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# Article

## **SEBI's Consultation Paper and the winds of AI Governance**

*By Sameer Avasarala and Aryashree Kunhambu*

The SEBI has recently released a consultation paper on the guidelines for responsible usage of AI/ML in Indian Securities Markets. The Paper outlines the background, current regulatory landscape, international best practices, utilization of AI/ML in the market, along with the recommendations of the working group. The article in this issue of Corporate Amicus deals elaborately with this consultation paper, while observing that the Paper focuses on the regulation of AI/ML models based on certain core guiding principles and prudently differentiates between customer-facing and back-office models. The authors also discuss certain control measures that may be utilized by market participants to mitigate certain identified risks. According to them, while the proposed measures are in line with globally equivalent methods of AI regulation, finer specifics on implementation and practical application would have to be specified in due time.

# SEBI's Consultation Paper and the winds of AI Governance

By Sameer Avasarala and Aryashree Kunhambu

As artificial intelligence and machine learning takes centre stage in many business models and customer-centred activities, regulating them to prevent user harm becomes a key prerogative not just at a legislative but a regulatory level. The absence of a comprehensive legislation on AI, reported reluctance<sup>1</sup> to bring in heavy regulatory framework coupled with legislative indications towards light-touch regulation with techno-legal measures<sup>2</sup> has resulted in stronger push by sectoral regulators to address concerns arising from AI.

The Securities and Exchange Board of India ('SEBI') has released a consultation paper<sup>3</sup> dated 20 June 2025, on the guidelines for responsible usage of AI/ML in Indian Securities Markets ('**Consultation Paper**') that outlines the background, current regulatory landscape, international best practices, utilization of AI/ML in the market, along with the recommendations of the working group. The Consultation Paper outlines that the current use of AI/ML models are by exchanges, brokers and mutual funds for a wide variety of internal,

customer support, security, pattern recognitions, KYC, order executions and related purposes.

## Regulatory approach

In the current landscape of the securities market, regulated entities are utilising AI/ML models to not only undertake various business functions (*such as use of chatbots for customer support*) but also fulfil their statutory obligations (*ranging from KYC, onboarding diligence, transaction monitoring, fraud detection etc.*) under various SEBI regulations. The approach outlined in the Consultation Paper focuses on the regulation of AI/ML models based on certain core guiding principles below *viz.*

- (a) **Model Governance:** It is proposed that market participants may use and implement AI/ML models by implementing model governance through a host of measures. These include monitoring of model functioning, efficacy and performance, risk control, governance structure, contractual framework with

<sup>1</sup> 'No regulations for Artificial Intelligence in India': IT Minister Ashwini Vaishnaw, [available here](#)

<sup>2</sup> India developing unique AI regulation model: Ashwini Vaishnaw, [available here](#)

<sup>3</sup> Consultation Paper on guidelines for responsible usage of AI/ML In Indian Securities Markets, [available here](#)

service providers for scoping and determining rights and remedies, periodic reviews and ongoing monitoring, independent audits, traceability of reasoning and model functioning, and ensuring compliance with law and regulatory requirements.

The comprehensive framework recommended by SEBI not only encourages ethical use of artificial intelligence models but also sets standards for use and deployment of AI systems across regulated sectors and other sectors with high impact on users.

(b) **Investor Protection Disclosure:** SEBI proposes that market participants may ensure the protection of investors by employing transparency in disclosures and fostering trust through measures including:

- i. Disclosure of information to investors for the usage of AI/ML applications including product features, purposes, risks involved, accuracy of the model, fees/charges to be levied, information about the quality of data that is used to make AI/ML driven decisions including its completeness and relevance;
- ii. Ensuring that the language of such disclosures is comprehensible to customers/clients to

enable them to make informed decisions; and,

- iii. Establishing an investor grievance mechanism for AI/ML systems aligning with SEBI's existing regulatory framework.

(c) **Testing Framework:** It is also proposed that market participants conduct testing and monitoring of systems employing measures such as testing and monitoring of models, segregation of testing environments from production, shadow-testing and comparison with rule-based systems for drift detection, documentation and transparency and post-deployment monitoring for deviation detection and human oversight or intervention, where required.

