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COMPETITION

Enforcement Matters

Supreme Court and Kerala High Court affirm CCI's jurisdiction to investigate Jio Star for alleged abuse of dominance while dealing with the overlapping jurisdiction of TRAI

While examining the interplay between the Competition Act, and the Telecom Regulatory Authority of India ("**TRAI")** Act, 1997 ("**TRAI Act**"), on 3 December 2025, a division bench of the Kerala High Court ("**KHC**") dismissed an appeal filed by Jio Star India Private Limited ("**Jio Star**") and upheld the CCI's order that directed the Director General ("**DG**") to investigate abuse of dominance allegations raised by Asianet Digital Network Private Limited ("**Asianet**").

The dispute before the CCI stemmed from allegations that Jio Star, to the exclusion of Asianet, was *inter-alia* granting Kerala Communicators Cable Limited ("**KCCL**") and competing Multi System Operators ("**MSOs**") discounts and other preferential commercial terms under the guise of marketing agreements. In this regard, it was also alleged that these practices were in contravention of certain TRAI regulations and resulted in substantial subscriber migration and elevated operating costs.

While rejecting Jio Star's averments that (a) contested the CCI's jurisdiction because the subject matter of Asianet's suit fell within the regulatory domain of TRAI; and (b) in keeping with an earlier Supreme Court decision (CCI *v. Bharti Airtel*), the CCI should examine the competition law issues related to Jio Star's alleged anti-competitive practices only after the technical issues were decided by TRAI, the KHC reasoned that the subject matter of the said dispute before the CCI predominantly pertained to the conduct perpetuated through the marketing arrangements, which TRAI does not regulate, thereby falling within the independent jurisdiction of the CCI.

In this regard, the KHC also emphasised that the Competition Act was not only a *sui generis* piece of legislation that was designed to deal with the subject matter of fair competition but was also capable of operating parallel to sectoral statutes, consequently concluding that the CCI's jurisdiction to examine abuse of dominance allegations remains unaffected by TRAI's regulatory domain.

Thereafter, the Supreme Court, dismissed the appeal filed by Jio Star and upheld the judgment of KHC, thereby permitting the investigation initiated by the CCI to continue. Notably in this regard, it was also observed that a direction to investigate is merely a prima facie administrative step, with all jurisdictional and substantive issues to be determined after the DG's investigation.

Supreme Court sets aside NCLAT order in Flipkart case, remands the matter for fresh review

The Supreme Court set aside the National Company Law Appellate Tribunal's ("**NCLAT**") 2020 direction to investigate Flipkart India Pvt. Ltd. ("**Flipkart**") for alleged abuse of dominance and remanded the matter for fresh consideration. Notably, this case originated from a 2015 complaint filed by the All India Online Vendors Association alleging practices such as deep discounting, predatory pricing, and preferential treatment of select sellers.

While the CCI had closed the case in

2018 for lack of evidence, the NCLAT overturned this decision in 2020 relying, in part, on findings from income tax proceedings that suggested below-cost sales and structural linkages within Flipkart's operations. The Supreme Court held that since those underlying tax findings were subsequently set aside by the Income Tax Appellate Tribunal, the evidentiary basis of the NCLAT's order no longer survived. Accordingly, it directed the NCLAT to re-evaluate the matter, without relying on the invalidated tax proceedings.

NCLAT substantially upholds the CCI's findings against WhatsApp and Meta while striking down data sharing prohibitions

The NCLAT has substantially upheld the 2024 CCI abuse of dominance findings against Meta Platforms Inc. ("**Meta**") and WhatsApp LLC ("**WhatsApp**"). Notably the CCI had in addition to a monetary penalty *inter alia* issued directions that (a) precluded Meta from sharing WhatsApp user data with other Meta companies or products for advertising for a duration of five years; (b) mandated Meta to provide its users with a detailed explanation of the nature, type and purpose of data being collected and shared; (c) required Meta to remove any conditions that made access to WhatsApp subject to allowing data collected on WhatsApp to be shared with other Meta companies or products; (d) required Meta to provide its users, who previously accepted the 2021 privacy policy with the option to be able to opt-in and opt-out; and (e) required Meta to provide its users with the ability to review and modify their choice *qua* sharing of data. (a detailed summary of the facts, allegations and remedies ordered by the CCI is available here)

The NCLAT while affirming the CCI's conclusions that WhatsApp abused its dominance by imposing unfair, coercive, and discriminatory conditions on users, further noted that abusive conduct relating to the use of data can be reviewed by the CCI, even if there is an overlap with the scope of data protection laws, since the Indian competition regime deals with anticompetitive effects on markets which does not fall withing the scope of the data protection laws.

With respect to the remedy relating to the five-year restriction on intra-group data sharing, the NCLAT while setting aside this remedy observed that (i) once user-choice and opt-out remedies restore user autonomy (including for non-essential uses such as advertising), the additional exclusive five-year ban may not be necessary; and (ii) a complete ban could disrupt Meta's business model. Further, in this regard it may be noted on 15 December 2025, the NCLAT also clarified that the directions related to privacy and consent related safeguard remedies would extend to all non-WhatsApp purposes, including display advertising.

Further, the Supreme Court has admitted appeals filed by Meta and WhatsApp against the NCLAT's judgment concerning WhatsApp's 2021 privacy policy. The Supreme Court, while admitting the appeals, permitted impleadment of the Union of India through the Ministry of Electronics and Information Technology and directed amendment of the cause title. It also noted that the penalty amount had already been deposited and ordered that it shall not be withdrawn pending further proceedings, leaving key issues at the intersection of competition law and data practices to be adjudicated.

NCLAT affirms CCI's lack of jurisdiction over patent-related disputes involving compulsory licensing

On 30 October 2025, the NCLAT while dismissing the appeal, re-affirmed the Delhi High Court judgment in *Telefonaktiebolaget LM Ericsson v. CCI* and the Supreme Court judgment in *CCI v. Monsanto Holdings Private Limited & Ors*, ruling that the CCI has no jurisdiction over disputes arising from the exercise of patent rights. Further noting that issues relating to compulsory licensing, access and pricing of patented drugs must be addressed exclusively under the Patents Act, 1970 ("**Patents Act**") framework.

Notably, in this case the appellant had alleged that the patent holder, Vifor International AG's licensing arrangements with Emcure Pharmaceutical Limited and Lupin Limited *inter-alia* restricted market access and inflated prices of Ferric Carboxymaltose injections. Upholding the CCI's closure of the case, the NCLAT held that the Patents Act is a special and self-contained legislation governing compulsory licensing and alleged abuse of patent rights.

The tribunal emphasized that Section 3(5) of the Competition Act preserves patentees' rights to impose reasonable conditions for protecting their intellectual property, while Chapter XVI (16) of the Patents Act provides a complete mechanism to address unreasonable licensing terms through compulsory licensing provisions. Consequently, the NCLAT ruled that issues relating to the exercise of patent rights fall exclusively under the Patents Act and that the Competition Act cannot override those provisions.

CCI penalises Intel for discriminatory warranty policy impacting parallel imports

By its order dated 12 February 2026, the CCI held that Intel Corporation ("**Intel**") abused its dominant position in the market for boxed microprocessors for desktop personal computers ("**PCs**") in India and imposed a penalty of INR 273.80 million (~USD 2.9 million), along with directions to publicise withdrawal of its impugned warranty policy.

The case concerned Intel's 2016 India-specific warranty policy, which restricted in-country warranty services only to products purchased from authorised Indian distributors, effectively excluding valid products sourced through international authorised channels. The CCI found Intel dominant based on its sustained high market share, technological advantages, and significant entry barriers. On merits, it held that the policy was unfair and discriminatory, particularly as similar restrictions were not imposed in other jurisdictions and rejected Intel's justification relating to counterfeiting.

