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LegIt - by Saraf and Partners

A quarterly newsletter

August 2026
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Apr-Jun, 2026

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INSIDE

Regulatory Updates

SEBI issues framework for retention of proceeds and 'Inoperative Fund' status for AIFs

The Securities and Exchange Board of India (**SEBI**) has notified the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2026 (**Amendment Regulations**) effective from April 16, 2026. The Amendment Regulations permit Alternative Investment Funds (**AIFs**) to obtain an 'inoperative fund' status on conditions to be specified by SEBI and empower SEBI to prescribe conditions for retention and distribution of liquidation proceeds. Pursuant to the Amendment Regulations, SEBI has, vide a circular dated June 16, 2026, issued a detailed framework broadly governing retention of proceeds beyond the 'permissible fund life' and application for 'inoperative fund' status. For more, click here.

SEBI introduces increased investment flexibility for REITs and InvITs

The Securities and Exchange Board of India (**SEBI**) has notified the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2026 and the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2026, both effective from April 16, 2026. The amendments primarily ease investment norms by allowing surplus funds to be deployed in liquid mutual fund schemes with a lower credit risk value and expand the scope of Special Purpose Vehicles (**SPVs**) under Infrastructure Investment Trusts (**InvITs**) following the conclusion or termination of concession agreements. Pursuant to the amendment regulations, SEBI has also issued two circulars dated May 15, 2026, specifying: (i) the permissible uses of fresh borrowings where net borrowings exceed 49% of the value of InvIT assets; and (ii) the conditions for continuity of SPV status post conclusion or termination of concession agreements. For more, click here.

RBI issues amendment directions on bank lending to REITs and InvITs

The Reserve Bank of India (**RBI**) has issued the final Reserve Bank of India (Commercial Banks- Credit Facilities) Third Amendment Directions, 2026, (**Amendment Directions**) on June 10, 2026. The Amendment Directions create a dedicated framework for commercial banks' lending to Real Estate Investment Trusts (**REITs**) and comprehensively revise the existing framework for lending to Infrastructure Investment Trusts (**InvITs**) and shall come into force with effect from October 1, 2026, or an earlier date if a bank adopts them in entirety For more, click here.

SEBI introduces fast-track mechanism for processing of AIF PPMs

The Securities and Exchange Board of India (**SEBI**) has, vide its circular dated April 30, 2026, introduced a fast-track mechanism for processing Private Placement Memoranda (**PPMs**) of Alternative Investment Fund (**AIF**) schemes other than Large Value Funds for accredited investors (**LVFs**) (i.e., non-LVF schemes). The framework permits scheme launch/circulation of PPMs 30 days after filing (with certain relaxations for first schemes), tightens responsibility of managers and merchant bankers for disclosures, prescribes standard documentation, and mandates inclusion of a disclaimer clarifying SEBI's non-approval of PPMs. For more, click here.

SEBI introduces framework for net settlement of funds for FPI cash-market trades

The Securities and Exchange Board of India (**SEBI**) has, vide its circular dated April 24, 2026, introduced a framework permitting net settlement of funds for certain cash-market transactions undertaken by foreign portfolio investors (**FPIs**) effective from December 31, 2026. For more, click here.

IFSCA clarifies segregation of fiduciary roles for IFSC schemes

The International Financial Services Centres Authority (**IFSCA**) has, vide its circular dated April 10, 2026, clarified that Fund Management Entities (**FMEs**) in the Gujarat International Finance Tec-City International Financial Services Centre (**GIFT City IFSC**) may not appoint any entity acting as a fiduciary to a scheme to also provide fund administration, valuation, audit, or lending/financing services to that scheme, whether directly or through its associates. For more click here.

IFSCA introduces mandatory certification course for KMPs and core management staff of FMEs

The International Financial Services Centres Authority (**IFSCA**) has, vide its circular dated April 1, 2026, introduced a mandatory certification course titled 'Regulatory Framework for Fund Management in IFSC: AIFs and Retail Schemes' for Key Managerial Personnel (KMPs) and all other employees engaged in core fund management activities in the Fund Management Entities (**FMEs**) operating in the Gujarat International Finance Tec-City International Financial Services Centre (**GIFT City IFSC**). For more, click here.

SEBI proposes easing NDCF norms for Road InvITs

The Securities and Exchange Board of India (**SEBI**) has released a draft circular dated June 1, 2026 for public comments, proposing targeted amendments to the framework for calculation of Net Distributable Cash Flows (**NDCF**) for Infrastructure Investment Trusts (**InvITs**). The proposed framework would allow InvITs with road projects to add back major maintenance (**MM**) expenses funded by external debt when computing NDCF, subject to unitholder approval, detailed disclosures and statutory auditor certification. The proposal responds to industry representations on the treatment of debt-funded MM expenditure in the road sector and seeks to facilitate ease of doing business without diluting safeguards against distribution of borrowed funds. For more, click here.

