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BY VERITAS LEGAL | July - September 2025

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COMPETITION

Enforcement Matters

Supreme Court upholds the penalties imposed on the Kerala Film Exhibitors Federation

On September 27, 2025, the Supreme Court upheld penalties imposed by the CCI on the Kerala Film Exhibitors Federation ("**KFEF**") and its office bearers for engaging in anti-competitive practices, overturning a 2016 decision of the erstwhile Competition Appellate Tribunal ("**COMPAT**"), while also clarifying that prior to the 2023 amendments to the Competition Act the CCI did not have any obligation to issue a separate show cause notice before imposing penalties.

Notably the CCI, in its decision had upheld the allegations made by Crown Theatre, which claimed that KFEF had coerced film distributors into withholding releases at its venue and had called for a boycott of films screened there. Consequently, the CCI imposed a monetary penalty on KFEF and its office bearers; barred the President and General Secretary of KFEF from position in the KFEF for a period of two years; and directed KFEF to conduct competition awareness programmes. However, on appeal, while upholding the findings of the CCI relating to the contravention of the Competition Act, the COMPAT set aside the penalties imposed on the ground that no specific show-cause notice relating to the imposition of penalties had been issued to the individuals, which was a violation of natural justice.

The Supreme Court while rejecting the reasoning of the COMPAT, highlighted that when the findings of the DG report which clearly outlined the charges and identified the individuals involved was shared, parties were given an adequate opportunity to address all aspects of the alleged contravention which may also include imposition of monetary penalties and behavioural and structural remedies. The court further emphasized that individuals in charge of an entity at the time of contravention are statutorily deemed liable and as such no second show-cause notice was required to be given to the parties before imposing penalties since the respondents had been given adequate opportunity to respond.

CCI sub-divides allegations against Google into multiple abuse of dominance cases and comes to different conclusions in two decisions

On 1 August 2025 the CCI issued two separate orders in relation to abuse of dominance allegations against Google. Each of the decisions were based on the same information filed by the Alliance of Digital India Foundation ("**ADIF**") inter-alia relating to Google's abusive conduct qua online display advertising services and online search advertising. However, given that the said allegations related to distinct markets and different products/conducts of Google, the CCI decided to segregate the said matter into three sub-cases.

In Case No. 23(1) of 2024, the CCI made a prima facie observation that Google had abused its dominance in the online display advertising technology ("**AdTech**") market and clubbed this matter with an ongoing probe further directing a detailed investigation into the matter. This is because, to the CCI, it prima facie appeared that (a) Google tied its publisher ad server with its ad exchange, forcing publishers to remain within its closed ecosystem thus leading to concerns of self-preferencing and tying; (b) Google restricted access to YouTube's advertising inventory to its proprietary

demand-side platform, limiting competition from rivals; (c) Google's use of 'Dynamic Allocation' and 'Last Look' mechanisms, gave its own ad tools an unfair advantage in auctions; (d) Google's opaque fee structures and allocation mechanisms within its AdTech services could harm publishers and advertisers.

In contrast, in Case No. 23(2) of 2024, the CCI dismissed allegations concerning Google's search advertising policies, stating that the issues raised had already been dealt with in prior cases. No fresh investigation was deemed necessary. Thus, while the CCI has ordered a full investigation into Google's conduct in the AdTech market, it has refused to reopen settled matters concerning search advertising, reflecting a split decision based on the distinct legal and factual contexts of each case.

CCI imposes penalty on Federation of Publishers' and Booksellers' Associations in India for anti-competitive practices

On 1 July 2025, the CCI found the Federation of Publishers' and Booksellers' Associations in India ("**FPBAI**") to be in contravention of Section 3 of the Competition Act, which deals with anti-competitive agreements. FPBAI, an umbrella body of publishers and booksellers, was found to have engaged in price fixing, limiting market access, and imposing restrictive trade practices through its Good Offices Committee ("**GOC**").

In its order, the CCI inter alia observed that the FPBAI: (a) published inflated currency exchange rates through GOC circulars for import of books and journals; (b) issued mandatory commercial terms including prices, credit periods, and interest rates to be followed by members; (c) previously fixed discounts to be offered to institutions, which remained publicly accessible despite an earlier cease-and-desist directive by the CCI in 2021; and (d) issued advisories to libraries and institutions discouraging them from dealing with non-members.

The CCI concurred with the Director General's ("**DG**") findings that such conduct amounted to anti-competitive practices. However, while no formal contravention was found in respect of the earlier discount policies, the CCI noted that FPBAI's failure to implement the CCI's 2021 order by not informing members of the CCI's directions had weakened compliance.

The CCI imposed a monetary penalty of INR 256,000 (approx. USD 2,913.15) on FPBAI and INR 376,000 (approx. USD 4,278.68) on three office bearers. It also directed FPBAI to: (a) circulate the order to all members and affiliates; (b) remove anti-competitive circulars from its own as well as its affiliates' websites; (c) publish a summary of the present and the 2021 order in its FY 2024–25 annual report; (d) conduct competition law awareness programs nationwide; and (e) submit a compliance report within two months.

CCI directs investigation against Asian Paints for alleged abuse of dominance

On 1 July 2025, the CCI directed the DG to investigate Asian Paints Limited ("**Asian Paints**") for alleged abuse of dominant position. The complaint was filed by Grasim Industries Ltd. (Birla Paints Division) ("**Birla"**), a new entrant in the decorative paints market with its brand 'Birla Opus'.