The policy was also found to limit consumer choice by compelling purchases through authorised domestic channels at higher prices and to foreclose parallel imports by disadvantaging independent importers, thereby denying them market access. Although Intel withdrew the policy in April 2024, the CCI imposed a penalty considering the prolonged duration of the conduct, while treating the withdrawal as a mitigating factor.

CCI finds Maharashtra liquor trade associations guilty of cartelisation but refrains from imposing monetary penalty

On 11 December 2025, the CCI found the Maharashtra Wine Merchants Association, Pune District Wine Merchants Association, and the Association of Progressive Liquor

Vendors (collectively "**Liquor Associations**") in violation of various provisions of the Competition Act that dealt with anti-competitive agreements.

In the course of its investigation the CCI *inter-alia* found that the Liquor Associations were influencing pricing, margins, discounts, payment terms, transportation charges, and other commercial terms that ought to be independently determined between the liquor vendors and the Alcobev Companies. Further, the CCI also found that the Liquor Associations imposed mandatory requirements on Alcobev Companies to obtain NOCs prior to launching new products, ultimately concluding that such conduct resulted in anticompetitive price determinations and limitations on production and supply in the market.

Notably in this case, while the CCI did find contraventions, it refrained from imposing monetary penalties on the erring parties, on account of mitigating factors such as discontinuation of the impugned practices, the Liquor Associations being first-time offenders, and that penalties would adversely affect the financial viability of the Liquor Associations and would lead to the discontinuation of various welfare-oriented activities undertaken by these associations for the benefit of small and vulnerable liquor retailers.

Instead, the CCI issued cease-and-desist directions and cautioned that any future violations would be treated as recidivism with aggravated consequences.

CCI reiterates its stance that in case of cover bidding penalty will be calculated on the basis of global turnover

After remand from the NCLAT on 10 November 2025, the CCI while reaffirming the existence of a cartel across seven tenders issued by the Pune Municipal Corporation ("**PMC**") between 2013 and 2015 for the design, supply, installation, commissioning, operation and maintenance of municipal solid waste processing plants, passed a detailed order relating to the quantum of penalty imposed on the erring parties.

While addressing the issues relating to penalty computation, for entities that did not win the tenders, the CCI held that using "relevant turnover" (in line with the Supreme Court's decision in the Excel Crop case) as the threshold for penalty calculation would be not be correct. This is because these entities were only cover bidders with no turnover in the relevant market *i.e.,* solid waste management market in the present instance, and this approach would potentially result in zero or disproportionately low penalties. Consequently, the CCI applied the "global turnover" standard while imposing penalties on the erring parties.

Notably while coming to its findings the CCI took cognisance of the repeated nature of the conduct (*i.e.,* rigging seven tenders over two years through a coordinated cover-bidding network) and also rejected pleas of the opposite parties *inter-alia* relating to bona fide intentions, ignorance of law, or first-time offence. Consequently, imposing penalties at the rate of 10% of average global turnover of the relevant entities. That said, certain reductions to the penalty imposed were granted in accordance with earlier determinations made by the CCI on leniency applications filed by the erring parties at the time of the original investigation.

Delhi High Court affirms that interest on CCI-imposed penalties cannot accrue during subsistence of

appellate stay, valid demand notice is a mandatory precondition

On 1 November 2025, a division bench of the DHC, in two rulings, clarified the limits of the CCI's power to levy interest on monetary penalties. Across both matters, the court held that interest does not accrue automatically or retrospectively and can arise only in strict compliance with the Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulations, 2011 (now replaced by the 2025 Regulations).

In *United India Insurance Company Limited v. CCI*, the DHC held that a demand notice under Regulation 3 of The Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulations, 2011 (now replaced by the 2025 Regulations) received after the grant of an appellate stay is inoperative because the stay renders the underlying penalty order unenforceable. As a result, there is no "penalty recoverable" on the date of receipt, and such a notice cannot trigger liability to pay interest.

In *CCI v. Geep Industries & Others*, the court reiterated that a validly issued and duly served demand notice under Regulation 3 of the Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulations, 2011 (now replaced by the 2025 Regulations) is a statutory precondition for interest to accrue. Interest cannot run from the date of the original penalty order, and the CCI cannot invoke restitution principles to impose liabilities not contemplated by the statute. The court further clarified that upon appellate modification or while a judicial stay subsists, no interest can be levied because the original order merges into the appellate decision. Notably on appeal Supreme court dismissed the CCI's appeal in the said matter and upheld the DHC's ruling.

Collectively, the rulings underscore that the CCI's power to recover interest is procedural, sequential, and contingent: it arises only after (a) issuance and service of a valid demand notice; (b) expiry of the period stipulated in that notice; and (c) absence of any operative stay. Allowing interest to run during the stay period, would defeat the very purpose of interim relief and impose an unjust burden on the parties.

CCI upholds effects-based approach, clears BookMyShow of abuse of dominance charges

By its order dated 12 March 2026, the CCI closed abuse of dominance proceedings against Big Tree Entertainment Pvt. Ltd. ("**BookMyShow**"), despite affirming its dominant position in the market for online intermediation services for movie ticket booking in India. The case, initiated by rival platform Showtyme, alleged exclusionary conduct including exclusivity agreements, discriminatory data and revenue sharing, seat inventory reservation, and financial arrangements creating lock-ins.

While the DG found these practices abusive, the CCI rejected this conclusion, emphasizing that liability arises only where conduct leads to demonstrable anti-competitive effects. It held that (a) seat reservation was operationally necessary to prevent double-booking, particularly in smaller cities lacking real-time integration; (b) differential treatment between multiplexes and single-screen cinemas was justified due to material differences in scale, infrastructure, and bargaining power; and (c) advance deposits and exclusivity clauses were commercially rational and proportionate, without causing market foreclosure.

The presence of competing platforms and low switching barriers further weakened claims of denial of market access. The CCI also clarified that online and offline ticketing markets are distinct, and that discrimination under competition law applies only among similarly placed entities. Reinforcing an effects-based approach, the CCI concluded that BookMyShow's practices were supported by legitimate business justifications and did not contravene Section 4 of the Competition Act.

CCI rejects claims that airline cancellation policies were anticompetitive, while also commencing an abuse of dominance investigation against Indigo in a separate matter

By its order dated 11 March 2026, the CCI closed allegations of anti-competitive conduct and abuse of dominance concerning high airline ticket cancellation charges. The informant claimed that Interglobe Aviation Limited ("**IndiGo**") and Air India Limited ("**Air India**"), together holding a substantial share of the domestic aviation market, imposed excessive and discriminatory cancellation fees. However, the CCI found no evidence of any agreement or concerted practice between the airlines, reiterating that mere similarity in pricing does not establish collusion under the provisions relating to anti-competitive agreement under the Competition Act.

It also rejected the abuse of dominance claim, noting that the Competition Act does not recognise collective or duopolistic dominance. The CCI further observed that airlines offer different fare categories with clearly disclosed refund and cancellation terms applied uniformly, and that refund variations depend on fare type and timing rather than discriminatory conduct. Importantly, it held that issues relating to fairness of contractual terms fall outside its jurisdiction. Concluding that no prima facie case was made out under the provisions of the Competition Act, the CCI closed the matter.

Separately, in a different case, the CCI by its order dated 4 February 2026 has directed the DG to investigate alleged abuse of dominance by IndiGo in the market for domestic air passenger transport services in India. The case arose from complaints that IndiGo undertook large-scale flight cancellations in December 2025, affecting a significant number of passengers, and subsequently offered seats on the same routes at sharply increased fares.

At the prima facie stage, the CCI found IndiGo to be dominant, with a market share of around 60–61% and extensive network coverage. It held that sudden cancellations without adequate alternatives may amount to imposition of unfair conditions, while the withdrawal of capacity during peak demand could indicate restriction of services by creating artificial scarcity, in violation of the provisions relating to abuse of dominance under the Competition Act.