SEBI proposes standardizing investor consent and broadening the scope of conflicted transactions for AIFs

The Securities and Exchange Board of India (**SEBI**) has released a consultation paper dated June 30, 2026, proposing a standardized framework for obtaining investor consent and a rationalized ambit of conflicted transactions that require such consent under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (**AIF Regulations**). The consultation paper: (i) sets out three permissible voting methodologies for investor approvals; (ii) proposes to harmonize approval thresholds at 75% by value; and (iii) seeks to replace the current "associate"-based conflict test with a broader "related party" standard (linked to the Companies Act, 2013) for manager/sponsor conflicts. For more, click here.

DoT Notifies Authorisation Framework through New Telecommunication Rules under the Telecommunications Act, 2023

The Department of Telecommunications (**DoT**) has notified a set of rules under the Telecommunications Act, 2023 to operationalise India's shift from the legacy licensing regime to an authorisation-based framework. The notified rules cover migration of existing licences, service authorisations and network authorisations, and are intended to create a more standardised framework for telecom services and infrastructure while retaining continuing compliance, security and financial obligations for market participants. For more, click here.

IBBI notifies successive amendments to CIRP regulations, 2016: enhanced disclosures, streamlined resolution process and greater stakeholder participation

The Insolvency and Bankruptcy Board of India (**IBBI**), through notifications dated May 19, 2026, June 1, 2026 and June 8, 2026, has introduced a series of amendments to the Insolvency Resolution Process for Corporate Persons Regulations, 2016 (**CIRP Regulations**). The amendments seek to strengthen information availability at the commencement stage of CIRP, improve efficiency of the resolution process, enhance transparency and accountability in decision-making by the Committee of Creditors (**CoC**), and provide greater participation to operational creditors and other stakeholders. For more, click here.

IBBI notifies amendments to liquidation process regulations, 2016: enhanced creditor oversight, expedited timelines and greater accountability in liquidation proceedings

The Insolvency and Bankruptcy Board of India (**IBBI**), through notifications dated May 19, 2026 and June 1, 2026, has introduced significant amendments to the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (**Liquidation Regulations**). The amendments seek to strengthen creditor participation during liquidation, streamline timelines, improve transparency in decision-making, and enhance the efficiency of liquidation proceedings. Further, a simplified valuation framework has been introduced for MSMEs to reduce costs and facilitate quicker realization of assets. For more, click here.

IBBI notifies amendments to voluntary liquidation process regulations, 2017: introduction of termination framework, enhanced claims process and greater procedural flexibility

The Insolvency and Bankruptcy Board of India (**IBBI**), through its notification dated June 1, 2026, has introduced amendments to the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 (**Voluntary Liquidation Regulations**). The amendments seek to improve procedural efficiency, strengthen transparency in the claims adjudication process, and align the framework with recent changes introduced across other regulations under the Insolvency and Bankruptcy Code, 2016 (**Code**). A significant feature of the amendments is the introduction of a mechanism for termination of voluntary liquidation proceedings where continuation of the process is no longer warranted. For more, click here.

IBBI notifies amendments to bankruptcy process regulations for personal guarantors: facilitating asset transfers and enhancing procedural flexibility

The Insolvency and Bankruptcy Board of India (**IBBI**), through its notification dated June 1, 2026, has introduced amendments to the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 (**Bankruptcy Regulations**). The amendments are primarily intended to align the bankruptcy framework for personal guarantors with the recent changes introduced across the corporate insolvency and liquidation regimes, particularly in relation to transfer of guarantor assets under section 28A of the Insolvency and Bankruptcy Code, 2016 (**Code**). The amendments also introduce greater administrative flexibility by replacing several prescribed forms with formats to be notified separately by the IBBI through circulars. For more, click here.

IBBI notifies amendments to pre-packaged insolvency resolution process regulations, 2021: enhanced disclosure requirements and greater procedural flexibility

The Insolvency and Bankruptcy Board of India (**IBBI**), through its notification dated June 1, 2026, has introduced amendments to the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) Regulations, 2021 (**PPIRP Regulations**). The amendments primarily aim to streamline procedural requirements, standardize disclosures at the commencement stage of the pre-packaged insolvency resolution process (**PPIRP**), and provide greater administrative flexibility by shifting several prescribed forms from the regulations to formats that may be notified separately by the IBBI through circulars. For more, click here.

IBBI issues guidelines for recommendation of insolvency professionals as IRPS, RPS, liquidators and bankruptcy trustees: advance panel to avoid administrative delays

The Insolvency and Bankruptcy Board of India (**IBBI**), through guidelines dated May 18, 2026, has issued the Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2026. The guidelines provide a framework for preparation of a panel of insolvency professionals (**IPs**) to be shared with the National Company Law Tribunal and Debt Recovery Tribunal for appointment as interim resolution professionals, resolution professionals, liquidators and bankruptcy trustees under the Insolvency and Bankruptcy Code, 2016 (**Code**). The panel has been introduced to avoid administrative delays in appointment of IPs and will be effective from July 1, 2026 to December 31, 2026. For more, click here.