(d) **Fairness and Bias:** Recognizing that data quality is imperative for proper functioning of AI systems, recommendations revolve around ensuring adequate data quality and completeness, bias testing and audit framework to ensure detection and remediation of bias. Given that the recommendations do not outline the specific thresholds for fairness and bias, they serve as significant starting points for organizations to develop practical risk-based systems.

- (e) **Data Privacy and Cyber-Security Measures:** In consonance with some of the requirements specified under the upcoming Digital Personal Data Protection Act, 2023, SEBI's recommendations revolve around clear policy frameworks for data privacy and security for use of AI models and handling of personal data in a legally compliant manner. Akin to existing reporting obligations (*to Indian Computer Emergency Response Team, SEBI under the CSCRF, Data Protection Board under the DPDPA and other frameworks*), obligations to report glitches, data breaches to SEBI opens way for future coordination between authorities, especially in regulated sectors for convergently responding to such incidents.

### Tiered approach to compliance

The Consultation Paper prudently differentiates between customer-facing and back-office models, providing a light touch framework in the latter's case. While high-impact, client-facing deployments (*for example robo-advice, portfolio rebalancing, or automated order routing*) are subject to the entire gamut of governance, disclosure, fairness and testing obligations, those for internal utilities (*such as cyber-security analytics or regulatory reporting*) may operate under a light regime, that proportionately aims to provide for safeguards.

Classification based on risk associated with deployment of AI systems is also seen across the world, such as the European Union's AI Act which provides for higher thresholds of obligations on systems that are considered 'high-risk' and can impact the critical infrastructure for financial services, as well as negatively impact individual investors.

### Risk categorizations

The Annex to the Consultation Paper also outlines certain control measures that may be utilized by market participants to mitigate certain identified risks emerging from the use of AI/ML models. These risks and measures include:

- (a) **Malicious Use:** To address the risk of malicious use of AI models to generate falsified content that has an impact on the market, the recommended control measures revolve around use of digital signatures for watermarking, reporting and public awareness;
- (b) **Concentration:** To combat risks associated with concentration of Gen-AI providers, the recommended measures include diversification, reporting of service providers to the regulator, and periodic monitoring of dominant Gen-AI providers;
- (c) **Herding or Collusion:** To mitigate risks associated with usage of commonly-used AI systems and



models, the recommendations revolve around promoting use of varied AI architectures, proprietary datasets, auditing and monitoring of herding behaviour.

- (d) **Interpretability:** Considering the use of complex Gen-AI models and typical difficulties in understanding the models, the Consultation Paper recommends AI process documentation, use of interpretable models or explainability tools and human review of AI output.
- (e) **Model Failure:** In a market that extensively uses AI models, flaws in Gen AI systems may have consequential effects on financial stability, and it is recommended to stress test systems, implement volatility controls (*such as circuit breakers*) and exercise human oversight.
- (f) **Non-Compliances:** The Consultation Paper also refers to situations where the use of AI models may lead to non-compliances, or where market participants may shift liability to Gen-AI providers and recommends regulatory sandbox or testing, training and 'human-in-the-loop' or 'human-around-the-loop' mechanisms.

## Looking ahead

In light of the above discussion, we note that the Consultation Paper not only provides key recommendations in the absence of a comprehensive AI legislative framework but also offers insight into the perspective of sectoral regulators such as SEBI, on the adoption of AI and emergent risks. While the proposed measures are in line with globally equivalent methods of AI regulation, it is important to consider that finer specifics on implementation and practical application of the measures would have to be specified in due time.

The Consultation Paper positions India's capital market regulator at the forefront of responsible governance and marks an important step towards recognizing risks caused by use of AI models. The measures serve as significant foundational guidelines based on which various obligations may fructify in subsequent regulations, not just by SEBI but also by other regulators who aim to ring-fence regulated entities from the perils of AI use.