Rejecting IndiGo's jurisdictional challenge, the CCI clarified that the presence of a sectoral regulator like the Directorate General of Civil Aviation ("**DGCA**") does not exclude competition law scrutiny, particularly as airfares are not economically regulated by the DGCA. Concluding that the allegations warranted detailed examination, the CCI ordered a formal investigation into the conduct.

Merger Control

CCI widens the scope of the minority acquisition exemption to include intra-group transfers

At the time of assessing certain internal restructuring of the Kedaara group, the CCI held that Rule 3 of the Competition (Criteria for Exemption of Combinations) Rules, 2024 ("**Exemption Rules**") which *inter-alia* exempts an acquisition of additional shares where the acquirer/its group (a) does not acquire more than 25% of the shares or voting rights of the target company; and (b) does not acquire new rights or control in the target company ("**Rule 3 Exemption**"), will also apply to transactions where there is an intra-group transfer of shares and there is no incremental acquisition of shares or rights in the target company.

Pursuant to this transaction, the contemporaneous minority intragroup transfer of shares of Lenskart Solutions Limited ("**Lenskart**") and Care Health Insurance Limited ("**Care**") to the Kedaara II Continuation Fund was notified to the CCI. Taking note of the fact that both the selling and acquiring entities of the Lenskart and Care shares were all under the sole control of the Kedaara group and that pursuant to the transaction there would be no change in the rights or control exercised by Kedaara in Lenskart and Care, the CCI observed that the proposed transaction would be eligible for the Rule 3 Exemption and as such need not have been notified to the CCI.

Notably, the CCI while passing its order also observed that a literal interpretation of the Rule 3 Exemption which only limited applicability of the said exemption to transactions that resulted in an incremental or additional acquisition of shares would be inconsistent with the scheme and spirit of the Competition Act and the Exemption Rules and would, therefore, lead to an apparent fallacy in situations where all the conditions contained in the Rule 3 Exemption are otherwise fulfilled.

CCI penalises Allcargo for gun-jumping, affirms broad interpretation of 'control'

By its order dated 8 January 2026, the CCI imposed a penalty of INR 5 million (~ USD 53,050) on Allcargo Logistics Limited ("**Allcargo**") for acquiring an additional stake in Gati-Kintetsu Express Pvt. Ltd. ("**Gati**") without seeking prior approval of the CCI, pursuant to which Allcargo's shareholding in Gati would increase from 70% to 100%.

While rejecting Allcargo's claim that it already exercised decisive control over Gati and that the transaction qualified for an exemption, the CCI observed that the minority shareholders of Gati not only had the ability to block special resolutions by virtue of their shareholding exceeding 25% but also had veto rights, thus being able to exercise negative control over Gati. Consequently, CCI held that the acquisition resulted in a shift from joint to sole control, thereby triggering a mandatory notification requirement under the Competition Act. Further the CCI also reiterated that any change in the nature or degree of control could render certain exemptions inapplicable while also emphasizing that notification obligations are independent of whether the transaction raises competition concerns.

Developments in the Legal Framework

IBC amendment changes timing of CCI approval in insolvency cases

On 30 March 2026, the Indian Parliament passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2025, which introduced a key reform to the interface between Indian merger control regime under the Competition Act and the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016. Under the revised framework, resolution applicants are now required to secure CCI approval only before submitting the plan to the adjudicating authority *i.e.,* National Company Law Tribunal, for final approval, rather than at the earlier stage prior to voting by the committee of creditors.

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FINANCE

Regulatory Updates

Investment in Corporate Debt Securities by Persons Resident Outside India through Special Rupee Vostro Account

On 3 October 2025, RBI issued a circular permitting persons resident outside India maintaining special rupee vostro accounts ("**SRVA**") for international trade settlement in Indian Rupee to invest in broader range of Indian corporate debt securities. The new circular expands the list of "eligible instruments" in the Master Direction – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 ("**2025 Directions**") to include non-convertible debentures/ bonds and commercial papers issued by an Indian company, each as specified in Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019.

Any investments from SRVA are required to be counted under the corporate debt limit for foreign portfolio investors under the "General Route" and are subject to the applicable limits and conditions in the 2025 Directions. However minimum residual maturity requirements and issue-wise limits do not apply to such investments.

Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025

On 6 October 2025, RBI notified the Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025. The amendment permits an authorised dealer bank to lend in Indian Rupees to a person resident outside India, being a resident in Bhutan, Nepal or Sri Lanka, including a bank in any of these jurisdictions, for facilitating cross-border trade transactions.

Reserve Bank of India – Commercial Banks Credit Risk Management (Amendment) Directions, 2025

The Reserve Bank of India ("**RBI**") has issued the Commercial Banks – Credit Risk Management (Amendment) Directions, 2025 ("**Directions**"), replacing and updating the earlier Chapter XI of the Credit Risk Management framework to enhance prudential oversight and strengthen credit discipline in the banking system. While the Directions shall be effective from 1 April 2026, the banks have an option for earlier implementation. Key changes are as follows:

- **Recognition of Cash Credit ("CC")**: CC facilities are expressly recognised as working capital facilities linked to current assets.

- **Exposure below INR 10 crore**: The Directions allow banks to maintain current/ overdraft ("**OD**") accounts without any restriction where aggregate exposure of the banking system is less than INR 10 crore.

- **Exposure of INR 10 crore or more**: Where aggregate exposure is INR 10 crore or more, only banks meeting the 10% aggregate or fund-based exposure test (or, failing that, the two largest lenders / an SCB with NOCs) can maintain current/OD accounts. Other banks may only maintain collection accounts.

- **Operation of collection**

accounts: Funds in collection accounts should be remitted within 2 (two) working days to a designated CC/current/OD account, subject to limited debits.

- **Restrictions on fund flows**: The Directions restrict use of such accounts as pass-throughs for third-party transactions and require robust monitoring to detect and prevent misuse.

Reserve Bank of India (Core Investment Companies) Directions, 2025

On 28 November 2025, RBI issued the Reserve Bank of India (Core Investment Companies) Directions, 2025 ("**CIC Directions**") consolidating and replacing the existing framework for Core Investment Companies ("**CICs**"). Key features of CIC Directions are:

- **Applicability**: The CIC Directions apply to companies that hold at least 90% of their net assets as investments in group entities, of which not less than 60% is invested in equity shares (including compulsorily convertible instruments within 10 (ten) years) of group companies and specified sponsor units of InvITs, and which do not undertake any other financial activities except permitted investments, lending, or guarantees to group companies.

- **Registration and compliance:** Eligible CICs are required to apply for registration with RBI within a prescribed period and comply with directions relating to governance, reporting and disclosure.

- **Investment and activity restrictions**: The CIC Directions reinforce that CICs must primarily hold investments in group companies and are restricted from engaging in active financial services, trading or unrelated businesses.

- **Group Governance and Reporting:** CICs are required to maintain robust group governance, including oversight of group entities, and submit periodic reports and audited financials to the RBI.

Reserve Bank of India (Commercial Banks – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025

On 28 November 2025, the RBI has notified the Reserve Bank of India (Commercial Banks – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025 ("**Wilful Defaulters Directions 2025**"), replacing the earlier 2024 Master Direction on Treatment of Wilful Defaulters and Large Defaulter. While the earlier directions extended to "lender" which included All India Financial Institutions, a bank, or non-banking financial company ("**NBFC**") which has granted a credit facility to any borrower, the new Wilful Defaulters Directions 2025 are dedicated set of directions on the subject matter for commercial banks (as defined under clause (c) of Section 5 of Banking Regulation Act, 1949). That said, the earlier directions and the new directions as applicable to commercial banks substantively remain the same.

Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025

The Reserve Bank of India

(Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025 ("**Shareholding Directions, 2025**") supersede the Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and revise the regulatory framework governing acquisition and holding of shares or voting rights in banking companies. The applicability of the Shareholding Directions 2025 has been restricted to Commercial Banks, expressly excluding Small Finance Banks, Payments Banks and Local Area Banks (for which separate parallel regulations have been issued), which were covered earlier within the scope. That said, the earlier directions and the new directions as applicable to commercial banks substantively remain the same.

Reserve Bank of India (Non-Banking Financial Companies – Acquisition of Shareholding or Control) Directions, 2025

The Reserve Bank of India (Non-Banking Financial Companies – Acquisition of Shareholding or Control) Directions, 2025 ("**NBFC Acquisition Directions, 2025**") introduce a standalone framework governing acquisition or transfer of shareholding or control of NBFCs across all regulatory layers. That said, the earlier directions and the new directions as applicable to NBFCs substantively remain the same.

Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025

The Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025 ("**Credit Facilities Directions, 2025**") consolidate various existing directions and circulars governing lending framework. The applicability of the Credit Facilities Directions, 2025 has been restricted to commercial banks (banking companies other than Small Finance Banks, Payments Banks and Local Area Banks), corresponding new banks, and State Bank of India. Key features of the Credit Facilities Directions, 2025 include:

- **Clarification on Digital Lending – Salary-Based Advances:** Advances against salary are permitted, where the loan is disbursed to the borrower but repayment is effected by the employer through salary deduction, provided that funds flow directly from the employer to the bank without any control by lending service providers. Further, any co-lending arrangement shall be governed by the Reserve Bank of India (Commercial Banks – Transfer and Distribution of Credit Risk) Directions, 2025, and that no third party other than the lenders may control fund flows. This position did not exist under the earlier Reserve Bank of India (Digital Lending) Directions, 2025.

- **Expanded framework for lending against gold**: The new Credit Facilities Directions, 2025 further introduce lending against gold in line with applicable trade and monetisation policies, allowing authorised banks nominated by the Directorate General of Foreign Trade and banks participating in the Gold Monetisation Scheme, 2015 to extend gold metal loans to jewellery exporters and domestic jewellery manufacturers.

RBI Issues Prudential Norms on Declaration of Dividend and

Remittance of Profits (2026)

The Reserve Bank of India ("**RBI**") has issued the Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026 ("**RBI Prudential Norms Directions**"), effective from FY 2026–27, consolidating and updating the prudential framework governing profit distribution by banks. Similar directions have also been issued by the RBI for payments banks, regional rural banks, local area banks and small finance banks.

The key features of the RBI Prudential Norms Directions are (i) eligibility conditions such as compliance with capital requirements, positive adjusted profit after tax ("**Adjusted PAT**"), and absence of supervisory restrictions; (ii) a CET1 ratio linked payout framework, ranging from nil to 100% of Adjusted PAT (subject to an overall cap of 75% of PAT); and (iii) enhanced board oversight, requiring consideration of asset classification divergences, auditor qualifications, capital projections and growth plans.

For foreign banks operating in branch mode, the RBI Prudential Norms Directions permit profit remittance without prior RBI approval, subject to compliance and reporting requirements.

RBI Revises ECB Return Filing Norms and LSF Norms

The RBI has revised reporting norms for ECB returns effective 1 April 2026. Form ECB 1 and Revised Form ECB 1 will now be treated as returns which do not capture flows. Late submission fees ("**LSF**") will be computed per return, and each delayed Form ECB 2 submission under a loan registration number will be treated as a separate instance for such computation.

Authorised dealer ("**AD**") banks are required to submit complete returns to the RBI within 7 days of receipt. LSF, if applicable, is payable to the RBI upon receipt of acknowledgment from RBI regarding receipt by it of the return, and AD banks are responsible for monitoring LSF payment by borrowers.

RBI amends Foreign Exchange Management (Borrowing and Lending) Regulations

The RBI, on 9 February 2026, notified the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 ("**Amendment Regulations**") to govern the external commercial borrowing ("**ECB**") framework. Earlier, the ECB framework was governed by the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations.

Key changes introduced in the Amendment Regulations are:

- **Eligible Borrower**: Under the Amendment Regulations, eligible borrowers include any person resident in India (other than individuals) incorporated or registered under any central/ state act; entities under restructuring or insolvency may raise ECB if permitted under the plan. Under the earlier framework, eligible borrowers were limited to entities eligible to receive FDI and specified entities such as port trusts, SEZ units etc., with INR ECB extended to certain entities engaged in microfinance.

- **Eligible Lender:** Under the earlier regime, eligible lenders were limited to those in FATF/IOSCO-compliant jurisdictions, with specific restrictions on individuals (foreign equity holders) and foreign branches/ subsidiaries of Indian banks. In contrast, the Amendment Regulations permit raising ECB from any person resident outside India,

overseas branches of RBI-regulated entities, and IFSC-based financial institutions.

- **MAMP**: Under the Amendment Regulations, ECBs are required to be raised with a minimum average maturity period ("**MAMP**") of 3 years, with a relaxation for manufacturing sector borrowers who may raise ECBs with a MAMP of 1–3 years (subject to the outstanding amount not exceeding USD 150 million). Under the earlier regime, while the average MAMP was also 3 years, deviations (ranging from 1 to 10 years) were prescribed based on specific end-use categories.

- **Borrowing limit**: A borrowing limit of the higher of (a) outstanding ECB up to USD 1 billion, or (b) total outstanding borrowing up to 300% of net worth has been introduced, with an exemption for entities regulated by financial sector regulators.

- **Cost of borrowing**: The cost of borrowing must be in line with prevailing market conditions, and for ECBs with MAMP less than 3 years, the cost ceiling applicable to Trade Credit applies.

In addition to the above, the Amendment Regulations have introduced general end-use restrictions of funds borrowed under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018.

RBI Issues NBFC – Income Recognition, Asset Classification and Provisioning (Amendment) Directions, 2026 in relation to Default Loss Guarantee

The RBI has issued the NBFC – Income Recognition, Asset Classification and Provisioning (Amendment) Directions, 2026, on 13 February 2026 with immediate effect, introducing provisions for loan portfolios covered by default loss guarantee ("**DLG**") arrangements. NBFCs may consider DLG while determining provisions under the expected credit loss ("**ECL**") framework, subject to IndAS requirements. NBFCs are required to comply with IndAS disclosure norms, and recompute ECL provisions upon each invocation of DLG, as the available cover reduces accordingly.

Amendments to Prudential Norms on Capital Adequacy for NBFCs

The RBI has issued certain amendments to the prudential norms on capital adequacy on 10 March 2026 with immediate effect. The major changes implemented are summarized below:

- **Revision of "Owned Fund"**: The scope of owned funds for NBFCs has been expanded by including quarterly profits under free reserves, provided that the financial statements be subjected to limited audits on a quarterly basis. Furthermore, a formula for calculation of quarterly profits has also been laid down. Losses in the current year shall be fully deducted from Owned Fund.

- **Similar amendments**: Similar amendments as above have been carried out, for regulatory consistency, to the Reserve Bank of India (Housing Finance Companies) Directions, 2025, the Reserve Bank of India (Core Investment Companies) Directions, 2025, the Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025 and the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025.

Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio)

Amendment Directions, 2026

The RBI, on 22 January 2026, issued the Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio Amendment Directions, 2026 to align the existing RBI (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025 ("**CRR Directions**") with recent legislative and regulatory changes following the enactment of the Banking Laws (Amendment) Act, 2025.

Key amendments are as follows:

- **Expansion of eligible institutions:** Under the CRR Directions, the scope of exclusions from cash reserve ratio and statutory liquidity ratio computation has been expanded to include borrowings from all development financial institutions (as defined under the RBI Act, 1934), in addition to the previously specified institutions.