IBBI issues guidelines for conducting valuation under the Insolvency and Bankruptcy code, 2016: standardised reporting framework and introduction of coordinating valuer mechanism

The Insolvency and Bankruptcy Board of India (**IBBI**), through Circular No. IBBI/RV/103/2026 dated June 15, 2026, has issued the Guidelines for Conducting Valuation, prescribing a comprehensive framework for valuation reports and supporting documentation prepared under the Insolvency and Bankruptcy Code, 2016 (**Code**). The guidelines introduce standardized reporting formats for various asset classes, prescribe detailed documentation requirements, and establish a new framework for appointment and functioning of a coordinating valuer for determination of the fair value of a corporate debtor. The framework is intended to enhance consistency, transparency, comparability and reliability of valuations conducted under the insolvency regime. For more, click here.

Insolvency and Bankruptcy code (amendment) act, 2026: comprehensive reforms to insolvency resolution, liquidation and personal insolvency frameworks

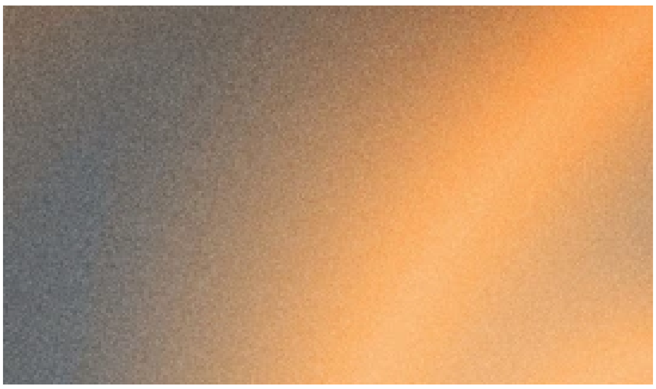
The Central Government notified several provisions of the Insolvency and Bankruptcy Code (Amendment) Act, 2026 on May 26, 2026, bringing into force a transformative set of reforms across the insolvency ecosystem. The amendments seek to address practical challenges that have emerged during the implementation of the Insolvency and Bankruptcy Code, 2016 (**Code**), strengthen creditor participation, introduce new resolution mechanisms, improve efficiency of insolvency and liquidation proceedings, and enhance accountability of stakeholders. Significant changes include strengthening of the Committee of Creditors (**CoC**) during liquidation, clarification of the clean slate principle, introduction of strict timelines for adjudication, and expansion of avoidance transaction mechanisms. For more, click here.

IBBI issues discussion paper on strengthening resolution outcomes in real estate insolvency: project-wise resolution, homebuyer protection and enhanced regulatory oversight

The Insolvency and Bankruptcy Board of India (**IBBI**) has issued a discussion paper proposing a comprehensive set of reforms aimed at improving resolution outcomes in real estate insolvency proceedings. The proposals have been formulated pursuant to the directions of the Hon'ble Supreme Court in *Mansi Brar Fernandes v. Shubha Sharma & Ors.* and recommendations of the Committee on Framing Guidelines for Insolvency Proceedings in the Real Estate Sector. The proposals seek to prioritise project completion, strengthen protection of homebuyers, introduce greater transparency in real estate CIRPs, and institutionalise project-wise resolution mechanisms. Public comments have been invited until July 21, 2026. For more, click here.

IBBI issues discussion paper proposing amendments to CIRP, liquidation and personal guarantor regulations

The Insolvency and Bankruptcy Board of India (**IBBI**) has issued a discussion paper proposing targeted amendments to the CIRP Regulations, Liquidation Regulations, and regulations governing insolvency and bankruptcy processes of personal guarantors to corporate debtors. The proposals seek to address procedural gaps identified by stakeholders following recent legislative developments under the Insolvency and Bankruptcy Code (Amendment) Act, 2026 and aim to improve efficiency, transparency and certainty in insolvency proceedings. Public comments have been invited until July 22, 2026. For more, click here.



MCA notifies amendments to the Companies (Registered Valuers and Valuation) Rules, 2017: introduction of minimum capital requirement for registered valuer organisations

The Ministry of Corporate Affairs (**MCA**), through notification dated June 1, 2026, has notified the Companies (Registered Valuers and Valuation) Amendment Rules, 2026. The amendment introduces a minimum paid-up share capital requirement for registered valuer organisations (**RVOs**) and seeks to strengthen the institutional framework governing valuation professionals. The amendment also prescribes a transition period for existing RVOs to achieve compliance with the revised eligibility criteria. For more, click here.

Ministry of Power introduces Insurance Surety Bonds as an alternative to Bank Guarantees for power procurement frameworks

The Ministry of Power (**MoP**) has, through an Office Memorandum dated April 6 2026, directed all States, Union Territories as well as procuring utilities to permit the use of Insurance Surety Bonds (**ISBs**) as an alternative to bank guarantees and bid security instruments for all power procurement frameworks. The move is aimed at aligning procurement practices across the power sector with the amendments made in the General Financial Rules, 2017 (**GFR 2017**), and is expected to improve liquidity, reduce the credit constraints on developers and increase participation in infrastructure and energy sector tenders. For more click here.