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# Notifications & Circulars



- SEBI extends relaxation on physical dispatch of financial statements for listed debt securities
- SEBI issues framework for ESG Debt Securities (excluding Green Bonds)
- SEBI grants one-year extension for liquidation period to migrating VCFs
- XBRL filing rules amended to mandate attachment of signed financials in AOC-4 XBRL
- RBI issues comprehensive guidelines for lending against gold and silver collateral
- RBI lifts restrictions on use of Brickwork ratings for capital adequacy assessment
- RBI revises priority sector lending targets for small finance banks



## SEBI extends relaxation on physical dispatch of financial statements for listed debt securities

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/83 dated 5 June 2025, has extended the relaxation from Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**LODR Regulations**') for issuers of listed non-convertible debt securities. In line with the General Circular No. 09/2024, dated 19 September 2024 issued by the Ministry of Corporate Affairs, SEBI has clarified that no penal action will be taken for non-dispatch of physical copies of financial documents under Section 136 of the Companies Act, 2013 to investors without registered email addresses for the period from 1 October 2024 to 5 June 2025. Further, for the period from 6 June to 30 September 2025, the relaxation shall continue, provided the issuers include a web link to these documents in advertisements issued under Regulation 52(8) of the LODR Regulations. The Circular is said to take immediate effect and aims to ease compliance through digital disclosures.

## SEBI issues framework for ESG Debt Securities (excluding Green Bonds)

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2025/84 dated 5 June 2025, has issued a detailed framework for the issuance and listing of Environment, Social and Governance ('**ESG**') debt securities, specifically social bonds, sustainability bonds, and sustainability-linked bonds, excluding green debt securities. Pursuant to Regulation 12A of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and based on feedback from the Industry Standards Forum, this Circular prescribes definitions, use-of-proceeds criteria, eligible standards (e.g., ICMA, ASEAN, EU frameworks), and stringent disclosure and reporting obligations. Issuers are directed to appoint an independent third-party reviewer/certifier, adhere to international principles, and disclose both initial and ongoing ESG-related information, including performance metrics, impact reports, and risk mitigation strategies. Safeguards against 'purpose-washing' have also been mandated to ensure that the use of proceeds is consistent with the stated ESG objectives, under this Circular. The framework becomes applicable for ESG debt issuances from 5 June 2025 onward and is aimed at



enhancing investor confidence, transparency, and the integrity of India's ESG debt market.

### **SEBI grants one-year extension for liquidation period to migrating VCFs**

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/AFD/SEC-3/P/CIR/2025/85 dated 6 June 2025, has extended the additional liquidation period for Venture Capital Funds ('VCFs') transitioning to the SEBI (Alternative Investment Funds) Regulations, 2012. Under the earlier framework notified on 19 August 2024, VCFs with schemes that had crossed their original liquidation period but remained unwound were permitted an additional window until 19 July 2025 to complete liquidation post-migration. This timeline has now been extended to 19 July 2026 to ease operational challenges and address industry concerns. The deadline for filing migration applications however remains fixed at 19 July 2025, and all other provisions of the previous circular shall continue to apply. The revised timeline notified through this Circular is said to take immediate effect.

### **XBRL filing rules amended to mandate attachment of signed financials in AOC-4 XBRL**

The Ministry of Corporate Affairs, *vide* Notification No. G.S.R. 371(E) dated 6 June 2025, has amended the Companies (Filing of

Documents and Forms in Extensible Business Reporting Language) Rules, 2015. All companies filing financial statements in e-Form AOC-4 XBRL under Rule 3(1) must also mandatorily attach a copy of the duly signed and authenticated financial statements (including the Board's Report, Auditor's Report, and other required documents) in PDF format, as per Section 134 of the Companies Act, 2013, effective from 14 July 2025. This amendment aligns with the objective of enhancing transparency and ensuring that machine-readable XBRL submissions are supported by human-readable, signed records, facilitating better compliance verification and audit trails.