- In Annex I (Form A of the CRR Directions, which captures a bank's position at the end of each fortnightly reporting) and Annex II (Form VIII of the CRR Directions, which sets out the detailed liability classification and reporting format for regulatory returns), the earlier references to the National Bank for Agriculture and Rural Development ("**NABARD**") and the Export-Import Bank of India have been replaced with a broader list of institutions, including the Exim Bank, National Housing Bank, NABARD, Small Industries Bank, National Bank for Financing Infrastructure and Development, and other development financial institutions.

- Further in Annex II, Form VIII of the CRR Directions, "Amount deposited with the Reserve Bank under the Standing Deposit Facility Scheme" has been inserted, requiring the banks to separately report funds placed under the standing deposit facility.

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PROJECTS & INFRASTRUCTURE

Regulatory Updates

Uttar Pradesh – New Framework for Captive Renewable Energy Projects

The Uttar Pradesh Electricity Regulatory Commission ("**UPERC**") on 17 October 2025, released the UPERC (Captive and Renewable Energy Generating Plants) Regulations, 2024 ("**Captive Regulations**") for captive and renewable energy generating plants in the State. Key features of the said regulations are as follows:

- **Captive Requirements**: The Captive Regulations lays down the requirement of compliance with central captive requirements of captive users collectively holding at least 26% ownership of captive generating plant and consumption of a minimum of 51% of the electricity generated thereto annually.

- **Open access and energy banking**: Captive renewable projects are permitted to avail open access and to bank surplus energy in specified time blocks, subject to monthly limits, banking charges, and prescribed accounting treatment.

- **Scheduling and grid discipline**: Projects above 5MW installed capacity are required to comply with forecasting, scheduling, and deviation settlement mechanisms, ensuring grid discipline and operational transparency.

- **Metering & Accounting**: Joint meter reading and coordination with State Load Despatch Centre ("**SLDC**") for energy accounting and scheduling data exchange are mandated for energy accounting and billing purposes.

Relaxations to the General Network Access Regulations

CERC, through a suo motu order dated 8 December 2025, has addressed difficulties in the implementation of the third amendment to the Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ("**GNA Regulations**") and promulgated the following relaxations:

- **Extended timelines**: A one time extension for 2.5 months, totalling to a timeline of 5.5 months has been allowed to developers to either convert to entities possessing solar-hour access or otherwise apply for additional capacity. Renewable power park developers have been allowed an additional 75 days to submit information on the scheduled commercial operation date.

- **Additional equipment for technical compliance:** Prior to the relaxation, developers had to furnish additional bank guarantees upon installation of equipment to meet reactive power obligations or account for technical losses. As per the CERC notification, so long as the active power injection is under the approved limit under the GNA Regulations, equipment installed solely for technical compliance will not be treated as increased capacity and will not require any additional bank guarantees.

- **Interim grid charging for Energy Storage Systems ("ESS")**: ESS were restricted from grid charging due to zero drawal permitted until CTUIL completed detailed drawal

studies. CERC has now allowed interim grid charging through temporary GNA (T-GNA), subject to real-time system margins and connectivity quantum.

- **Land parcel change**: Under the revised GNA Regulations, the developers were only allowed to change their land parcels once. Now, the CERC has clarified that said restriction only applies to changes post the amendment, allowing developers to modify their land parcel details as per the amended framework.

- **Non-solar hour access by power park developers**: Solar park developers can apply for non-solar hour access only via the right of first refusal mechanism and not by independent applications. To qualify under the first refusal mechanism, the solar park developer shall have in-principle or final connectivity, possess effective GNA or had applied for connectivity before the third amendment.

- **One-time source change:** CERC has allowed entities that obtained in principle connectivity before the amendment to exercise a one time source change after 9 September 2025, even if a source change has been exercised earlier.

- **Submission of land documents:** Lastly, owing to delay in issuance of coordinates by CTUIL and corollary delay in final connectivity grants, developers shall be allowed nine months from the date of issuance of coordinates by CTUIL for submission of land documents.

Guidelines for Virtual Power Purchase Agreements

On 24 December 2025, the Central Electricity Regulatory Commission ("**CERC**") released the Guidelines for regulation of Virtual Power Purchase Agreements ("**VPPA**"), which establish a statutory framework of VPPAs in India. The key features of the same are:

- **Nature of VPPA**: A VPPA is a bilateral, over-the-counter, non-tradable and non-transferable contract executed between a renewable energy generating station ("**REGS**") and a consumer or designated consumer for a minimum term of 1 (one) year.

- **Commercial settlement mechanism**: The consumer or the designated consumer and REGS mutually agree to a price for sale of electricity under VPPA ("**Strike Price**"). The difference between the Strike Price and the price discovered by way of a power exchange or any other authorized mode of sale shall be settled amongst the parties with due regard to the contractual provisions.

- **Renewable energy certificates**: While there is no actual transfer of energy, renewable energy certificates proportionate to the energy contracted are transferred to the consumer, which may be used by consumer to meet their renewable purchase obligations / renewable consumption obligations.

Clarifications to GNA Regulations issued for Additional Renewable Energy Generation Capacity

On 9 January 2026, the Central Transmission Utility of India ("**CTUIL**") issued an advisory with certain

clarifications on mismatch of installed capacity between simulation study models and connectivity grant letter. Key clarifications are:

- **Relaxation to Renewable Energy Generators**: Installation of additional capacity in the form of inverters or equivalent equipment is now allowed only for technical compliance at the point of injection, provided that active power injection does not exceed the granted connectivity quantum.

- **Technical Undertaking to be Submitted**: Generators need to file an undertaking setting out a detailed account of necessity for additional capacity installation. Additionally, the same needs to be substantiated by steady state simulation results.

- **Regularisation via Consultation Meetings for Evolving Transmission Schemes (CMETS)**: Applications will be processed for issuance of a detailed connection offer and subsequently regularised in CMETS during the transition period.

- **Cap on Revisions:** Simulation study reports will be allowed up to three revisions, beyond which fresh application is required.

Amendment to the Captive power norms

The Ministry of Power, via a gazette notification dated 13 March 2026, has released the Electricity (Amendment) Rules, 2026 ("**Amendment Rules**") amending certain provisions of the Electricity Rules, 2005. The major changes implemented include the following:

- **Definition of Ownership**: Prior to the Amendment Rules, "ownership" did not expressly account for indirect holdings. The Amendment Rules expands this definition to include ownership through holding companies, subsidiaries, and fellow subsidiaries, and treats such related entities as a single captive user.

- **Consumption norms for power plant set up by Association of Persons (AOPs)**: Captive users may now consume power based on operational needs, with proportionate consumption being determined on a weighted average mechanism basis for fluctuating ownership patterns through a financial year. While captive conditions are required to be satisfied collectively by all the captive users, captive consumption by an individual captive user shall be admissible only up to 100% of its proportionate consumption, with excess consumption liable to cross-subsidy and additional surcharge. This proportionality restriction does not apply to users holding at least 26% ownership. Special purpose vehicles are now expressly treated as association of persons.

- **Verification Framework:** The Amendment Rules also introduce a formal verification framework for captive status, to be verified on an annual basis, along with an appellate mechanism. Pending verification, surcharge is not levied subject to declaration by captive user; however, it becomes payable with carrying cost if captive status is not met.

Regulations for trading of carbon

credits

With the Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026, the Central Electricity Regulatory Commission (**"CERC**") has established a framework to trade carbon credit certificates ("**CCC**") on power exchanges in India, aligned with Carbon Credit Trading Scheme, 2023.

Some key features of these regulations are as follows:

- **Dual Market Structure:** The regulations provide for a dual-market structure comprising (i) a compliance market for obligated entities, and (ii) an offset market for non-obligated entities.
- **Trading Platform Restriction**: CCCs are to be traded primarily through power exchanges, unless otherwise specifically permitted by the Commission.
- **Trading Frequency:** Transactions in CCCs are proposed to be conducted monthly or in such periodicity as approved by the Commission.
- **Role of Power Exchanges:** Recognized power exchanges will facilitate trading, price discovery, and send reports for executed transactions for CCCs within a regulated environment.
- **Registry Mechanism**: A centralized registry (designated to Grid Controller of India) will record issuance, ownership and transactions of CCCs, including updating accounts through debit and credit mechanisms.