Birla alleged that Asian Paints, a market leader in the paints industry, engaged in exclusionary and coercive practices to block its entry and limit competition. These included: (a) offering arbitrary incentives (e.g.,

foreign trips) to dealers in exchange for exclusivity; (b) penalizing dealers who engaged with Birla through reduced credit, increased targets, withdrawal of benefits, and termination of relationships; (c) coercing dealers to reject Birla's tinting machines; (d) pressuring raw material suppliers, warehouse landlords, clearing and forwarding agents, and transporters to cease associations with Birla; and (e) orchestrating smear campaigns to damage Birla's reputation.

The CCI delineated the relevant market as the market for the manufacture and sale of decorative paints in the organized sector in India and observed that Asian Paints held a dominant position with a 39.05% market share in 2022–23, which was more than three times that of its closest competitor. The CCI further noted high entry barriers due to Asian Paints' extensive dealer network, vertical integration, and financial strength.

The CCI prima facie found that Asian Paints' conduct amounted to: (a) imposition of unfair conditions on dealers; (b) denial of market access through input foreclosure; and (c) imposition of supplementary obligations unrelated to performance. Accordingly, the CCI directed the DG to initiate an investigation against Asian Paints.

Asian Paints later challenged the CCI's decision before the Bombay High Court, arguing that the investigation was unjustified as similar allegations had previously been dismissed in other cases. The court rejected this argument, holding that the current complaint involved distinct facts and legal issues. It also held that the CCI was not required to provide a hearing to Asian Paints before initiating the investigation, since the process is administrative and not judicial in nature. The court found no procedural error or legal barrier to the investigation and dismissed the petition.

CCI Approves Acquisition of AAM India Manufacturing Corporation Private Limited by Bharat Forge Limited with Behavioural Safeguards Amid High Market Concentration Concerns

On 25 July 2025, the CCI published its decision dated 22 April 2025, approving the acquisition of AAM India Manufacturing Corporation Private Limited ("**AAMCPL**") by Bharat Forge Limited ("**BFL**"). AAMCPL manufactures and sells axles for commercial vehicles, while BFL primarily produces metal-forged vehicle components, including parts used in axle assemblies. Moreover, certain promoters of BFL had controlling interests in two joint ventures ("**JVs**") that also operated in the axle manufacturing space, covering commercial, off-highway, and defence vehicles.

The CCI raised concerns due to the significant overlap between the merging entities, both of which were leading, well-established players in the axle market for medium and heavy commercial vehicles ("**MHCVs**").

Key issues identified included (a) the potential for a sharp rise in market concentration, with the combined entity projected to control 60–65% of the MHCV axle market, while the nearest competitor would have a market share of just 5–10%, it was also noted that post-merger, the Herfindahl-Hirschman Index , would exceed 4,500, with an increase of around 1,900, indicating a highly concentrated market; (b) the deal also threatened to eliminate competition between closely matched players i.e., the JVs and AAMCPL; (c) additional concerns stemmed from significant entry barriers, as establishing a new

axle manufacturing operation requires considerable time, investment, and extensive validation; (d) the market also showed limited supply-side flexibility due to long-term contracts and technical constraints, making switching suppliers costly and inefficient; (e) buyer power was likely to diminish, as purchasers would be left with fewer credible suppliers to choose from.

In response, BFL initially proposed certain voluntary remedies, but these failed to fully satisfy the CCI's concerns, prompting a Phase II investigation. During this extended review, BFL revised its commitments and provided further clarifications, which were eventually accepted by the CCI. These behavioural remedies, binding until December 2031, are structured to preserve competition between AAMCPL and the JVs post-transaction. The measures include (a) maintaining independent governance structures; (b) ensuring separate branding and marketing for AAMCPL; (c) establishing strict information barriers to prevent the sharing of competitively sensitive data; (d) In addition, both entities i.e., JVs and AAMCPL are required to submit bids independently to avoid coordination; and (e) BFL's nominee directors on JVs' boards must abstain from participating in any discussions related to AAMCPL.

Developments in the Legal Framework

Parliamentary Committee Urges Reconsideration of Digital Competition Bill, Calls for Cautious Regulation of Digital Markets

On 11 August 2025, the Parliamentary Standing Committee on Finance ("**Committee**") presented its Twenty-Fifth Report ("**Report**") titled "Evolving Role of Competition Commission of India in the Economy, Particularly the Digital Landscape" before the Parliament. The Report undertakes a comprehensive review of the CCI's regulatory role in the rapidly evolving digital economy and builds upon expert recommendations made in previous policy discussions. The Committee broadly endorsed a shift from the traditional ex-post enforcement of competition law to a more ex-ante approach as proposed under the Draft Digital Competition Bill, 2024 ("**DCB**"). However, it also identified significant concerns that, in its view, warranted the withdrawal and redrafting of the DCB.

Among the key issues highlighted by the Committee was the broad and rigid nature of DCB's ex-ante obligations, which, it warned, could impose disproportionate compliance burdens on digital platforms without adequate market evidence. There was also concern that the DCB's design could stifle innovation, discourage foreign investment, and unduly impact startups and Micro, Small, and Medium Enterprises ("**MSMEs**"). In this regard, the Committee noted that the proposed thresholds for the designation of Systemically Significant Digital Enterprises (**SSDEs**"), could risk prematurely capturing smaller digital players. As such it recommended not only refining these thresholds but also introducing a rebuttal mechanism for entities to contest such designation.

On merger control, the Committee suggested reviewing the current deal value threshold, expressing concern that acquisitions of innovative MSMEs in the tech sector might escape CCI scrutiny under current norms.

Additionally, it called for a broader scope in CCI's market studies, advocating for assessment of harms

beyond price such as data concentration, privacy risks, and innovation harms.

On the question of regulating artificial intelligence, the Committee recommended deferring such regulation until the CCI builds adequate technical capacity.

