (**IPC**), operating under the Ministry of Health and Family Welfare, has issued a revised medical device adverse event reporting form for the purpose of documenting Medical Device Adverse Events (**MDAEs**). The form explicitly states that the submission of any MDAE shall not result in any legal consequences for the individual submitting the report. Furthermore, the identity of the reporter shall remain confidential and safeguarded in accordance with applicable privacy protections.

The Food Safety and Standards Authority of India (**FSSAI**) has amended the Food Safety and Standards (Prohibition and Restrictions on Sales) Regulations, 2011. The update removes the mandatory requirement for BIS/ISI and AGMARK certifications for several food products. Items such as packaged drinking water, mineral water, milk powders, condensed milks, and infant foods no longer need these certifications, making them optional for manufacturers. This change is in line with the "One Nation, One Commodity, One Regulator" policy, aiming to simplify regulatory processes in India's food industry. FSSAI will now be the central authority overseeing food safety, eliminating the need for additional certifications like BIS and AGMARK. The decision will reduce operational costs for food manufacturers and decrease bureaucratic hurdles. Blended edible vegetable oils and fat spreads, previously requiring AGMARK, are also covered under this update. The shift aims to streamline compliance with food safety standards, reinforcing FSSAI's role as the primary food safety regulator. Overall, the amendment supports a more efficient and cost-effective regulatory environment for food businesses. The move is expected to boost ease of doing business in India's food sector.

AMENDMENT TO THE DRUGS (FIFTH
AMENDMENT) RULES, 2024 BY THE
MINISTRY OF AYUSH



On 28 October, 2024, the Ministry of Ayush notified the Drugs (Fifth Amendment) Rules, 2024, which came into effect on 29 October, 2024. These amendments introduce significant reforms in the licensing and manufacturing of ayurveda, siddha, sowa-rigpa, unani, and homeopathic medicines in India.

Key changes include:

- **New Homeopathic Medicines Definition:** Defined with a clear approval process requiring safety, efficacy, and homoeopathic proving, classified as "new" for five (5) years.
- **e-AUSHADHI Portal:** Introduced an online system for applying for licenses to sell, stock, and distribute homeopathic medicines, with perpetual licenses and a five (5) year compliance declaration.
- **GMP Certification:** Manufacturers must now obtain a Good Manufacturing Practices (GMP) certificate to secure a manufacturing license.
- **Quality Control:** New qualifications for production personnel and mandatory inspections every five (5) years, with indefinite GMP certificate validity and renewal fees every five (5) years.

These amendments aim to enhance the quality, safety, and availability of medicines while streamlining processes and ensuring high standards.

SEGMENT TEN

EMPLOYMENT

EMPLOYMENT

KARNATAKA HIGH COURT: OLA CABS DRIVER IS AN 'EMPLOYEE' UNDER THE POSH ACT, 2013.

On 30 September 2024, the Hon'ble Karnataka High Court (**Court**) in **Ms X v. ICC, ANI Technologies Pvt. Ltd. & Ors.** held that an Ola cab driver qualifies as an 'employee' under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (**POSH Act**) making ANI Technologies Pvt. Ltd. (**Ola**) liable for non-compliance under the Act.

Facts:

The petitioner lodged a sexual harassment complaint against an Ola cabs driver related to an incident in August 2018. However, Ola's Internal Complaint Committee (**ICC**) refused to initiate an inquiry, asserting that the driver was not an 'employee' under the POSH Act. Moreover, it was revealed that the driver accused of sexual harassment was not registered with Ola but was an impersonator. The petitioner subsequently filed a petition before the Court, seeking a directive for the ICC to conduct an inquiry under the POSH Act.

Issue:

Whether an Ola cab driver is an employee under the POSH Act?

Decision:

The Court held that under Section 2(f) of the POSH Act, an employee-employer relationship existed as the definition of 'employee' encompasses individuals employed on a contract basis, with or without the principal employer's knowledge. Citing precedents, the Court interpreted the provisions broadly to include all possible connections between an employer and its employees. The Court also observed that Ola drivers lacked autonomy in core operational matters such as route selection and fare determination. Despite being classified as independent contractors in their agreements, the drivers were found to operate with minimal independence. Therefore, the Court directed the ICC to initiate the inquiry against the cab driver, deeming him an employee of Ola.