### **RBI issues comprehensive guidelines for lending against gold and silver collateral**

The Reserve Bank of India, *vide* Notification No. RBI/2025-26/47, DOR.CRE.REC.26/21.01.023/2025-26, dated 6 June 2025, issued the Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025, ('Directions') introducing a harmonized and principle-based regulatory framework governing loans secured by gold and silver jewellery, ornaments, and coins. These directions are applicable to all regulated entities ('REs'), including commercial banks (excluding payments banks), co-operative banks, and NBFCs, for loans extended for consumption or income-generating

purposes. The Directions standardize assaying, valuation, documentation, collateral management, and auction procedures; prescribe borrower due diligence; and stipulate loan-to-value limits, capped at 85% for loans up to INR 2.5 lakhs. These Directions bar lending against primary gold/silver and re-pledging of such collateral. Strict rules under the Directions ensure borrower protection, transparency in auctions, fair compensation for collateral damage, and timelines for collateral release post-repayment.

### **RBI lifts restrictions on use of Brickwork ratings for capital adequacy assessment**

The Reserve Bank of India, *vide* Notification No. RBI/2025-26/50, DOR.STR.REC.29/21.06.008/2025-26, dated 9 June 2025, has removed the restrictions previously imposed on the use of credit ratings assigned by Brickwork Ratings India Private Limited ('**BRIPL**') for capital adequacy purposes under the Basel III framework. This decision modifies the earlier directive issued on 10 July 2024, which had permitted banks to use BRIPL ratings subject to specified limitations. As a result, all scheduled commercial banks (excluding Local Area Banks, Payments Banks, and Regional Rural Banks) may now fully consider

BRIPL's ratings for risk-weighting their exposures without restriction. The relaxation applies under the provisions of Paragraph 6.1.2 of the Master Circular on Basel III Capital Regulations (DOR.CAP.REC.2/21.06.201/2025-26) dated 1 April 2025. All other conditions relating to external credit assessments remain unchanged.

### **RBI revises priority sector lending targets for small finance banks**

The Reserve Bank of India, *vide* Notification No. RBI/2025-26/61, DOR.LIC.REC.36/16.13.218/2025-26, dated 20 June 2025, has revised the Priority Sector Lending ('**PSL**') norms applicable to Small Finance Banks ('**SFBs**'), effective from FY 2025–26. Under the revised framework, SFBs shall now be required to allocate 60% of their Adjusted Net Bank Credit ('**ANBC**') or Credit Equivalent of Off-Balance Sheet Exposures ('**CEOBE**'), whichever is higher, towards PSL – down from the earlier 75% mandate. Out of this ANBC/CEOBE, 40% must still be deployed across various PSL sub-sectors in line with the existing RBI guidelines, while the remaining 20% may be directed to one or more PSL segments based on the SFB's strategic focus or competitive advantage.



# Ratio Decidendi

- Developer not liable to reimburse home loan interest when refund with contractual interest already granted – *Supreme Court*
- Mere passage of time does not bar arbitration if arbitration clause remains valid & enforceable – *Telangana High Court*
- Passport can be renewed without Court permission if no criminal proceedings are pending – Scope of 'criminal proceedings pending' clarified – *Kerala High Court*
- Application under Section 8 of Arbitration Act is not maintainable once right to file written statement is closed – *Delhi High Court*
- Dishonour of cheque due to statutory freezing of bank account does not attract Section 138 of Negotiable Instruments Act, 1881 – *Delhi High Court*

## Developer not liable to reimburse home loan interest when refund with contractual interest already granted

The Hon'ble Supreme Court has ruled that while developers are obligated to refund the principal amount with interest in cases to project delays or cancellations, they cannot be directed to reimburse interest paid by homebuyers on their personal home loans.

In the present case, the respondents were successful allottees under a residential housing scheme launched by Greater Mohali Area Development Authority ('GMADA'), known as 'Purab Premium Apartments' at Mohali. The Letter of Intent ('LOI') provided that in case of failure to deliver possession within 36 months, the allottees could withdraw and claim a refund with 8% annual compound interest.

Upon GMADA's failure to complete construction and deliver possession within the agreed timeline, the allottees opted to withdraw from the project and demanded a refund in accordance with the LOI. When GMADA failed to act, the respondents filed consumer complaints before the State Consumer Disputes Redressal Commission, Punjab. The State Consumer Forum directed GMADA to refund the amounts with

interest, compensation for mental harassment, legal costs, and reimbursement of home loan interest. This was upheld by the National Consumer Disputes Redressal Commission ('NCDRC'). Aggrieved, GMADA filed a civil appeal before the Hon'ble Supreme Court of India.