Overall, the Committee's Report reflects a nuanced and critical approach to regulating digital markets, recognizing the need for proactive oversight while cautioning against premature or excessive intervention that may disrupt innovation and competition.

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FINANCE

Regulatory Updates

RBI (Pre-payment Charges on Loans) Directions, 2025

The Reserve Bank of India ("**RBI**") has *vide* notification dated on 2 July 2025 issued the RBI (Pre-payment Charges on Loans) Directions, 2025 ("**Pre-Payment Directions**"), which shall be applicable to all loans and advances sanctioned or renewed on or after 1 January 2026. The Pre-Payment Directions address the inconsistent and restrictive practices by Regulated Entities ("**REs**") regarding pre-payment charges, which have caused customer grievances and deterred borrowers from switching to lenders offering better terms.

The Pre-Payment Directions prohibit REs from levying any prepayment charges on the following floating rate loans and advances (regardless of source of prepayment, full or part prepayment etc):

- Loans extended to individuals (with or without co-obligants) for non-business purposes.

- Loans extended to individuals and Micro and Small Enterprises for business purposes by: (i) Commercial banks (excluding Small Finance Banks, Regional Rural Banks, and Local Area Banks), Tier 4 Primary (Urban) Co-operative Banks, Non-Banking Financial Companies ("**NBFC**") (Upper Layer), and All India financial Institutions; and (ii) Small Finance Banks, Regional Rural Banks, Tier 3 Primary (Urban) Co-operative Banks, State and Central Co-operative Banks, and NBFC (Middle Layer), for loans up to INR 50 lakhs.

Applicability of the directions for dual/ special rate (combination of fixed and floating rate) loans will depend on whether the loan is on floating rate at the time of prepayment.

For loans other than as mentioned above, REs may levy prepayment charges based on approved policies of the REs. In case of term loans, prepayment charges, if levied, shall be based on the prepaid amount and in case of cash credit/ overdraft facilities pre-payment charges, on closure of the facility before the due date, shall be levied on an amount not exceeding the sanctioned limit.

The other key provisions of the Pre-Payment Directions are as follows:

- No prepayment charges can be levied if the prepayment is effected at the instance of the RE.

- All terms regarding the prepayment charges must be clearly disclosed in the sanction letter, loan agreement, and Key Facts Statement (where applicable).

- No undisclosed prepayment charges shall be charged by an RE.

- Retrospective charges or reimposition of previously waived charges are prohibited.

RBI (Investment in AIF) Directions, 2025

The RBI has, *vide* notification dated 29 July 2025, issued the RBI (Investment in AIF) Directions, 2025 ("**AIF Directions**"), which shall come into force from 1 January 2026, or from any

earlier date as decided by a regulated entity ("**RE**") as per its internal policy.

As a general requirement under the AIF Directions, an RE's investment policy shall have provisions governing its investments in an alternative investment fund ("**AIF**") Scheme, which are compliant with extant law.

The key provisions in relation to the limits on investments and provisioning under the AIF Directions are as follows:

- No RE shall individually contribute more than 10% of the corpus of an AIF Scheme.
- Collective contribution by all REs in any AIF Scheme shall not exceed 20% of its corpus.
- If an RE contributes more than 5% of the corpus of an AIF Scheme, which also has downstream investment (excluding equity instruments) in a debtor company of the RE, then the RE will be required to make 100% provision to the extent of its proportionate investment in the debtor company through the AIF Scheme, subject to a maximum of the direct loan and/ or investment exposure of the RE to the debtor company.
- Notwithstanding the above requirement, if an RE's contribution is in the form of subordinated units, then it shall deduct the entire investment from its capital funds proportionately from both Tier-1 and Tier-2 capital (wherever applicable).

The AIF Directions exempt outstanding investments or commitments of a RE, made with prior approval from the RBI under the provisions of Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, from the first two limits on investments mentioned above. Further, RBI may in consultation with the central government exempt certain AIFs from the scope of the existing circulars and the AIF Directions except from the general requirements.

RBI (Co-Lending Arrangements) Directions, 2025

The RBI has, *vide* notification dated 6 August 2025, issued the RBI (Co-Lending Arrangements) Directions, 2025 ("**Co-Lending Directions**"), which shall come into force from 1 January 2026, or from any earlier date as decided by an RE as per its internal policy.

The Co-Lending Directions shall be applicable to co-lending arrangements ("**CLAs**") entered by the Commercial Banks (excluding Small Finance Banks, Local Area Banks and Regional Rural Banks), All-India Financial Institutions, and, Non-Banking Financial Companies (including Housing Finance Companies) (collectively, "**REs**").

The key provisions of the Co-Lending Directions are as follows:

- *Minimum Retention Requirement ("**MRR**"):* MRR has been reduced such that every RE involved in any CLA must retain minimum 10% of the individual loans in its books.

- *Credit Policies of REs*: The credit policy of an RE shall incorporate provisions relating to CLAs, including the internal limit for the proportion of their lending portfolio under CLAs; target borrower segments; due diligence of the partner entities; customer service and grievance redressal

mechanism.

- *CLA agreement*: The CLA agreement must clearly outline the detailed terms of the CLA such as borrower selection criteria, specific product lines, areas of operations, fees payable for lending services, segregation of responsibilities *etc*.

- *Disclosure in loan agreements*: The loan agreement must clearly disclose the roles and responsibilities of each RE, including identifying the entity being the single point of interface with the customer. Any change in customer interface requires prior borrower intimation. Additionally, all relevant details of the CLA must be disclosed to the borrowers in accordance with the RBI Circular on 'Key Facts Statement (KFS) for Loans & Advances' dated 15 April 2024, as amended from time to time.