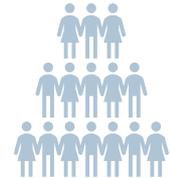
The Government of Karnataka on 27 September 2024, issued a notification under Section 11(1) and Section 12(2) of Karnataka Shops and Commercial Establishments Act, 1961. The notification has made certain changes to allow all shops and establishments with ten (10) or more employees to remain open on 24 X 7 basis for all days of the year for a period of three (3) years from 27 September 2024.

Now, the shops with ten (10) or more employees can keep their shops open on 24 X 7 basis if:

- the employer appoints additional staff in order to allow every employee to avail one day holiday in a week and details of all employees are exhibited in the establishment at a conspicuous place;
- the employer does not allow any employee to work more than eight (8) hours in a day and forty-eight (48) hours in a week;
- the employer shall provide the facility of washroom, restroom, safety lockers and other basic amenities;
- the employer provides travel arrangements for women employees working in shifts;
- the employer shall not allow any woman employee to work beyond 8:00 pm on any day in normal circumstances, etc.

An exemption to point no. (5) above has been created by the notification for allowing the employer to let the female employee work between 8:00 pm and 6:00 am, subject to compliance with conditions mentioned in the notification.

**KARNATAKA GOVERNMENT
ALLOWS SHOPS &
ESTABLISHMENTS WITH 10 OR
MORE EMPLOYEES TO REMAIN
OPEN 24X7 FOR 3 YEARS.**



**BOMBAY HIGH COURT: NON-
COMPETE CLAUSE IS NOT
ENFORCEABLE AFTER
TERMINATION OF THE
AGREEMENT**

On 17 October 2024, the Hon'ble Bombay High Court (**Court**) in **Indus Power Tech Inc. v. M/s Echjay Industries Pvt. Ltd.** determined that a non-compete clause in an agreement cannot be operative after the termination of the agreement because a restraint of trade is prohibited under Section 27 of the Indian Contract Act, 1872.

Facts:

Echjay Industries Private Limited (**Respondent**) and Indus Power Tech Inc. (**Appellant**) signed a Master Supply Agreement (**Agreement**). Clause 3 of this Agreement stated that the Respondent could not solicit or conduct business with the customers of Appellant for the duration of the Agreement and for a period of twenty-four (24) months after the termination of the Agreement. A non-compete obligation was imposed upon the Appellant.

Issue:

Whether a non-compete clause is enforceable post termination of the agreement?

Decision:

The Court observed that a non-compete provision has different repercussions based on whether it is applicable during an agreement's duration or after it has been terminated. While such restrictive clauses are deemed legitimate and reasonable throughout the course of the agreement, they are often considered to be a restraint of trade under Section 27 of the Indian Contract Act, 1872, once the agreement is terminated. As the Agreement was terminated, the non-compete clause cannot be the basis to grant prohibitory injunction. It should be noted that as good-will was not sold under the Agreement, Exception 1 under Section 27 of the Indian Contract Act, 1872 does not apply.

**SUPREME COURT OF INDIA -
DISPUTES RELATED TO WAGES
AND TERMINATION OF AN
EMPLOYEE ARE NON-ARBITRABLE**

On 11 December 2024, the Hon'ble Supreme Court of India (**Court**) in **Dushyant Janbandhu v. M/s Hyundai Autoever India Pvt. Ltd.** held that disputes related to wages and termination of an employee are non-arbitrable.

Facts:

In the present case, Dushyant Janbandhu (**Appellant**) was appointed as an assistant manager in M/s Hyundai Autoever India Pvt. Ltd. (**Respondent**). A show cause notice was issued to the Appellant by the Respondent for not resuming physical attendance at the office amid the COVID-19 pandemic. Subsequently, an order for termination of employment was issued to the Appellant. As the Appellant was not paid his salary during the pendency of disciplinary action, he issued a legal notice for payment of wages and filed a petition under Section 15(2) of the Payment of Wages Act, 1936 (**PW Act**). The Respondent issued a notice of initiation of arbitration followed by a petition under Section 11(6) of the Arbitration and Conciliation Act, 1996 (**A&C Act**).

Issue:

Whether disputes related to wages and termination of an employee are arbitrable?