Guidelines for Storage and Handling of Waste Solar PV Modules, Panels and Cells

In March 2026, the Central Pollution Control Board, under the framework of the E-Waste (Management) Rules, 2022, issued Version 1.0 of the "*Guidelines for Storage and Handling of Waste Solar Photo-Voltaic Modules or Panels or Cells*". The guidelines provide a comprehensive framework for the environmentally sound handling, transportation, and storage of end-of-life solar photovoltaic ("**Solar PV**") waste, including modules, panels, cells, and associated components, with the objective of preventing environmental contamination and protection of the health and safety of the environment.

Some key features of the guidelines are as follows:

- **Prohibition on Improper Disposal:** Solar PV waste shall not be disposed of or dumped in open areas or landfills due to the risk of release of hazardous substances, including heavy metals. Such waste must be channeled only through authorized recyclers or registered entities.
- **Producer Responsibility:** Producers and manufacturers are required to establish structured collection and take-back systems, disclose collection points and authorized recyclers, and facilitate retrieval of end-of-life solar equipment.
- **Transportation Requirements**: Transportation of solar waste must be carried out in covered vehicles and if intended for final disposal,

must comply with the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.

- **Storage and Handling Standards:** Solar PV waste must be stored in covered, dry, and well-ventilated spaces with impervious flooring to prevent soil and groundwater contamination.

- **Safety, Monitoring and Record-Keeping:** Entities handling solar waste must ensure regular inventory management, monthly inspection of storage facilities, maintenance of records, and reporting of incidents such as damage, leakage, or fire. Personnel must be provided with appropriate personal protective equipment and respiratory protection where required.

Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2026

The CERC, through the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2026, has expanded the tariff framework to formally recognise the role of Integrated Energy Storage Systems ("**IESS**") within the electricity sector. Key amendments are as follows:

- **Applicability**: Earlier, the regulations applied to tariff-based determination for generating stations and transmission systems, including coal/lignite linkage cases, while excluding competitive bidding and renewable projects. The amendment extends to include coal, lignite, and gas-based stations and inter-state transmission system ("**ISTS**"), installing integrated energy storage systems for supply to beneficiaries or ISTS customers.

- **Commercial operation date ("COD")**: The amendment extends the Grid Code-based COD determination framework to integrated energy storage systems installed with generating stations or transmission systems.

- **Inclusion of Energy Storage Systems under Supplementary Tariff Framework**: Earlier, Regulation 8(1) covered tariff for generating and transmission assets with supplementary tariff only for emission control systems. The amendment adds integrated energy storage systems in coal, lignite or gas based thermal generating systems, allowing supplementary tariff claims within 90 days of COD.

- **Introduction of Supplementary Tariff for Energy Storage Systems**: The amendment expands the tariff framework to include supplementary charges for integrated energy storage systems, covering both fixed storage and energy-related costs, to be determined separately by the Commission.

Case Summaries

Supreme Court's revised orders for GIB conservation

The Supreme Court by its order dated 19 December 2025 ("**2025 Order**") in the matter of ***M.K. Ranjitsinh & Ors. v. Union of India & Ors W.P. (C) 838 of 2019***, has revised its past orders dated 19 April 2021 ("**2021 Order**") and 21 March 2024 ("**2024 Order**") in the same

matter aimed at conservation of the Great Indian Bustard ("**GIB**"), with a view to balancing environmental protection and renewable energy development.

The 2021 Order designated an area of 99,000 sq. km. as priority and potential GIB habitat and imposed restrictions on setting up overhead transmission lines. The same severely hampered the solar energy production in the area, leading to the filing of an interim application in 2021 requesting a more balanced approach, following which the Supreme Court constituted an expert committee and revisited the issue. Pursuant to the 2025 Order, the Court has concluded the following:

- The priority area has been substantially narrowed down, limiting it to approximately 14,013 sq. km. in Rajasthan and 740 sq. km. in Gujarat.

- As a mitigation measure, even for the area outside the priority area, all future transmission lines should be routed through power line corridors. Further, power lines stemming from different renewable energy pooling stations but terminating at a common grid pooling station shall be optimized to maximize overlap.

- Pre-existing high-risk transmission lines are to be undergrounded or rerouted. Further, a substantial chunk (80 kms) of the 33kV lines in Rajasthan, has been directed to be undergrounded, with remaining lines to be undergrounded, rerouted or insulated.

- Power lines of 11 kV or below to be addressed with either insulated cables in a horizontal configuration or to be bunched.

- Wide power corridors of 5 km and 2 km to be created in Rajasthan and Gujarat, respectively. Within priority areas, no new power lines, wind turbines or solar plants exceeding 2 MW capacity are permitted.

APTEL Upholds Wind Developer's Deemed Generation Compensation Claim

The Appellate Tribunal for Electricity ("**APTEL**") has set aside a Rajasthan Electricity Regulatory Commission ("**RERC**") order in the matter of Tanot Wind Power (Appeal No. 108 of 2018) that had dismissed a wind developer's petition for compensation arising from repeated curtailment of its project's generation.

By way of background, Tanot Wind Power ("**Tanot**") commissioned a 120 MW wind project in phases in 2015 under power purchase agreements with Jaipur Vidyut Vitran Nigam Ltd. (JVVNL). Despite must-run status for renewable projects, SLDC repeatedly backed down generation, leading to significant revenue loss. Tanot claimed that such curtailments were arbitrary and due to transmission constraints including line failures and filed a petition before RERC seeking compensation thereto. RERC rejected the said petition in 2017, relying on SLDC records to justify curtailments.

Tanot appealed the RERC's order and APTEL held that:

- SLDC must make all efforts to evacuate available power, with curtailment permissible only for grid security or safety

- As per its earlier decision in National Solar Energy Federation of India v.

Tamil Nadu Electricity Regulatory Commission and Ors. (Appeal No. 119 of 2021), curtailments by SLDC are not justified and any curtailment below 50.05 Hz is not in accordance with the provision of the relevant grid code and hence illegal, entitling Tanot to deemed generation / compensation.

Supreme Court Upholds Maharashtra's Right to Withdraw Electricity Duty Exemptions

In a significant ruling on 25 March 2026 in the *State of Maharashtra & Others v. Reliance Industries Ltd. & Others,* the Supreme Court upheld the Maharashtra government's power to withdraw electricity duty exemptions granted to captive power producers.

Background:

- The dispute stems from a 1994 policy under the Bombay Electricity Duty Act, 1958 granting exemption from electricity duty to captive power plants, which was subsequently modified by notifications in 2000 and 2001, resulting in levy of duty on such units. Although the exemption was restored prospectively in 2005, it did not cover the intervening period (2000–2005), leading to demand of arrears.

- Aggrieved industries challenged the notifications and demand notices before the Bombay High Court, which set them aside as arbitrary and discriminatory. The State of Maharashtra thereafter appealed to the Supreme Court.

Key Takeaways:

- The Supreme Court held that tax exemptions are concessions/ privilege, not vested rights, and may be withdrawn in public interest; doctrines of promissory estoppel and legitimate expectation do not apply in such cases.

- It upheld the State's power to modify/withdraw exemptions and set aside the High Court's ruling, emphasising limited judicial review in fiscal policy matters unless the governmental decision is manifestly arbitrary.

- However, the Court clarified that such withdrawal must be fair and reasonable, requiring reasonable notice to avoid undue hardship from abrupt changes.

Supreme Court Upholds Generation Based Incentives for Renewable Projects

In *Southern Power Distribution Company of Andhra Pradesh Ltd. & Anr. v. Green Infra Wind Solutions Ltd.*, the Supreme Court delivered a significant ruling for India's renewable energy sector, resolving a long-standing dispute over Generation-Based Incentives ("**GBI**").