- *Blended Interest Rate*: The final interest rate shall be the blended interest rate calculated as an average rate of interest derived from the interest rates charged by respective REs, as per their internal lending policies and risk profile of the same or similar borrower, weighted by the proportionate funding share of concerned REs under CLA.

- *Operational Arrangements*: The respective shares of the REs must be reflected in its books within 15 days from disbursement. All disbursements and repayments (between REs and borrower) are to be routed through an escrow account maintained with a bank (which can also be one of the RE in the CLA) and the manner of appropriation between the originating and partner REs shall be specified.

- *KYC norms*: An RE involved under CLA shall comply with the KYC norms under the RBI Master Direction - Know Your Customer (KYC) Direction, 2016 and the partner RE shall be permitted to rely upon the originating RE for customer identification process.

- *Transfers*: If the originating RE is unable to transfer the loan share to the partner RE within 15 days from the date of disbursement by the originating RE, then such loan would remain in the books of the originating RE. Any subsequent transfers of CLA-originated exposures to third parties or transfers amongst REs must comply with the RBI Master Directions (Transfer of Loan Exposures) Directions, 2021, dated 24 September 2021. Such transfer to third parties shall require the mutual consent of both originating and partner REs. Each RE shall maintain a borrower's account individually for its respective share.

- *Default Loss Guarantee ("**DLG**"):* Originating REs may provide a DLG up to 5 per cent (five per cent) of loans outstanding in the portfolio. All such guarantees must strictly adhere to Reserve Bank of India (Digital Lending) Directions, 2025.

- *Asset Classification:* REs shall apply a borrower-level asset classification for their respective exposures to a borrower under CLA. Classification by one lender of an exposure to the borrower as

SMA/NPA, to apply to the exposure of the other lenders as well.

- *Disclosures and reporting*: REs must prominently disclose on their websites their active CLA partners, and include CLA details in their financial statements, such quantum of CLAs, weighted average rate of interest, fees charged / paid *etc*. Each RE must also report their share of the loan accounts to Credit Information Companies.

RBI (Non-Fund Based Credit Facilities) Directions, 2025

The RBI has, *vide* notification dated 6 August 2025, issued the RBI (Non-Fund Based Credit Facilities) Directions, 2025 ("**NFB Directions**"), which consolidate and harmonise earlier guidelines relating to Non-Fund Based ("**NFB**") facilities such as guarantees, letters of credit, co-acceptances, *etc*. across REs.

The NFB Directions shall apply to the following REs: Commercial Banks, Primary (Urban) Co-operative Banks / State Co-operative Banks/ Central Co-operative Banks; All India Financial Institutions; Non-Banking Financial Companies including Housing Finance Companies in Middle Layer and above (such application to non-banking financial companies will be only for the issuance of partial credit enhancement) (collectively, "**REs**"). Further, the NFB Directions shall not apply to the derivative exposures of an RE, other than the general conditions.

The key provisions of the NFB Directions are as follows:

- General Conditions: An RE's credit policy shall incorporate suitable provisions for NFB facility issuance, covering types, limits, appraisal, security, fraud prevention, monitoring, audit and internal controls. An NFB facility may only be issued on behalf of a customer who has a funded credit facility from the same RE with certain exceptions for partial credit enhancement facility, derivative contracts, counter-guarantees, *etc*. Once an NFB facility devolves into a fund-based facility, the prudential norms become applicable.

- All guarantees must be irrevocable, unconditional, and incontrovertible, with clearly defined invocation and settlement procedures. REs are required to set internal ceilings for guarantees, particularly unsecured ones.

- The total volume of guaranteed obligations of Primary (Urban) Co-operative Banks, Regional Rural Banks, Local Area Banks, State Co-operative Banks and Central Co-operative Banks outstanding at any time shall not exceed 5% of their total assets as per the previous financial year's balance sheet. Further, unsecured guarantees of these REs shall be restricted to 1.25% of total assets, and breach of these stipulations as on the date of issue of these directions shall be corrected by 1 April 2027.

- Guarantees Involving Overseas Transactions: REs permitted as Authorized Dealers ("**ADs**") may extend NFB facilities in accordance with regulations under the Foreign Exchange Management Act, 1999, for bona fide current or capital

account transaction. AD banks are additionally permitted to issue guarantees to or on behalf of foreign entities, or their step-down subsidiaries in which an Indian entity has acquired control through the foreign entity, when such guarantees are backed by counter-guarantees or collateral from the Indian entity or its group company. However, these guarantees to or on behalf of foreign entities, or their step-down subsidiaries, must not be issued by banks for the purpose of raising loans/advances except for ordinary course of overseas business. Banks must also effectively monitor the end use of such facilities to ensure conformity with the business needs.

- Partial Credit Enhancement ("**PCE**"): Schedule Commercial Banks (excluding Regional Rural Banks); All-India Financial Institutions; and NBFCs may provide PCE to: (i) bonds issued by corporates / special purpose vehicles for funding all types of projects, and large non-deposit-taking NBFCs (including Housing Finance Companies) registered with the RBI with an asset size of INR 1,000 crores and above; and (ii) bonds issued by Municipal Corporations subject to adherence of Master Circular (Loans and Advances) Statutory and Other Restrictions dated 1 July 2015.

Reserve Bank of India (Know Your Customer (KYC)) (2nd Amendment) Directions, 2025

The RBI has, vide notification dated 14 August 2025, issued the RBI (Know Your Customer (KYC)) (2nd Amendment) Directions, 2025, amending the existing Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016. Key amendments include:

- Persons with disabilities have been specifically identified as "financially or socially disadvantaged" to protect them from frivolous denial of banking/financial facilities. The amendments mandate that no application for onboarding or periodic KYC updation shall be rejected without due application of mind and requiring officers to record specific reasons for any rejection.