The Supreme Court clarified that while the refund with contractual interest and compensation were justified, requiring reimbursement of home loan interest was beyond the contractual terms and amounted to double compensation. The Court observed that the State and National Commissions went beyond the agreed terms of LOI by directing GMADA to reimburse the allottees' personal home-loan interest.

The Court emphasized that while consumer fora have wide powers to award compensation under the Consumer Protection Act, such powers must be exercised within the boundaries of the parties' contractual rights. In the absence of special or aggravating circumstances, directing reimbursement of loan interest paid to third-party lenders would amount to compensating the same loss twice.

Accordingly, the Supreme Court set aside the portion of the commissions' orders directing reimbursement of home-loan interest, while upholding the refund of the deposited amount

with 8% compounded interest, and the awards for mental harassment and litigation costs.

[*Greater Mohali Area Development Authority (GMADA) v. Anupam Garg & Ors.* – Judgement dated 4 June 2025 in SLP(C)Nos.27847-27848 of 2019, Supreme Court]

### **Mere passage of time does not bar arbitration if arbitration clause remains valid & enforceable**

The Telangana High Court has held that the arbitration cannot be refused solely on the ground of delay if the arbitration clause remains valid. The limitation period to approach the court for appointment of an arbitrator begins from the date of rejection of the arbitration request by the opposing party.

In the present case, the applicant was awarded a contract by the Signal and Telecommunications (S&T) Department of South-Central Railway following a successful bid under a tender floated in 2012 and supposed to be completed within six months. However, due to delays attributable to the Engineering Department's incomplete preliminary work, the applicant was unable to commence execution. Despite this, the contract was terminated by the respondents well after its scheduled expiry.

Alleging that the termination was illegal, the applicant invoked the arbitration clause in the contract by issuing notices. On the

respondents' continued refusal to appoint an arbitrator, the applicant approached the Telangana High Court under Sections 11(5) and 11(6) of the Arbitration and Conciliation Act, 1996 ('**Arbitration Act**') seeking appointment of a sole arbitrator.

The respondents opposed the application, contending that the arbitration request and the present petition were legally unsustainable. Firstly, they argued that the arbitration notice was issued 195 days after termination, whereas the contract mandated that such requests be made within 120 days, rendering the request contractually barred. Secondly, they submitted that the claim was *ex-facie* barred by limitation, as more than three years had passed since the date of termination, contravening Section 21 of the Arbitration Act read with the Limitation Act, 1963. Thirdly, they asserted that the applicant had not executed any portion of the work, making claims for compensation, losses, and profits unfounded, speculative, and frivolous.

Rejecting these objections, the High Court held that its role at this stage was only to determine if the arbitration agreement exists and whether the claim is manifestly barred. Since the arbitration clause was not disputed and the final refusal was recent, the arbitration request was held to be maintainable.



In arriving at this conclusion, the Court placed reliance on the judgement passed in *Aslam Ismail Khan Deshmukh v. ASAP Fluids Pvt. Ltd.* [2024 SCC OnLine SC 3191], wherein the Supreme Court held that limitation for invoking arbitration begins from the date the arbitration request is rejected. The Court also referred to *B&T AG v. Ministry of Defence* [2023 SCC OnLine SC 657], where it was held that the period spent in pre-arbitration negotiations must be excluded while computing limitation.

Accordingly, the Court held that the arbitration clause remained enforceable and that the disputes between the parties were arbitrable in nature. It found no ground to reject the applicant's request for appointment of an arbitrator.

[*Ch. Punyamurthy v. Union of India* – Judgement dated 9 June 2025 in Arbitration Application No.180 of 2024, High Court of Telangana]

### **Passport can be renewed without Court permission if no criminal proceedings are pending – Scope of 'criminal proceedings pending' clarified**

The Hon'ble Kerala High Court has clarified that individuals can renew their passport without seeking court permission, if no criminal proceedings are actively pending against them. The Court held that the mere registration of a case or an ongoing

investigation, without the filing of a final report or the court taking cognizance of the offence, does not amount to 'criminal proceedings pending' under Section 6(2)(f) of the Passports Act, 1967 ('**Passports Act**').