Background:

- The dispute arose when Andhra Pradesh DISCOMs sought to adjust GBI against tariffs payable to generators, despite the scheme expressly providing that GBI is over and above tariff and shall not be considered in tariff determination. The GBI scheme, introduced by the Ministry of New and Renewable Energy to promote wind power, entitles developers to ₹0.50/kWh for

electricity supplied to the grid, subject to certain caps, to encourage investment in renewable energy.

- The Andhra Pradesh Electricity Regulatory Commission, relying on its 2015 tariff regulations, allowed such deductions in 2018. However, wind power developers challenged this before APTEL, which ruled in their favour and ordered refunds with interest. The matter was subsequently escalated to the Supreme Court, raising key questions concerning tariff determination and the treatment of government incentives.

Key Findings:

- The Supreme Court held that GBI is payable over and above tariff and cannot be adjusted in a manner that defeats its purpose. While tariff determination lies with the regulatory commissions, such powers are not absolute and must be exercised in alignment with the objective of government incentives.

- The Court clarified that "taking into account" incentives does not mean automatic deduction, but requires a purposive approach that preserves the intent of the scheme. Incentives provided by the government must flow fully to generators and cannot be neutralized through tariff structuring or regulatory mechanisms.

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SEBI

Securities Regulation and Corporate Governance

SEBI Circular on Relaxation from the applicability of SEBI Master Circular for compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on non-compliance with the Minimum Public Shareholding (MPS) requirements

Dated: 7 April 2026

SEBI, vide circular dated 7 April 2026, has provided a measure of relief to listed entities by relaxing the non-compliance provisions relating to Minimum Public Shareholding ('**MPS**') requirements under the SEBI Master Circular ('**Master Circular**') dated 11 July 2023. The relaxation applies to listed entities not complying with MPS requirements, including consequential actions such as levy of fines, freezing of promoter shareholding, and other related measures.

Accordingly, and in view of the geopolitical tensions arising in the Middle East, SEBI has granted a one-time relaxation to the penal provisions under the Master Circular for the period starting from 1 April 2026 to 30 September 2026. Further, any penal actions initiated by the stock exchanges or depositories against such listed entities for non-compliance with MPS requirements during the period from April 1, 2026 till date may be withdrawn.

To this extent the stock exchanges are advised to disseminate this information on their website and make any bye-laws, rules or regulations to put this into effect.

SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations 2026

Dated: 16 March 2026

The SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026, dated 16 March 2026, introduce key changes to public issue processes, including the concept of a draft abridged prospectus. The amendments also revise key disclosure requirements and the lock-in mechanism for specified securities.

Firstly, Regulation 17 introduces a new sub-section (2) to address situations where dematerialised lock-in of specified securities is not technically feasible. The amendment requires depositories to record such securities as non-transferable for the applicable lock-in period upon receipt of instructions from the issuer.

Further, Regulations 25(2), 59(9A), 123(2), and 246(3), which govern public issues, introduce an important shift in disclosure requirements. Under the amended framework, issuers are now required to prepare and submit a draft abridged prospectus alongside the draft offer document. In effect, this means that the summary document, i.e., the abridged prospectus, must now be filed at the pre-filing stage, enhancing transparency early in the offering process.

More in terms of filing obligations and the broader aim at increasing investor transparency, Regulations 26, 59C, 124 and 247 clarifies that now the draft and final abridged prospectus must be hosted on the SEBI, issuer, lead manager, and all relevant stock exchange websites.

Annexure I of Schedule VI, Part E, also sees a change. Annexure I is now completely substituted, replacing the earlier framework with a revised format

comprising 12 prescribed items. The updated Annexure introduces several key disclosures, including (but not limited to) the promoter profile, objects of the issue, the weighted average cost of acquisition of shares for promoters and selling shareholders, and a summary of restated consolidated financial statements for the past three years. Collectively, these enhancements are aimed at reducing information asymmetry and enabling more informed investment decisions.

Other minor yet notable changes include the introduction of two additional sub-clauses in Schedule VI, Part A, requiring the abridged prospectus to include a summary of contingent liabilities and related party transactions. Additionally, a QR code has been introduced in place of attaching a separate file to application forms, enabling investors to seamlessly access relevant documents in a more efficient and user-friendly manner.

Securities Appellate Tribunal in the matter of Tanzania Bottling Company S.A. v SEBI

Dated: 9 January 2026

On 2 July 2025, SEBI dismissed the complaint of Tanzania Bottling Company S.A. (**'TBC'**) on account of 'sufficient' disclosure made by Varun Beverages Limited ('**VBL**') with respect with respect to the termination of a share purchase agreement.

The cause of action arose in late 2024 when VBL announced a $154.5 million deal to acquire SBC Tanzania from TBC. While the initial acquisition was clearly disclosed to the stock exchanges, the transaction later failed due to unmet conditions. VBL did not make a clear and standalone disclosure of termination and instead made only a brief disclosure in Note 9 of its quarterly financial results. As a result, the Tanzanian Revenue Authority proceeded on the assumption that the sale had been completed and imposed a $4.26 million tax liability on TBC.

While SEBI dismissed TBC's complaint, saying that the disclosure in financial statements was sufficient, on appeal to the Securities Appellate Tribunal ('**SAT**'), the decision was overturned.

SAT held that VBL's disclosure was legally insufficient, noting that burying price-sensitive news in small print within financial notes is "camouflaged" disclosure, which is effectively no disclosure at all. Emphasizing that investors and authorities rely on transparent data, the SAT allowed the appeal and ordered SEBI to re-examine the case and ensure VBL makes a proper, standalone disclosure.

SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025

Dated: 3 December 2025

SEBI has, *vide* circular dated 3 December 2025, issued SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025 amending the 2021 framework. The key change relates to valuation standards.

The definition of "*valuer"* under Regulation 2 has been aligned with section 247 of the Companies Act, 2013.

Regulation 34(1) has been amended to mandate that all fresh valuations must be conducted exclusively by independent registered valuers. Merchant bankers are now permitted only to complete valuation assignments that were already underway

prior to the amendment, within a transition period of nine months.

SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025

Dated: 3 December 2025

SEBI has, *vide* notification dated December 3, 2025, issued the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The amendment replaces the earlier provisions which permitted the acquirer and the merchant banker to the offer to determine the valuation of the shares of the listed target company with a uniform requirement that going forward all valuations required under the regulations shall be undertaken only by registered valuers (as defined under Section 247 of the Companies Act, 2013).

Accordingly, references to valuation by the merchant banker or independent chartered accountant has been substituted with "registered valuer" in the regulations.

SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025

Dated: 1 December 2025

SEBI, *vide* notification dated 1 December 2025, issued SEBI (Foreign Portfolio Investors ("**FPI**")) (Second Amendment) Regulations, 2025, introduces a new framework titled "*Single Window Automatic and Generalised Access for Trusted Foreign Investor (SWAGAT-FI)"* under the FPI Regulations, 2019.

Regulation 2 is amended to add a new definition for Single Window Automatic and Generalized Access for Trusted Foreign Investor ("**SWAGAT-FI**") which is a new category which covers government and government related investors as well as public retail funds.

Further, Regulation 4 (c) has been amended to allow SEBI registered mutual funds to be part of FPI applicants, include retail schemes under alternative investment funds and replace references to "*sponsor or manager*" with "*fund management entity or it's associate"*, in order to align the FPI framework with the International Financial Services Centres Authority (Fund Management) Regulations.

Additionally, the contribution thresholds under Regulation 4(c)(iii) have been revised, replacing earlier dollar-linked limits with a requirement of 10% of corpus for alternate investment funds and up to 10% of assets under management for retail schemes.