- 'Aadhaar Face Authentication' has been recognised as an accepted form of biometric based e-KYC authentication.

- KYC requirements have been extended to occasional transactions of INR 50,000 or above, whether conducted as a single transaction or several transactions that appear to be connected, and international money transfer operations.

Ease of regulatory compliances for FPIs investing only in Government Securities

The Securities and Exchange Board of India ("**SEBI**") has, *vide* circular dated 10 September 2025, introduced a simplified compliance framework for Foreign Portfolio Investors investing exclusively in Government securities ("**GS-FPIs**") by modifying the Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors dated 30 May 2024.

Under the revised framework (effective from 8 February 2026), GS-FPIs get several relaxations in registration,

disclosures, KYC periodicity, and transitional mechanisms, while retaining obligations in respect of material changes and safeguards on resident participation. Key changes include:

- GS-FPIs under fully accessible route will not be required to furnish investor group details during registration, a requirement that otherwise applies to all Foreign Portfolio Investors ("**FPIs**").

- In case where NRIs or OCI or RIs are constituents of the applicants: resident Indian individual contributions to GS-FPIs must be made exclusively through the Liberalised Remittance Scheme (LRS) and can be in global funds only if Indian exposure is less than 50%.

- For renewal of registration (every three years), GS-FPIs need to only pay fees to their Designated Depository Participants (DDPs); they are exempt from submitting periodic declarations or "no change" declarations in respect of previously submitted information.

- GS-FPIs must notify SEBI (via DDPs) of all material changes (Type I or Type II) within 30 days, together with supporting documents.

- Transition is permitted between regular FPI and GS-FPI status: new applicants may designate themselves GS-FPIs at onboarding; existing FPIs may convert to GS-FPIs (subject to divesting non-Government securities holdings or establishing preventive controls), and GS-FPIs may transition back to regular FPIs by furnishing all additional disclosures as required.

- The periodicity of KYC review (by custodians / DDPs) for GS-FPIs will be harmonised with the KYC periodicity applicable to their bank accounts, as prescribed by RBI, reducing duplicative frequency.

Master Direction on Regulation of Payment Aggregators

The RBI has, *vide* notification dated 15 September 2025, issued the Master Direction on Regulation of Payment Aggregators, 2025 ("**PA Direction**"). The PA Direction applies to banks and non-bank entities undertaking the business of Payment Aggregators ("**PAs**"). In addition, the PA Direction also applies to all AD banks as well as scheduled commercial banks which engage with entities undertaking PA business, to the extent specified in the PA Direction.

The PA Direction introduces three categories of PAs: PA-Online (for online payments), PA-Physical (in person transactions), and PA-Cross Border (for international payments). It mandates merchant due diligence and KYC procedures. Non-bank PAs are required to maintain a dedicated escrow account with a scheduled commercial bank for all customer funds, adhere to prescribed settlement timelines, and submit quarterly and annual auditor certifications confirming compliance.

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PROJECTS & INFRASTRUCTURE

Regulatory Updates

CERC (Sharing of Inter State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2025.

The Central Electricity Regulatory Commission ("**CERC**") issued the Fourth Amendment to the Sharing of Inter-State Transmission Charges and Losses Regulations, 2020, which was notified on 26 June 2025, and published in the Official Gazette on 2 July 2025. This amendment introduces several significant changes such as:

- Apportionment of Charges: Clarifies how transmission charges are apportioned for drawee Distribution Interconnection Companies ("**DICs**") (other than state distribution licensees) that have obtained a separate General Network Access ("**GNA**") and are not included in the state's overall GNA. Their share of transmission charges will now be apportioned from the aggregate AC-UBC (Area of Control – Unscheduled Bilateral Contracts) charges for the State in proportion to their GNA.

- Transmission Deviation Computation: Generating stations with dual connectivity to both inter-state and intra-state transmission systems will have their transmission deviation calculated as net metered ex-bus injection exceeding the sum of their GNA to the inter-state system and their Access with State Transmission Utility ("**STU**") system. Further, STUs are now mandated to share these Access with STU details with the National Load Despatch Centre ("**NLDC**") and Central Transmission Utility ("**CTU**").

- Expanded Waiver Eligibility: Offshore wind-based Renewable Energy Generating Stations are now included in the eligibility criteria for transmission charge waivers.

- Time Extensions: Provisions introduced for extending the time to achieve Commercial Operation Date for eligible renewable projects due to force majeure events.

Natural Gas Pipeline Tariff Regulations, 2025 amended

On 4 July 2025, the Petroleum and Natural Gas Regulatory Board ("**PNGRB**") approved the Second Amendment to the Natural Gas Pipeline Tariff Regulations, 2025. The key amendments include:

- Streamlined Tariff Structure: Reduction of Unified Tariff Zones from three to two, creating a more equitable tariff structure and improving access to natural gas, particularly in underserved regions.

- CNG and PNG (Domestic) Benefits: Extension of Zone 1 Unified Zonal Tariff benefits nationwide for Compressed Natural Gas and Piped Natural Gas (Domestic) segments, making natural gas more affordable for urban households and transport networks.

- System-use Gas Procurement: Requirement for pipeline operators to procure at least 75% of their annual system-use gas through long-term contracts (minimum three-year tenure), aiming to stabilize tariffs, reduce risks, and lower costs.

- Pipeline Development Reserve: Introduction of a dedicated reserve funded by earnings from pipeline entities exceeding 75% utilization benchmarks. 50% of these net-of-

tax earnings will be reinvested in infrastructure development, and balance will benefit consumers through tariff adjustments.