In the present case, an accused in a case registered under Section 13(2) read with Section 13(1)(e) of the Prevention of Corruption Act, 1988, filed an application before the Special Court for renewal of his passport, although no final report had been filed. The Special Court allowed the renewal but imposed conditions, including surrender of the renewed passport, prior permission to travel abroad, and depositing INR 20,000/- as security. Challenging these conditions, the petitioner approached the High Court under Article 227 of the Constitution, seeking to quash the conditions and clarify that no permission was needed in the first place. He contended that court permission is not required unless the court has formally taken cognizance of the offence.

The High Court agreed with the petitioner, holding that only when a criminal case is actively pending before a court can the passport authority refuse to issue or renew a passport under Section 6(2)(f) of the Passport Act. Relying on the judgement passed in *Thadevoose Sebastian v. Regional Passport Office* [2021 (5) KHC 625], the court clarified that a criminal proceeding is

deemed pending only when a final report is filed and the court has taken cognizance of such final report. Mere registration of an FIR or ongoing investigation does not amount to pendency under the Passports Act.

While affirming the Special Court's order permitting renewal of the petitioner's passport for a period of five years in accordance with law, the High Court struck down the additional conditions imposed therein, terming them onerous and unnecessary. Accordingly, the petition was partly allowed, and the impugned conditions on passport renewal were quashed.

[*Raju Kattakayam v. State of Kerala* – Judgement dated 10 June 2025 by High Court of Kerala, 2025 SCC OnLine Ker 3733]

### Application under Section 8 of Arbitration Act is not maintainable once right to file written statement is closed

The Hon'ble Delhi High Court has held that a party cannot invoke arbitration under Section 8 of the Arbitration and Conciliation Act, 1996, ('**Arbitration Act**') after losing the right to file written statement in a civil suit. The Court emphasized that procedural deadlines under the Code of Civil Procedure, 1908 ('**CPC**') override the invocation of arbitration at a later stage.

In the present case, the Appellant, owner of a movie theatre, namely, Sharada Talkies, had entered into agreements with One97 Communications Ltd. ('**Respondent**'), for listing and booking cinema tickets through its platform. The Appellant's theatre ceased operations following which the Respondent terminated the agreements *via* notice and demanded refund of the deposit. Upon non-payment, the Respondent filed a commercial suit for recovery.

The Appellant failed to file a written statement within time. His right to file the same was closed. After the Respondent's evidence was recorded, the Appellant sought to invoke arbitration through a Section 8 application, which was rejected by the Trial Court. The Trial Court decreed the suit in favour of the respondent. The present Regular First Appeal challenges that decree.

The High Court relying on *Hitachi Payments Services (P) Ltd. v. Shreyans Jain* [2025 SCC OnLine Del 1042], affirmed the trial court's view that once the right to file a written statement is forfeited and evidence is concluded, arbitration cannot be invoked.

[*R. Santosh v. One97 Communications Ltd.* – Judgement dated 12 June 2025 by High Court of Delhi, 2025 SCC OnLine Del 4541]

## Dishonour of cheque due to statutory freezing of bank account does not attract Section 138 of Negotiable Instruments Act, 1881

The Hon'ble Delhi High Court has held that dishonour of cheque, when caused by statutory freezing of the bank account, does not attract liability under Section 138 of the Negotiable Instruments Act, 1881 ('NI Act').

In the present case, the petitioners issued two cheques for a business transaction, with a mutual understanding that the cheques would not be presented without prior notice. However, the petitioner's bank account was subsequently frozen by the CGST Department under statutory powers. Despite being informed about this attachment, the respondent presented the cheques, which were dishonoured.

Although the bank cited 'insufficient funds,' as the reason for dishonour in their return memo, the petitioners contended that the real cause was the account freeze. The Trial Court had issued a summoning order under Section 138 NI Act, which the petitioners challenged.