CERC proposes Fourth Amendment to GNA Regulations

The Central Electricity Regulatory Commission (**CERC**) issued a draft notification dated May 20, 2026, proposing the CERC (Connectivity and General Network Access to the inter-State Transmission System) (Fourth Amendment) Regulations, 2026 (**Amendment**). The Amendment seeks to address the implementation issues which have emerged under the existing General Network Access (**GNA**) framework and introduces several measures relating to connectivity withdrawal rights, Energy Storage Systems (**ESS**), renewable energy projects, multi-location projects, transmission access flexibility and transferability of GNA. The Amendment is intended to provide greater flexibility to project developers while streamlining connectivity and transmission access processes under the Inter-State Transmission System (**ISTS**) framework. For more click here.

Central Government notifies Central Rules under India's Labour Codes

On May 8 and 9, 2026, the Central Government published notifications in the Official Gazette finalizing the rules under the four Labour Codes and bringing them into effect for establishments where the Central Government is the appropriate government. For more, click here.

Social Security Schemes notified under the Code on Social Security, 2020

The Ministry of Labour & Employment, vide Official Gazette, dated 29 June 2026, notified three statutory social security schemes under the Code on Social Security, 2020 (**SS Code**) covering the Employees' Provident Funds Scheme, 2026 (**EPF Scheme 2026**) in supersession of the Employees' Provident Funds Scheme, 1952 (**EPF Scheme 1952**), Employees' Deposit-Linked Insurance Scheme, 2026 (**EDLI Scheme 2026**) in supersession of the Employees' Deposit-Linked Insurance Scheme,1976 (**EDLI Scheme 1976**), and the Employees' Pension Scheme, 2026 (**EPF Scheme 2026**) in supersession of the Employees' Pension Scheme, 1995 (**EPS Scheme 1995**). These schemes provide a comprehensive framework for pension benefits, provident funds, insurance benefits to employees and emphasize digital compliance. For more, click here.

Remote Access and Subcontractor Arrangements Do Not Entail a Fixed Place or Service PE incidence under the India-Canada DTAA

The Hon'ble Delhi ITAT in the recent decision of *Imax Theatre Services Ltd.* [International Taxation [2026] 186 taxmann.com 526 (Delhi - Trib.)], held that a Canadian company providing remote maintenance services for IMAX theatre systems in India through remote access arrangements and an Australian subcontractor did not constitute a Fixed Place Permanent Establishment (**PE**) or a Service PE under Article 5 of the India-Canada Double Taxation Avoidance Agreement (**'DTAA' or Tax treaty**), thereby refuting the Revenue's attempt to invoke the concept of a "Virtual PE" based on remote service delivery and reaffirming that physical presence remains a *sine qua non* for establishing a Service PE under extant treaty provisions. For more, click here.

Short-Term Capital Gains on Index-Based Derivatives Exempt under Article 13(4) of the India-Mauritius DTAA as Derivate are Distinct from Shares

The Hon'ble Delhi ITAT in the case of *EM Delta One* [IT(IT)A No.84/Del/2025)/ *Em Delta one vs. ACIT*, International Taxation [2026] 185 taxmann.com 868 (Delhi - Trib.)[22-04-2026]], has resolved the vexed question of Tax treaty classification of gains from index-based derivatives under the India-Mauritius Double Taxation Avoidance Agreement (**'DTAA' or Tax treaty**), ruling in favour of the assessee and holding that short-term capital gains (**STCG**) earned from trading in index-based derivatives are exempt in India under the residuary Article 13(4) of the DTAA. The Tribunal affirmed that derivatives and shares are distinct asset classes in law and that gains from the alienation of derivatives cannot be equated with gains from the alienation of "shares" under Article 13(3A) of the DTAA. For more, click here.

Buy-Back of Own Shares Does Not Constitute Acquisition of Property by the Company under Anti-Abuse provisions of Section 56(2)(x) of the Income Tax Act

The Hon'ble Delhi High Court in the case *Principal Commissioner of Income-tax v. Globe Capital Market Ltd.* [2026] 185 taxmann.com 513 (Delhi) while dealing with the taxability of buy-back of shares, has held that a company's buy-back of its own shares under Section 68 of the Companies Act, 2013 resulting in extinguishment and destruction of shares cannot be regarded as an acquisition of "property" within the meaning of Section 56(2)(x) of the Income Tax Act, 1961 ('**ITA**') and thus addition made by the Assessing Officer treating the difference between the fair market value and the buy-back price as deemed income was flawed and untenable in law. For more, click here.

RBI notifies second amendment to RBI (Commercial Banks – Resolution of Stressed Assets) Directions, 2025

The RBI has, vide directions dated April 29, 2026, issued the RBI (Commercial Banks – Resolution of Stressed Assets) Second Amendment Directions, 2026, to amend the RBI (Commercial Banks – Resolution of Stressed Assets) Directions, 2025 (**Amendment Directions**). The Amendment Directions introduce a dedicated framework for resolution of borrower accounts impacted by natural calamities and specified external events, including riots or disturbances resulting in loss of economic activity. For more, click here.

RBI notifies the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026

The Ministry of Finance, Department of Economic Affairs, has notified the Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2026 in relation to investment by individual person resident outside India, including a Non-Resident Indian or an Overseas Citizen of India, pursuant to provisions of Foreign Exchange Management (Non-debt Instruments) Rules, 2019. For more, click here.