CERC Directions for Implementing Market Coupling

CERC, through its order dated 23 July 2025, has outlined directions for implementing Market Coupling under the CERC (Power Market) Regulations, 2021. This follows the earlier order of 6 February 2024, which launched a shadow pilot project to test coupling of key market segments—Day Ahead Market ("**DAM**"), Real Time Market ("**RTM**"), and RTM with Security Constrained Economic Dispatch ("**SCED**")—across India's three power exchanges.

Grid-India was tasked with developing the required coupling software and executing the pilot. Based on Grid-India's report which was submitted on June 30, 2025, and as per Regulations 37-39 of the 2021 regulations, CERC decided to implement market coupling in phases:

- DAM coupling to commence by January 2026, with power exchanges operating as Market Coupling Operators (MCOs) on a rotational round-robin basis, and Grid-India serving as a backup and audit MCO.
- RTM coupling to be considered later after sufficient experience with DAM coupling.
- RTM-SCED coupling to undergo further regulatory and stakeholder review.
- Term-Ahead Market coupling to be tested through a new shadow pilot.

CERC (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2025

The CERC has issued the third amendment to the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ("**Third Amendment**"), which came into effect from 31 August 2025. The key changes bought by the Third Amendment *inter alia* include:

- Introduction of "Cluster of Inter-State transmission system ("**ISTS**") substations" - ISTS substations grouped together based on geographical proximity, technical feasibility and other criteria.
- Solar hour access: Renewable energy generating stations ("**REGS**") based on wind or ESS to apply for connectivity under the newly introduced categories of "solar hour access" and "non-solar hour access." Accordingly, a wind-based REGS (with or without storage) or an ESS may obtain connectivity with non-solar hour access for a capacity of 50 MW or more at the terminal bay of an ISTS substation, either through a separate dedicated transmission line, or at a terminal bay already allotted to another REGS or renewable power park having solar hour access.
- Change in control: Introduction of the restriction on any change in control of the connectivity grantee, until project commissioning, from the date of filing for the connectivity application. Any deviation requires prior approval from the nodal agency. Failure to comply with these requirements will result in revocation of the granted connectivity and encashment of the

bank guarantees submitted by the grantee.

- Change in Source: Any change in source of the connectivity grantee before commissioning must receive prior approval from the nodal agency.

- Relinquishment of Connectivity: If relinquishment happens within six months of signing the connectivity agreement, 40% of the existing bank guarantee for the relinquished portion is to be encashed. If it occurs after six months but before the deadline for document submission, 75% is to be encashed.

- Flexibility to Replace Land Parcels – Applicants can now replace previously submitted land parcels, either fully or partially. However, the evidence of land area must still meet at least 50% of the required project land.

MNRE issues clarification on ALMM List-II mandate for government projects

The Ministry of New and Renewable Energy ("**MNRE**") has issued a clarification addressing the applicability of the Approved List of Models and Manufacturers ("**ALMM**") List-II (solar cells) to government solar projects across net metering, behind-the-meter, and open access modes.

Government solar projects under net metering, behind-the-meter, and open access are exempt from using ALMM List-II (cells) if their last bid submission date is on or before 31 August 2025. They must still use ALMM List-I compliant modules. No exemption is provided where a government program mandates Domestic Content Requirement for both cells and modules. Such projects must comply fully with ALMM (cells and modules) according to the program terms.

MNRE issues Guidelines for Green Energy Hydrogen Use in Residential Sector

The Ministry of New and Renewable Energy, *vide* notification dated 4 August 2025, has issued program guidelines for the implementation of green hydrogen pilot projects in residential, commercial and decentralized centers. These guidelines focus on deploying green hydrogen in off-grid, localized, community-based applications and decentralized production models using rooftop solar, biomass etc., which will be key features of the pilot projects. The projects will be implemented by the scheme implementing agencies ("**SIAs**") designated for specific sectors under this initiative and this program is part of the larger National Green Hydrogen Mission ("**NGHM**").

Some key features of the notification are as follows:

- Implementation methodology and approval: All projects will be implemented by the SIAs designated for specific sectors under this initiative. The SIA will identify the project suitable for new development considering factors such as innovation or financial support and will then issue call for proposals for the projects. The proposals will be evaluated first by the screening committee within the SIA, followed by a project appraisal committee in accordance with the criteria specified in the call for proposals. The final approval will be given by the advisory group of NGHM. The letter of award shall be issued to the executing agents by the SIA upon receipt of administrative sanction from the Ministry.

- Financial Support: The funds for the projects are divided into three tranches where the first 20% of Central Financial Assistance shall be released upon issuance of a letter of award, 70% based on milestones and 10% after project completion.

- Monitoring Framework: The overall monitoring and implementation of the scheme and projects will be done by a Steering Committee, which can suggest modifications and course corrections. In case of ambiguity while dealing with this scheme, the decision of the Ministry will be final.

Exemption to off-stream pumped storage projects from CEA concurrence

The Ministry of Power has, on 1 August 2025, notified the requirement of concurrence by the Central Electricity Authority (**"CEA"**) for schemes for setting up of hydro generating stations, involving a capital expenditure of more than INR 30 billion.

However, off-stream closed-loop pumped storage schemes, irrespective of the quantum of capital expenditure, will be exempted from the requirement of concurrence by the Authority. Such exempted schemes may seek technical guidance from the CEA.

Electricity Rules amended for energy storage systems

The Ministry of Power has, *vide* a notification dated 19 September 2025, amended Rule 18 of the Electricity (Amendment) Rules, 2025, in connection with energy storage system ("**ESS**").

Brief of the key amendments is below:

- Independent system: An ESS shall be utilized either as an independent energy storage system or as part of generation, transmission and distribution.