Decision:

The Court observed that the petition under the PW Act was filed before the notice of arbitration was issued and Section 11(6) petition of A&C Act was filed. The actions of the Respondent were an abuse of process and clearly intended to threaten the Appellant for having approached the statutory authorities under the PW Act.

The Court held that disputes related to non-payment of wages and legality and propriety of termination are non-arbitrable, based on the judgement of Vidya Drolia v. Durga Trading Corporation.

SEGMENT ELEVEN

OTHER UPDATES

All-India Game Developers' Forum (**AIGDF**) on 01 October 2024, in collaboration with the Indian Governance and Policy Project (**IGAP**), released a report titled “*Anticipated Impact of the Digital Personal Data Protection Act, 2023 on the Online Gaming Sector*”. The report examines the implications of the Digital Personal Data Protection Act, 2023 (**DPDP Act**) for online gaming companies and offers tailored recommendations for Free-to-Play (**F2P**), Real-Money Games (**RMG**), and Web3 gaming formats, advocating a balanced approach to regulation and innovation.

- **Impact of privacy standards on gaming operation:** The DPDP Act established stringent privacy standards requiring lawful, transparent, and consent-based data handling. While these measures enhance data protection, they pose operational challenges for gaming entities, particularly in managing minors’ data. Obtaining verifiable parental consent and safeguarding against misuse of user-generated content, such as in-game chats, remain critical hurdles. Recommendations include flexible mechanisms for parental consent in F2P games and exemptions from behavioral tracking and targeted advertising under Section 9(5) of the DPDP Act, provided minors’ welfare is ensured.
- **Challenges in age verification and consent management:** A significant challenge is verifying a child’s age and establishing the relationship between the child and the person providing consent. Inadequate infrastructure increases the risk of false consent being provided by a child or an unrelated adult. Comprehensive know your customer (**KYC**) processes, such as Aadhaar verification, may impose additional burdens on gaming companies, and complicate the management of sensitive data.
- **Cross-Border data processing and timelines for compliance:** The report highlights the need for reasonable timelines under Section 16 of the DPDP Act to adapt to restrictions on cross-border data processing. Allowing phased implementation of such restrictions will help gaming entities comply while sustaining innovation in the rapidly growing Indian gaming industry.

NAVIGATING THE DPDP ACT: IMPLICATIONS FOR INDIA’S ONLINE GAMING SECTOR



LEGAL DEVELOPMENTS IN INDIA'S ONLINE GAMING SECTOR AMIDST TAXATION DISPUTES



The Indian online gaming industry faces a pivotal moment as tax authorities prepare to issue final tax demands by 5 February 2025, following the issuance of pending show-cause notices (**SCNs**). Several gaming companies have already received tax notices, and while the industry awaits the Hon'ble Supreme Court's (**Court**) verdict, a resolution before February 2025 seems unlikely.

Core Tax Dispute

The primary issue revolves around the imposition of a twenty eight percent (28%) Goods and Services Tax (**GST**) on betting amounts. The classification of games such as poker, rummy, and fantasy sports as either "games of skill" or "games of chance" remain at the centre of the dispute.

- Games of chance: If categorized as gambling, the entire betting amount could attract a twenty eight percent (28%) GST, potentially crippling the industry and diminishing user interest.
- Games of skill: Even if recognized as skill-based, the tax department may still insist on taxing the full betting amount, significantly impacting profitability and deterring users. Gaming companies contend that GST should apply only to platform fees, which typically range between five percent (5%) and twenty percent (20%) of the betting amount.

Industry Response

To mitigate enforcement actions like account freezes, industry bodies are lobbying for a stay on aggressive measures until the Court's decision. Trade associations are also considering a joint petition to the Central Board of Indirect Taxes and Customs (**CBIC**) to seek leniency.

Regulatory Challenges

Gaming companies argue that retroactive taxation imposing GST on bets placed between 2017 and October 2023 exacerbates the financial strain. Additionally, the proposed amendment to Section 11(A) to the Central GST Act, 2017 remains unimplemented, leaving legal ambiguities unresolved. The Court's delays in addressing petitions have further compounded uncertainty for stakeholders and investors.

Future Implications

The Court's decision will determine the regulatory and economic trajectory of India's online gaming industry. An unfavourable ruling could stifle growth, while a supportive judgment may attract investments and foster innovation.

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