The High Court observed that a cheque must be drawn on an account 'maintained' by the drawer, meaning the drawer should be capable of operating the account. In the present case, due to the statutory attachment order, the petitioners could not issue valid instructions to the bank or ensure sufficient funds. Relying on decisions passed in *Deepinder Singh Bedi v. State* [2024 SCC OnLine Del 7880], *Sachin Jain v. Rajesh Jain* [2024 SCC OnLine Del 37], and *Vijay Chaudhary v. Gyan Chand Jain* [2008 SCC OnLine Del 554], the High Court concluded that an account frozen under statutory direction is not considered 'maintained' for the purpose of Section 138 of NI Act.

Accordingly, the Court quashed the summoning order, recognising that the ingredients of Section 138 of NI Act were not satisfied since the dishonour was beyond the petitioners' control and not a wilful default. Accordingly, the Court allowed the petition filed under Section 528 of Bharatiya Nagarik Suraksha Sanhita, 2023 and quashed the summoning order.

[*Best Buildwell (P) Ltd. v. R.D. Sales* – Judgement dated 5 June 2025 by High Court of Delhi, 2025 SCC OnLine Del 4267]

# News Nuggets



- DPIIT initiates overhaul of business approvals under NSWS; Jan Vishwas 2.0 in focus
- CCI approves Mahindra's acquisition of 59% stake in SML Isuzu
- NCLT approves Meesho's reverse flip ahead of IPO
- Uttar Pradesh to develop 15 new MSME industrial zones across 11 districts
- SEBI urges reduction in gap between Financial Results and Annual Reports
- SEBI plans one-stop compliance portal for Foreign Portfolio Investors
- SEBI approves NSE's launch of monthly electricity futures contracts
- SEBI plans Settlement Scheme for legacy violations by Venture Capital Funds
- SEBI to finalize Eased Delisting Norms for PSUs with 90% government holding



## DPIIT initiates overhaul of business approvals under NSWS; Jan Vishwas 2.0 in focus

The Department for Promotion of Industry and Internal Trade ('DPIIT') is coordinating with ministries to compile a comprehensive list of business-related approvals, renewals, and compliances to enhance the National Single Window System ('NSWS'). The initiative aims to eliminate duplications, improve transparency, and reduce compliance burdens. NSWS currently integrates approvals from 32 Central Ministries and 29 States, covering over 7,500 approvals. Launched in the year 2021, the NSWS is a digital platform that helps investors identify and to apply for approvals, depending on their business requirements. DPIIT is also advancing the Jan Vishwas 2.0 Bill to decriminalize outdated laws and procedural defaults, further strengthening ease of doing business and investor confidence across sectors.

[Source: [Business Standard](#), published on 24 June 2025]

## CCI approves Mahindra's acquisition of 59% stake in SML Isuzu

The Competition Commission of India ('CCI') has approved Mahindra & Mahindra Limited's ('Mahindra & Mahindra') proposed acquisition of a 58.96 per cent stake in SML Isuzu Limited which operates in the commercial vehicle segment,

manufacturing trucks and buses. The transaction involves acquisition of a 43.96 per cent stake held by Sumitomo Corporation (SML's Promoter) and a 15 per cent stake held by Isuzu Motors. Notably, Mahindra & Mahindra is engaged in the automotive, farm equipment, and agri-services sectors making the acquisition bolster Mahindra's capital allocation strategy of investing in high-growth areas with demonstrated operational excellence. The company is also set to make an open offer to acquire an additional 26% stake in SML Isuzu in accordance with the applicable SEBI Takeover Regulations.

[Source: [Business Standard](#), published on 17 June 2025]

## NCLT approves Meesho's reverse flip ahead of IPO

The National Company Law Tribunal ('NCLT') has approved Meesho's proposal to shift its headquarters from Delaware, United States, to India as part of its reverse flip process ahead of its Initial Public Offering ('IPO'). With this approval, Meesho will proceed to merge with its Indian entity and complete the redomiciling process, enabling it to file its Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India in the coming days.