- Consumers can develop ESS: Apart from a generating company, transmission licensee, distribution licensee, system operator or an independent service provider, a consumer can now develop, own, lease and operate an ESS. Thus, the ESS owned and operated by and co-located with a consumer have the same legal status as that of the owner.

- Storage capacity to consumers: A developer or owner of the ESS can now sell or lease or rent out the storage capacity in whole or in part to any consumer, in addition to the existing list of persons/entities permitted.

Case Summaries

Supreme Court holds that statutory rights cannot be foreclosed by contract, where public interest involved

In a dispute arising between the Gujarat Urja Vikas Nigam Limited ("**GUVNL**") and Gujarat based wind energy producers, the Hon'ble Supreme Court in Civil Appeal Nos. 14098-14101 of 2015 delved into the question of whether producers could approach the Gujarat Electricity Regulatory Commission ("**GERC**") for project specific tariff determination.

The power producers in the present proceedings had entered into Power Purchase Agreements ("**PPAs**") with GUVNL wherein a levelized tariff of Rs.3.56/kWh was set out as per GERC Order No. 1 of 2010. However, the

levelized tariff was to only apply to wind projects that had availed the benefit of accelerated depreciation ("**AD**").

The dispute arose when the power producers sought project specific tariff determination, having not availed AD. This was opposed by GUVNL on the grounds that the producers had entered into PPAs containing a flat rate of Rs. 3.56/kWh and foreclosed themselves from revising the said rate.

The Hon'ble Supreme Court held that the levelized rate was limited to projects that had availed AD. In the absence of any written confirmation by the producers, the statutory right for project specific determination could not be foreclosed by way of contractual terms without due consideration being given to public interest, thereby affirming the right of the producers to approach GERC for tariff determination when they had not claimed AD benefits. The hon'ble Supreme Court further held that the timing for exercising the option to claim AD arises only when filing returns for the relevant assessment year *i.e.*, after project commissioning. Thus, binding a power producer to a tariff under the PPA before this statutory choice was untenable.

The judgment clarified that statutory tariffs fixed by regulatory commissions override contractual tariffs unless specifically tied to statutory choices made by the parties at the relevant time.

Stay on MSEDCL's restrictions on usage of banked renewable energy during solar hours

The Hon'ble Bombay High Court has issued a significant interim order dated 1st July 2025 in Writ Petition (L) Nos. 19450, 19437, 19529 and 19640 of 2025 ("**Petitions**"), staying the Maharashtra Electricity Regulatory Commission's ("**MERC**") mandate that restricted usage of banked renewable energy to only solar hours for Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**") consumers. The Hon'ble Court reinstated the older multi-year tariff ("**MYT**") framework, allowing banked renewable energy to be used at any time except during peak hours.

The petitioners contended that the new banking restrictions issued by MERC *vide* its order dated 25th June 2025 ("**Impugned MERC Order**"), which had limited the use of banked renewable energy to the same time slot and solar hours, undermined the viability and financial savings from solar projects under MSEDCL and is detrimental to solar investments.

Notably, these banking limitations only applied to MSEDCL consumers, sparing consumers under Tata Power and Adani Electricity's distribution companies.

Vide its order dated 26th August 2025 passed in Interim Application (L) No. 26676 of 2025, the Hon'ble High Court clarified that staying the Impugned MERC Order effectively reverts to the regulatory environment as it stood under the previous MYT order.

The final outcome of the writ petitions will decide the long-term status of banked renewable energy usage in Maharashtra.

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SEBI

Securities Regulation and Corporate Governance

Reliance Industries Limited and Ors. Vs. Securities & Exchange Board of India (2 May 2025 - SEBI / SAT): MANU/SB/1704/2025

Reliance Industries Limited (**"RIL"** or **"Appellant**") and Facebook Inc. entered discussions regarding a potential investment by Facebook in Jio Platforms Limited (**"Jio"**), a subsidiary of RIL. While negotiations and due diligence were underway, a Financial Times article dated 24 March 2020 reported that Facebook was close to finalising a deal to acquire a 10% stake in Jio. The news was widely republished by various media outlets in India, although RIL declined to comment publicly at that time. On 22 December 2021, SEBI issued a show cause notice alleging violations of Schedule A read with Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading Regulations**") and Regulation 30(11) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). After considering the written submissions and personal hearings, SEBI passed the impugned order, leading to the present appeal before the Securities Appellate Tribunal (**"SAT"**).

The erstwhile Regulation 30(11) of the Listing Regulations provided below:

"The listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s):

Provided that the top 100 listed entities (with effect from October 1, 2023) and thereafter the top 250 listed entities (with effect from April 1, 2024) shall confirm, deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of the provisions of this regulation are circulating amongst the investing public, as soon as reasonably possible and not later than twenty four hours from the reporting of the event or information."

Issue:

The primary issue in adjudication was the alleged violation of Principle 4 of Schedule A of the Insider Trading Regulations pertaining to the "Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information". Principle 4 requires "Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available". The Appellant's primary counter-contention was that, under Principle 4, prompt disclosure of unpublished price sensitive information is required only once such information becomes concrete, credible and likely to have a significant impact on price discovery. Accordingly, the Appellant maintained that since the news of Facebook's investment was published by independent media, such information could not be considered credible, and there was no duty to disclose its veracity.

Held:

The SAT held, that the information pertaining to the investment could not be regarded as "non credible". Given that two major global conglomerates were involved in a significant cross-border investment requiring discussions and approvals at the highest levels in both groups, the information was inherently credible for the company and its insiders. Moreover, RIL had already created a structured digital database, and both parties had entered

ɔated as "not credible" as of 24 March)20. Further, there was a sharp increase about 15% in the share price of Reliance ıce the news got reported to the media. ıerefore, the Appellant had not fulfilled its ıty under Principle 4 of Schedule A of the sider Trading Regulations to make ailable any information that had been sclosed inadvertently.