DPIIT Publishes Updated Standard Operating Procedure for Processing FDI Proposals Pursuant to Press Note 2 (2026 Series) on Investments from Land Bordering Countries

The Department for Promotion of Industry & Internal Trade (**DPIIT**), Ministry of Commerce & Industry, Government of India, has, vide office memorandum dated May 4, 2026, published the updated Standard Operating Procedure for Processing Foreign Direct Investment (**FDI**) Proposals, pursuant to Press Note No. 2 (2026 Series) read with the Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026 dated May 1, 2026 (notified by the Ministry of Finance and published in the Official Gazette on May 2, 2026), to provide guidelines on reporting relating to investments from countries sharing land border with India. For more, click here.

RBI notifies the Foreign Exchange Management (Non-Debt Instruments) (Second Amendment) Rules, 2026 Relating to FDI in Insurance Sector

The Ministry of Finance has notified amendments to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, pursuant to Press Note No. 1 (2026 Series) dated February 9, 2026, to liberalise the FDI Policy in relation to sectoral cap for FDI in Indian insurance companies to 100% under the automatic route. For more, click here.

RBI notifies the Master Directions on Authorisation to operate a Payment System

The RBI has, vide Notification No. RBI/DPSS/2026-27/401 dated June 15, 2026, issued the Master Directions on Authorisation to Operate a Payment System consolidating the extant circulars and guidelines in connection with Payment System Operators. For more, click here.

RBI Issues Draft Master Direction on Prepaid Payment Instruments (PPIs), 2026

The RBI has, vide its press release dated April 22, 2026, published the draft Master Direction on Prepaid Payment Instruments (**PPIs**), 2026, inviting public comments. These Draft Directions have been issued pursuant to comprehensive review of the extant guidelines and with the objective of developing a conducive framework for long term growth of PPIs with enhanced security of transactions, as outlined in the RBI's Payments Vision 2025. For more, click here.

RBI publishes the Digital Payments- E-Mandate Framework 2026

The RBI has published the Digital Payments – E-mandate Framework, 2026, consolidating the existing circulars relating to the processing of e-mandates for recurring transactions on cards, Prepaid Payment Instruments (**PPIs**), and Unified Payments Interface (**UPI**). For more, click here.

Simplifying Transmission of Securities: SEBI Introduces a Harmonised, Risk-Based Framework under the LODR Regulations

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2026 and issued an operational circular introducing a simplified, standardised and risk-based framework for transmission of securities, including a new Quick Transmission Processing category for low-value claims. For more, click here.

Informal Guidance: SEBI Clarifies Position on Mandatory Listing of NCDs under Regulation 62A and the Meaning of "Related" for Independent Director Eligibility

SEBI has recently issued informal guidance notes providing key clarifications on: (i) the applicability of the mandatory listing requirement under Regulation 62A of the Listing Obligations and Disclosure Requirements Regulations, 2015 (**LODR Regulations**) to unlisted non-convertible debentures acquired pursuant to a corporate restructuring; and (ii) the scope of the term "related" under Regulation 16(1)(b)(iii) of the LODR Regulations for determining the eligibility of an Independent Director. For more, click here.

Re-introduction of Open Market Buy-Back and Operationalisation of ISIN-Level Freeze Mechanism under the Buy-Back Regulations

SEBI has approved the re-introduction of open market buy-back of shares through the stock exchange, which had been discontinued with effect from April 1, 2025. The re-introduction, effective August 1, 2026, follows changes to the taxation framework and comprehensive consultation with market participants. SEBI has also operationalised the requirement for freezing the holdings of the promoter and promoter group at the ISIN level during buy-back periods. For more, click here.

Judicial Updates

Supreme Court upholds validity of corporate guarantees under IBC; clarifies impact of stamping and restructuring timelines

In its significant ruling in *State Bank of India and Ors. v. Doha Bank Q.P.S.C and Anr.* [2026 SCC OnLine SC 722], the Hon'ble Supreme Court has observed that corporate guarantees constitute 'financial debt' as defined under Section 5(8) of the Insolvency and Bankruptcy Code, 2016 (**IBC**), and that a guarantor's liability is co-extensive with that of the principal borrower. Quashing the orders passed by the Ld. NCLT and the Hon'ble NCLAT which had excluded a consortium of institutional banks from the Committee of Creditors (**CoC**), the Hon'ble Supreme Court held that the validity of a corporate guarantee cannot be defeated on technical grounds such as deficiency of stamp duty, non-disclosure in financial statements, or the timing of execution vis-à-vis restructuring of the corporate debtor's account. For more, click here.

Supreme Court clarifies scope of "same line of business" under section 64(d) of the multi-state co-operative societies act; affirms restriction on investments by co-operative societies under IBC

In its significant ruling in *Nirmal Ujjwal Credit Co-Operative Society Ltd. v. Ravi Sethia and Others* [2026 SCC OnLine SC 556], the Hon'ble Supreme Court has observed that the expression "any other institution in the same line of business" under Section 64(d) of the Multi-State Co-operative Societies Act, 2002 (**2002 Act**) requires a substantial or predominant sameness in business activities, which must be determined with reference to the objects and functions contained in the bye-laws of the Multi-State Co-operative Society (**MSCS**). The Court clarified that the 2023 amendment introducing this phrase was intended to curb the misuse of members' funds and prevent diversion into unrelated or dubious investments. With this, Multi-State Co-operative Societies are now required to demonstrate that their proposed investments under the IBC framework align with their core business activities as defined in their bye-laws, and mere incidental or peripheral business connections cannot satisfy the threshold of "same line of business" under Section 64(d). For more, click here.