[Source: [Outlook Business](#), published on 16 June 2025]



## Uttar Pradesh to develop 15 new MSME industrial zones across 11 districts

The Uttar Pradesh government has announced plans to develop 15 new Micro Small and Medium Enterprise ('MSME')-focused industrial zones across 11 districts, including Aligarh, Firozabad, Kanpur Dehat, Prayagraj, and Rae Bareilly, covering a total area of 765 acres. The initiative, aligned with the state's USD 1-trillion economy vision, aims to offer 872 industrial plots to investors and boost MSME exports beyond INR 3 trillion in the next 2–3 years. The government is also focusing on building export hubs in all 75 districts, backed by infrastructure like warehouses, cargo terminals, and expressways. Additionally, Yamuna Expressway Industrial Development Authority has earmarked 500 acres for MSMEs and is constructing a INR 125 crore Flatted Factory Complex in Gautam Buddha Nagar, set to be completed in 24 months.

[Source: [Business Standard](#), published on 16 June 2025]

## SEBI urges reduction in gap between Financial Results and Annual Reports

The Securities and Exchange Board of India has advised Chief Financial Officers ('CFO') to reduce the time lag between the announcement of financial results and the publication of full

annual reports, which currently ranges between 70–140 days. The regulator emphasized that timely disclosures, including notes to accounts and audit reports, are essential for enhancing investor transparency and confidence.

[Source: [Business Standard](#), published on 13 June 2025]

## SEBI plans one-stop compliance portal for Foreign Portfolio Investors

The Securities and Exchange Board of India is developing a dedicated portal for Foreign Portfolio Investors ('FPIs') to streamline regulatory compliance and improve ease of doing business. The proposed platform will consolidate applicable laws, including SEBI, RBI, FEMA, PMLA, and tax regulations, providing end-to-end guidance on onboarding, documentation, and timelines. SEBI is working with exchanges (BSE, NSE) and depositories (NSDL, CDSL) to implement the initiative and is consulting stakeholders before finalizing the portal. This follows earlier measures such as the FPI outreach cell, application tracker, faster tax certificate issuance, and proposed use of Indian digital signatures for KYC.

[Source: [Money Control](#), published on 13 June 2025]

## SEBI approves NSE's launch of monthly electricity futures contracts

The Securities and Exchange Board of India has granted approval to the National Stock Exchange to launch monthly electricity futures contracts, offering market participants a structured hedging tool against power price volatility. This initiative is expected to support capital investments across the electricity sector and aligns with long-term reforms under the Electricity Act, 2003. NSE aims to gradually expand its electricity derivatives offerings, including contracts for difference ('CfDs'), subject to regulatory approvals. Clearing and settlement will be handled by NSE Clearing Limited, a SEBI-recognized qualified central counterparty with a strong settlement guarantee framework.

[Source: [Fortune India](#), published on 12 June 2025]

## SEBI plans Settlement Scheme for legacy violations by Venture Capital Funds

The Securities and Exchange Board of India is preparing to launch a settlement scheme addressing legacy violations by Venture Capital Funds ('VCFs') registered under the now-repealed regulations from the year 1996. The scheme targets failures to wind up funds after expiry of their tenure, while

excluding other violations such as investment deviations or governance lapses. Developed with inputs from the High-Powered Advisory Committee, it is aimed at resolving non-contested procedural breaches and encouraging migration to the Alternative Investment Fund regime. VCFs have until 19 July 2025, to apply under the migration framework introduced by SEBI in August 2024.

[Source: [Money Control](#), published on 4 June, 2025]

## SEBI to finalize Eased Delisting Norms for PSUs with 90% government holding

The Securities and Exchange Board of India is expected to introduce a separate voluntary delisting framework for Public Sector Undertakings ('PSUs') where government holding is 90% or more. As proposed in SEBI's May 2025 discussion paper, such PSUs may be allowed to delist without meeting minimum public shareholding norms, bypassing the existing two-thirds public shareholder approval. Delisting may also occur at a fixed price, with at least a 15% premium over the floor price, irrespective of trading frequency. The move targets over 10 non-compliant PSUs, aiming to ease exit from stock exchanges in specific cases.

[Source: [Money Control](#), published on 3 June 2025]

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