ıdditionally, SAT held that though the ɐws about the investment had been ıblished in the media, the Appellant ɔntinued to have an obligation to provide vestors and the public with an authentic ıd comprehensive clarification on the atter. Without an official statement, ıverified or speculative reports could ɔntinue to circulate, potentially ıdermining the integrity of the securities arket.

EBI Informal Guidance on acquisition ning under the SEBI (Substantial cquisition of Shares and Takeovers) egulations, 2011

EBI has, *vide* informal guidance letter ated 19 June 2025 to Pritish Nandy ommunications Limited (**"Target ompany"**), clarified the basis for etermining the timing of an acquisition nder the SEBI (Substantial Acquisition of hares and Takeovers) Regulations, 2011 **SAST Regulations")**. The Target ompany was a listed entity with the omoter group holding 54.84% of the areholding as of 31 March 2024. eas.Com India Private Limited **Acquirer"**) acquired 4.31% of shares mounting to 6,23,950 equity shares) on 3 March 2025. However, since trading olidays fell on 29 March 2025, 30 March)25, and 31 March 2025, the acquisition 6,23,950 equity shares made on 28 arch 2025 did not reflect in the BENPOS r the financial year 2024–2025.

acquisition under the SAST Regulations should be considered in the financial year in which the share acquisition was contracted or in the financial year in which the share delivery was completed.

SEBI held that the term "acquisition" includes an agreement to acquire, i.e. a prospective agreement to acquire in the future. This is supported by Regulation 2(1)(a) of the SAST Regulations which provides that an "acquirer means any person who, directly or indirectly, acquires or agrees to acquire...". Relying on Regulation 3 (2) of the SAST Regulations, SEBI further clarified that it is not the completion of the acquisition of shares or voting rights, but the intention to acquire that is the determining factor under Regulation 3(2) read with Regulation 13 of the SAST Regulations. Therefore, acquisition of shares may be considered to have occurred in the financial year in which the purchase order was placed for execution of the trades.

SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations 2025

The SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025, dated 8 September 2025, introduced a new sub-regulation under Regulation 39(2A), requiring that any issue of securities pursuant to a scheme of arrangement, subdivision, split or consolidation be made only in dematerialised form. Investors who do not have a dematerialised account must have one opened by the listed entity.

Additionally, Regulation 91(C)(1) now requires Not for Profit Organisations registered on the Social Stock Exchange to make annual disclosures as specified by SEBI. Financial disclosures must be made by 31 October of each year or before the

due date of filing of income tax returns as prescribed under the Income Tax Act,1961 whichever is later, while non-financial disclosures must be made within a period of 60 days from the end of the financial year.

Lastly, Regulation 91(E)(2) was amended to require Social Enterprises registered with a Social Stock Exchange or Stock Exchange to submit an annual report, which must be assessed by a Social Impact Assessment Organisation confirming that at least 67% of the program expenditure in the previous financial year was utilized.

Ease of doing investment - Smooth transmission of securities from Nominee to Legal Heir

A SEBI Working Group recommended that reporting entities should use the code "TLH" (Transmission to Legal Heirs), while reporting transactions to the Central Board of Direct Taxes when a nominee is transferring securities to a legal heir. The objective of the circular was to facilitate a seamless transfer of securities because presently the nominee while transferring securities to the legal heir gets assessed for capital gains tax and has to claim a refund of the capital gains tax thereafter. The circular applies to Registrars to an Issue and Share Transfer Agents, Listed Issuers and Depositories.

Clarification on the position of Compliance Officer

SEBI has, *vide* circular dated 1 April 2025, provided clarification on the organizational positioning of the Compliance Officer in listed entities.

Key Highlights:

The Compliance Officer must be:

- in whole-time employment,
- not more than one level below the board of directors, and
- designated as a Key Managerial Personnel.

Clarification on "One-Level Below":

- SEBI received queries seeking clarity on the term "level" used in Regulation 6(1) of the Listing Regulations. SEBI has clarified that "one-level below the board of directors" means one-level below the Managing Director or Whole-time Director(s) who are part of the board of directors of the listed entity.
- Further, in cases where a listed entity does not have a Managing Director or Whole-Time Director, the Compliance Officer must not be more than one level below the Chief Executive Officer, Manager, or any other individual heading the day-to-day affairs of the listed entity.

Trading window closure to immediate relatives of Designated Persons.

SEBI has, *vide* circular dated 21 April 2025, extended the scope of automated trading window closure to include immediate relatives of Designated Persons ("**DPs**"), specifically during the period surrounding the declaration of financial results.

Key Provisions:

- Under Clause 4 of Schedule B, read with Regulation 9 of Insider Trading Regulations, trading by DPs and their immediate relatives is restricted during periods when they may possess unpublished price sensitive information.
- The trading window remains closed from the end of each financial quarter until 48 hours after the declaration of the financial results.
- As per Clause 3.4.2 of the Master Circular on Surveillance of Securities Market, PAN-level trading restrictions will now apply to

immediate relatives, in addition to DPs.

Implementation Timeline:

- Phase 1: Top 500 listed companies (by BSE market cap as of 31 March 2025) on BSE, NSE, and MSEI – effective 1 July 2025.
- Phase 2: All other listed companies and those listed post-circular issuance – effective 1 October 2025

Compliance Requirements:

- Listed entities must upload PAN details of DPs and their immediate relatives to the designated depository portal.
- Trading restrictions will be enforced at the PAN-ISIN level during the closure period.

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