Supreme Court clarifies that section 29a(c) disqualification operates in praesenti; resolved NPAs cannot be resurrected to defeat eligibility

In its significant ruling in *Cosmic CRF Limited v. Myotic Trading Private Limited & Ors.* [2026 INSC 608], the Hon'ble Supreme Court has observed that the disqualification under Section 29A(c) of the Insolvency and Bankruptcy Code, 2016 (**IBC**) must be determined in praesenti, i.e., at the time of submission of the resolution plan. Quashing the orders of the Hon'ble NCLAT which held the Appellant ineligible under Sections 29A(c) and 29A(j) on the basis that its Managing Director's father had been the promoter of a company whose account was classified as NPA prior to its resolution, the Hon'ble Supreme Court held that once a resolution plan is approved and all dues stand extinguished under Section 31 of the IBC, such resolved NPAs cannot be resurrected for the purposes of gauging eligibility under Section 29A. With this, resolution applicants whose connected persons were formerly associated with companies that underwent successful resolution are protected from perpetual disqualification under Section 29A(c), provided there are no NPAs or outstanding dues in praesenti at the time of submission of their resolution plan. For more, click here.

Supreme Court holds that admission of claim by IRP/RP does not constitute acknowledgment under section 18 of the limitation act; section 7 petition filed beyond limitation held time-barred

In its significant ruling in *Shankar Khandelwal v. Omkara Asset Reconstruction P. Ltd. and Another* [2026 SCC OnLine SC 743], the Hon'ble Supreme Court has observed that the administrative admission of a claim by an Interim Resolution Professional (**IRP**) or Resolution Professional (**RP**) in the course of a Corporate Insolvency Resolution Process (**CIRP**) does not constitute an acknowledgment of debt within the meaning of Section 18 of the Limitation Act, 1963.

The Court held that for a valid acknowledgment, the statement must emanate from the party against whom the right is claimed or a duly authorized agent, and must evince a conscious and unequivocal intention to admit a subsisting jural relationship and an existing liability.

With this, secured financial creditors are precluded from relying on the IRP/RP's claim admission in prior insolvency proceedings to extend or revive the period of limitation for filing fresh proceedings under Section 7 of the IBC, particularly where the limitation period has already expired. For more, click here.

Supreme Court lifts corporate veil in real estate insolvency; restores resolution plans and directs completion of stalled projects

In its significant ruling in *Alpha Corp Development Private Limited v. Greater Noida Industrial Development Authority (**GNIDA**) and Others* [2026 INSC 449], the Hon'ble Supreme Court has observed that where subsidiary companies are inextricably connected to the holding company, share common directors and promoters, and serve merely as a front, the corporate veil must be lifted to include their assets within the Corporate Insolvency Resolution Process (**CIRP**) of the holding company. Reversing the NCLAT's judgment that had set aside the NCLT-approved resolution plans, the Court restored the resolution plans of Alpha Corp Development Private Limited (**Alpha**) and Roma Unicon Designex Consortium (**Roma**) for the stalled real estate projects of Earth Infrastructures Limited (**EIL**).

The Court further held that GNIDA's persistent inaction in monitoring the projects and its failure to participate in the CIRP in a timely manner disentitled it from levying penal interest, penal charges, and time-extension penalties, while preserving its right to recover the principal dues. With this, the Hon'ble Supreme Court has reinforced that the corporate veil doctrine can be invoked within the IBC framework to protect homebuyers in stalled projects, while holding development authorities accountable for their statutory obligations to monitor project development. For more, click here.

Delhi High Court holds acceptance of IBC resolution plan constitutes "settlement" for court fee refund

In its significant ruling in *Sainik Industries Pvt. Ltd. v. Indian Sugar Manufacturing Company Limited* [CS(COMM) 474/2019], the Hon'ble Delhi High Court has observed that a plaintiff's acceptance of the amount allocated under an approved Resolution Plan in Corporate Insolvency Resolution Process (**CIRP**) proceedings constitutes a "settlement" within the meaning of Section 16 of the Court Fees Act, 1870. The Court held that where a plaintiff agrees to bring quietus to the dispute by accepting the amount conferred under a Resolution Plan, the ingredients of settlement are attracted, entitling the plaintiff to a full refund of court fees upon withdrawal of the civil suit.

With this, operational creditors who accept amounts under an approved Resolution Plan and subsequently withdraw their pending civil suits are entitled to a full refund of court fees, thereby providing a financial incentive to litigants to accept resolution outcomes under the IBC framework. For more, click here.