Further, Regulation 7, Sub-Regulation (6) read with second schedule have been amended to require SWAGAT-FI entities to pay registration fees in advance for each block of ten years, whereas earlier fees were paid periodically under a uniform structure applicable to all FPIs.

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

Dated: 18 November 2025

The SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, dated 18 November 2025, expands the scope of related party transactions ("**RPT**") and introduce a turnover-linked materiality framework through the insertion of Schedule XII, which replaces the earlier uniform threshold of "₹1,000 crore or 10%

of consolidated turnover" with a graded, size-sensitive system, prescribing specific monetary limits corresponding to three turnover bands of the listed entity. The amendments require that any RPT exceeding INR 1 crore, even where the listed entity is not a party but the subsidiary of a listed entity is a party, obtain prior audit committee approval if the transaction exceeds the lower of 10% of the subsidiary's annual standalone turnover or the materiality threshold for the listed entity as specified in Schedule XII of the regulations.

Additionally, omnibus approvals granted by shareholders for material RPTs in an annual general meeting shall remain valid until the next annual general meeting held within timelines prescribed under Section 96 of the Companies Act, 2013, whereas approvals granted in other meetings shall be valid for a maximum of one year.

SEBI Interim Order pertaining to investigation on Insider Trading (IEX matter)

Dated: 15 October 2025

In July 2025, the Central Electricity Regulatory Commission ("**CERC**") made announcements regarding the proposed market coupling, following which the share price of the Indian Energy Exchange ("**IEX**") fell severely. In light of the same, SEBI initiated a suo-motu investigation and subsequently received a complaint alleging insider trading.

The IEX acted as the price setter in the energy market by virtue of its higher liquidity. However, market coupling or the centralisation of bids in the Indian power markets was set to take away its dominant position and attribute leverage to alternative power exchanges. Post the announcement of market coupling, the IEX scrip fell down by 29.58%.

Prior to CERC's announcement, a committee was formed in order to oversee the implementation of a shadow pilot program for the market coupling. It was noted that during the 5th meeting, Grid India was directed to prepare timelines for implementing the market coupling. Given that the mechanism for price discovery was bound to change post the announcement, and that the same would have a substantial impact on the market, the said information was deemed Unpublished Price Sensitive Information ("**UPSI**") by SEBI.

There are 8 individuals who are under SEBI's scrutiny for having engaged in insider trading with 3 individuals belonging to the Economics division of the CERC which is where the UPSI originated, 4 individuals forming part of the Singh family with Bhoovan Singh ("**Mr. Singh**") engaging and advising basis the UPSI, 4 individuals forming part of the Kumar family, and the last individual being the astrologer of Mr. Singh.

Mr. Singh had been in contact with the CERC Officials listed in the order, especially with the Chief of the CERC Economics Division ("**Official 1**"). The families are interrelated by virtue of being family friends and overlapping directors across First Mile Technologies Pvt. Ltd. and GNA Energy Pvt. Ltd. Furthermore, Mr. Singh had access to multiple trading accounts and email accounts of the individuals investigated.

On investigation, SEBI found out dissemination of undisclosed information amongst the investigated individuals with Mr. Singh directing trades for other people and attempting to increase outreach for

CERC's announcements via media outlets so as to amplify the market reaction. Similarly, Official 1 was actively engaged in disclosing information to other insiders and advising individuals on how to engage in trades.

During the investigation, SEBI looked at the trading activity, volume and the profits made. It noted that prior to the analysis period, none of the individuals investigated had significant trades in the concerned scrip, it is only when the CERC order was about to be released that these individuals entered into such trades and raked significant profits.

For any information to qualify as UPSI, it must: (a) be directly or indirectly related to a company; (b) not be available to the general public, and (c) on becoming available, is likely to have an impact on the securities market. Given that the information regarding the CERC announcement was bound to have significant impact on the market, corroborated by the dip in IEX prices post announcement, along with the fact that said information was not available to the general public before the announcement, SEBI noted that the above criteria was fulfilled and information regarding the announcement qualified as UPSI.

Subsequently, SEBI delved into the question of whether the investigated individuals could be deemed "Insiders" as per the SEBI (Prohibition of Insider Trading) Regulations, 2015. Per the Regulations, anyone having access to UPSI shall qualify as an Insider. Since SEBI had already procured evidence and corroborated the fact that the investigated individuals were privy to information about the CERC announcement prior to its disclosure, the investigated individuals were deemed as Insiders.

On SEBI's analysis of the trading patterns of the investigated individuals wherein they had traded large sums of money without any prior history of trading, it was evident that the trades in question were done in consideration of the UPSI acquired by the investigated individuals.

Lastly, SEBI noted that in light of the illegal advantage availed by the investigated individuals and the large sums of public money accrued by illegal means, there is a need for an interim order so as to prevent the said funds from going out of regulatory reach. In furtherance of the same, SEBI has passed this interim order to the effect that investigated individuals are to transfer the illegal profits to a fixed deposit under a lien in SEBI's favour; are restricted from any trading activity; banks and depositories are instructed to freeze related accounts and transfers; investigated individuals are required to submit a comprehensive list of assets and seek SEBI's permission prior to alienating any of them. Most of these restrictions shall fall away once the investigated individuals create fixed deposits amounting to the illegal profits.

Adjudication Order in respect of 8 entities in the matter of trading activities of certain entities in the scrip of Max Heights Infrastructure Ltd

Dated: 22 September 2025

On September 22, 2025, SEBI issued an adjudication order regarding manipulative trading in the scrip of Max Heights Infrastructure Ltd. (**"MHIL"**) during an investigation period from 31 October 2022 to 15 March 2023. The case involved eight Noticees. The core ground that SEBI alleged was that Noticee 1, in connivance

with Noticees 2 to 8, introduced a misleading stock split proposal to inflate the volume and price of the company's stock in order to enable profitable exit at higher prices. This would have ensured a profitable exit for the Noticees 2 to 8 but would have negatively affected retail investors.

Through its investigations, SEBI discovered a dense network of personal and professional relations among the Noticees. Call data records showed numerous phone calls between Noticee 1 and the other notices. SEBI also conducted a geo-location analysis and had identified 33 common meeting points. Noticee 1 and various other Noticees shared the same cellular tower location.

The entire scheme revolved around a stock split initiated by Noticee 1 on 22 November 2022. The reasoning for the same was provided to be an intent to expand investor base. Despite promoter oppositions and dissent from the managing director, the resolution was approved by three independent directors (including Noticee 1). However, shareholders rejected the resolution, with approximately 99.99% of votes cast against the split. SEBI through its investigations discovered that Noticee 1 had no idea about basic concepts with respect to a share split. Thus, concluded that this share split was not entirely Noticee 1's idea and that he had been used as a vehicle by other connected Noticees.

Expectedly, the market reacted to these announcements. After MHIL's initial board meeting, the stock price of the company rose by nearly 5%. Upon the MHIL's board approval, there was a sustained upward trend, with multiple increases in traded quantities relative to pre-announcement levels and a rise in price from levels below Rs. 11 (in early November 2022) to peaks close to Rs. 99.99 by mid-March 2023. This is precisely when the group struck and started to sell substantial quantities of their MHIL shares. Crucially, none of these Noticees purchased a shares after the split was proposed, focusing entirely on liquidating their positions at the inflated prices.

SEBI identified a clear financial motive for this exit, as Noticees 2 and 4 needed to repay loans availed from an individual named Rakesh Pahwa. Bank records showed significant fund transfers to Pahwa's company during the exact period the Noticees were offloading their MHIL shares. While proceedings against Noticee 6 were disposed of because the company had been dissolved, SEBI found the remaining Noticees had violated fraudulent and unfair trade practice regulations. Consequently, SEBI imposed a joint and several monetary penalties of INR 10 lakhs on Noticees 1, 2, 3, 4, 5, 7, and 8.

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