Indian Railways remains liable to pay Open Access Surcharges, Rules Supreme Court

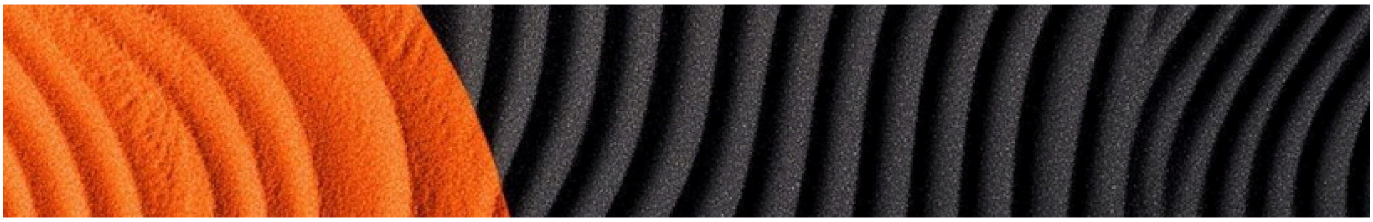
Electricity Distribution Company Limited and Ors., 2026 INSC 464, held that Indian Railways does not qualify as a deemed distribution licensee under the Electricity Act, 2003 and consequently remains liable to pay applicable Cross-Subsidy Surcharge (**CSS**) and Additional Surcharge (**AS**) while procuring electricity through open access for its own consumption. The judgment settles a long-standing dispute concerning the legal status of Indian Railways under the Electricity Act and provides important clarity on the scope of open access and surcharge liability. For more click here.

APTEL holds Telangana Entry Tax to be a 'Change in Law' event under Solar Power Purchase Agreement

In a significant ruling for renewable energy developers, the Appellate Tribunal for Electricity (**APTEL**) in *ACME Dayakara Solar Power Private Limited v. Telangana State Electricity Regulatory Commission & Anr.*, Appeal No. 322 of 2021, held that the levy of entry tax under the Telangana Tax on Entry of Goods into Local Areas Act, 2001 constitutes a Change in Law event under the relevant power purchase agreement (**PPA**). The judgment overturns the contrary view adopted by the Telangana State Electricity Regulatory Commission (**TSERC**) and reinforces the principle that project developers are entitled to relief where unforeseen statutory levies materially impact project costs after bid submission. It is pertinent to note that the judgment has reportedly been challenged before the Supreme Court and, therefore, the legal position may remain subject to further judicial scrutiny. For more click here.

No Revival of a Self-Terminated Contract: Delhi High Court Upholds Automatic Termination and Refuses Interim Relief Under Section 9

The Delhi High Court, in *JLT Energy 9SAS v. Hindustan Cleanenergy Ltd.* (FAO(OS)(COMM) 14/2026), judgment dated 15.04.2026, upheld the dismissal of a Section 9 petition under the Arbitration and Conciliation Act, 1996 (**the Act**). The Division Bench (Justice Anil Kshetarpal and Justice Amit Mahajan) held that where Conditions Precedent (**CPs**) in Share Purchase Agreements (**SPAs**) remained unfulfilled within the Closing Long Stop Date (**CLSD**), the agreements stood automatically terminated by operation of the contractual clause, and no interim injunction could revive rights under a contract that had ceased to subsist. For more click here.



Unsuccessful Party in Arbitration Can Seek Interim Relief Under Section 9: Supreme Court Settles the Conflict

The Supreme Court, in *Home Care Retail Marts (P) Ltd. v. Haresh N. Sanghavi* (Civil Appeal arising out of SLP (C) No. 29972/2015), decided on 24.04.2026, resolved a conflict between High Courts on whether a petition under Section 9 of the Arbitration and Conciliation Act, 1996 (**the Act**), at the post-award stage, by an unsuccessful party is maintainable. The Court (Justice Manoj Misra and Justice Manmohan) held that any party, including an unsuccessful party, may invoke Section 9 post-award, overruling the Bombay, Delhi, Madras, and Karnataka High Courts. For more click here.

Supreme Court Distinguishes Regulatory Violations from Securities Fraud under the PFUTP Regulations in Reliance Industries Case

The Supreme Court has set aside the SAT majority judgment and the disgorgement order against Reliance Industries Limited in the long-standing RPL divestment matter, holding that breach of position limits under the 2001 SEBI Circular does not, without more, constitute fraud or manipulation under the Prohibition of Fraudulent and Unfair Trade Practices Regulations, 2003 (**PFUTP Regulations**), while reaffirming that inducement remains the *sine qua non* for establishing fraud. For more, click here.

Calcutta High Court declines interim relief against OpenAI; holds ChatGPT cannot be compelled to display or recommend IndiaMART's platform

In *Indiamart Inter Mesh Ltd. v. OpenAI Inc.* the Hon'ble Calcutta High Court examined whether OpenAI could be directed to display or recommend IndiaMART's online marketplace through ChatGPT responses. IndiaMART alleged that ChatGPT unfairly omitted or deprioritised its platform while referencing competing platforms, causing commercial harm and violating the Information Technology Act, 2000.

Refusing interim relief, the Court held that IndiaMART had not established any legally enforceable right requiring OpenAI to modify ChatGPT responses for IndiaMART's commercial benefit, and that ChatGPT did not qualify as an "intermediary" under the Information Technology Act, 2000. For more click here.

S&P Thought

From Freefall to Framework: The RBI's Bold Bet on Reviving PPIs

The RBI's draft Master Directions on Prepaid Payment Instruments (PPIs), 2026 propose a simplified two-tier framework for PPIs and introduce tighter controls on their use, including restrictions on cross-border transactions, lower cash-loading and fund transfer limits, and a one-holder-one-PPI rule. The reforms seek to enhance regulatory clarity, curb misuse, and reinforce the role of PPIs as instruments for domestic payments, while supporting the growth of use cases such as transit cards, meal vouchers, and corporate expense instruments. For more, click here.

Firm Updates

Deal Announcements

- We acted as counsel for **Abakkus Four2Eight Opportunities Fund** (managed by Abakkus Asset Manager Private Limited), which anchored the INR 800 crore multi-investor funding round of **Dholakia Lab Grown Diamond Private Limited**.

- We advised **Hyderabad Metro Rail Ltd. (HMRL)**, a Government of Telangana enterprise, on its proposed acquisition of 100% of the equity share capital of **L&T Metro Rail (Hyderabad) Ltd.** from **Larsen & Toubro Limited**, at an equity valuation of INR 1,461.47 crores.

- We represented **Interise Trust** (formerly IndInfravit Trust), an infrastructure investment trust (InvIT) as the borrower's/issuer's counsel, in connection with a multi-stage refinancing and security-structuring transaction.

Awards & Recognitions

- Three Saraf and Partners deals were recognised as **India Business Law Journal (IBLJ) Deals of the Year 2025**: Tata spins off commercial vehicles (**USD 13.7 billion**), Greenko's refinancing (**USD 523 million**) and Fortis Healthcare's open offer (**USD 490 million**).

- We have been recognised across **eight practice areas** (Commercial & Transactions, International Arbitration, Insolvency, Construction, Government & Regulatory, Competition/Antitrust, White Collar Crime and Tax in the **Benchmark Litigation Asia Pacific 2026 rankings**. Our offices in New Delhi, Mumbai, and Bangalore have also been rated '**Highly Recommended**'.

- **Benchmark Litigation** also recognized our Founder and Managing Partner, **Mohit Saraf**, together with Senior Partners, **Sanjeev Sharma**, **Bikash Jhawar** and **Vaibhav Kakkar**, and Partners, **Abhishek Swaroop**, **Sudeshna Guha Roy** and **Gauhar Mirza**, as '**Litigation Stars**', and our Partner, **Anirudh Krishan Gandhi**, as a '**Future Star**' in its 2026 Asia-Pacific rankings.

- We have been recognised at the **IBLJ Law Firm Awards 2026** across **six practice areas**: Banking & Finance, Bankcruptcy, M&A, Insolvency and Restructuring, Fintech, Policy & Regulation and Real Estate.

Other News

- We jointly hosted a panel discussion on "**The Post-Closing Playbook: Arbitrating M&A Disputes**" with **WilmerHale** as part of **London International Disputes Week (LIDW) 2026**. The discussion brought together leading practitioners and industry experts to examine the growing complexity of post-acquisition disputes involving an India nexus, including the impact of geopolitical developments, valuation challenges, and evolving cross-border deal dynamics.

- We jointly hosted a panel discussion on, "**Into Darkness and Beyond: Contracts Under Fire**," with **Stewarts** as part of **LIDW 2026**, bringing together leading practitioners to examine the contractual and strategic implications of geopolitical instability and regional conflict.

- Our Founder and Managing Partner, **Mohit Saraf**, was invited to a private, invitation-only dialogue, "**From Precedent to Prediction: How AI is reshaping the Legal Profession,**" held at the **UK House of Lords** to explore the opportunities and challenges presented by AI as it continues to reshape the legal profession.

- Our Senior Partner, **Vaibhav Kakkar**, alongside Partners, **Akshayy S Nanda** and **Gauhar Mirza**, participated in various panel discussions at **GC Manthan** in Yokohama, Japan, on cross-border transactions and various other key trends in the M&A and disputes landscape.

LegIt by Saraf and Partners

A quarterly newsletter

SARAF AND PARTNERS
LAW OFFICES

Saraf and Partners is India's fastest growing, independent, professionally owned and managed firm with a strength of 45 partners and over 250 lawyers. We are a contemporary full – service law firm firm with lawyers who bring over three decades of experience. We provide bespoke, out of the box, innovative and integrated legal solutions using global best practices. Drawing on sector-experts with years of experience and expertise, Saraf and Partners is privileged to work with some of India's leading corporations as also advising global behemoths looking at India.

Communication is key at Saraf and Partners. We take time to listen to our clients' concerns and goals, and we are committed to responding promptly to our clients' inquiries and keeping them informed every step of the way. Backed by a team with limitless capabilities, we take pride in providing timely and cutting-edge legal advice while upholding the highest standards of ethical behaviour.

Our unwavering commitment to our clients and their commercial interests is at the heart of everything we do. Our extensive experience, coupled with learned pragmatism in our approach, ensures that our clients receive the best legal advisory for nuanced legal concerns. It is this dedication to professional excellence that has led our leadership team to be recognized amongst the top legal advisors in India.

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