

SAGUS SPEAKS



This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY AND POLICY UPDATES

RBI (Electronic Trading Platform) Directions, 2025

The Reserve Bank of India (“RBI”) has notified the Master Directions – RBI (Electronic Trading Platforms) Directions, 2025 (“ETP Directions”) on 16.06.2025¹ to provide a revised regulatory framework for Electronic Trading Platforms (“ETPs”) in supersession of the Electronic Trading Platforms (Reserve Bank) Directions, 2018. The ETP Directions are a step forward to protect the public interest by strengthening financial market systems and supporting the orderly development of financial ecosystems, especially with respect to emerging technologies. The ETP Directions have become applicable with immediate effect.

The salient features of the ETP Directions are as follows-

- i. Definition and scope of ETPs: The ETP Directions define ETP as any electronic system, other than a recognized stock exchange, operated by an operator authorized by RBI on which transaction in eligible instruments (securities, money market instruments, foreign exchange instruments, derivatives, or other instruments of like nature as may be specified by RBI) are contracted. However, the ETP Directions shall not apply to ETPs of scheduled commercial banks or standalone primary dealers for transactions wherein they are the sole quote/price provider and a party to all

¹ [RBI \(Electronic Trading Platform\) Directions, 2025.](#)

transactions contracted on the ETP. All authorization granted under the 2018 Directions shall be deemed to have been taken under the ETP Directions.

ii. Eligibility Criteria for authorization of ETPs:

- a. The entity shall be incorporated in India, its shareholding by non-residents shall conform to the Foreign Exchange Management Act, 1999, along with other applicable laws, and it shall have a minimum experience of 3 (three) years in operating trading infrastructure in the financial market.
- b. The entity should have and shall maintain a minimum net worth of at least INR 5 Crores.
- c. The entity shall obtain and maintain robust infrastructure to support its operations and manage the associated risks with the capacity to disseminate trade information on a real-time basis.

The entities satisfying the eligibility criteria shall submit application to RBI for grant of authorization to operate an ETP. RBI holds the power to grant, reject, or cancel authorizations of ETP based on compliance and public interest.

iii. Operating Framework: The ETP Directions have prescribed the following requirements for the ETP operators:

- a. provide fair and objective membership criteria, due diligence before onboarding members, identification through permanent account numbers and legal entity identifiers, a documented liability framework for processing and execution of orders and risk management and controls and fair and non-discriminatory access to pre-trade and post-trade information;
- b. provide a comprehensive risk management framework with internal control mechanisms covering all aspects for proper identification and prudent management of operational risks, including access controls, segregation of ETP from other financial infrastructure, non-discretionary and orderly treatment for all trades, appropriate pre-trade and post trade controls to reduce erroneous transactions, transparent and non-discriminatory access to algorithmic systems, exigency control mechanisms and dispute resolution mechanisms;
- c. implement controls to maintain market integrity and monitor trading activity both on a real-time and post facto basis;
- d. identify and make prescribed disclosures of transactions involving related parties or group agencies to the RBI as prescribed in the ETP Directions; and

- e. implement safeguards for outsourcing of operations, business continuity and disaster recovery, information security, regular IT/IS audits, and confidentiality and security of stored data.

iv. Reporting requirements: The ETP operator shall provide quarterly reports on the functioning of the platform and annual compliance reports to RBI, reports on transaction information to trade repositories/prescribed reporting platforms, and prompt information on events resulting in disruption of services/market abuse to RBI.

v. Termination of operation: ETP operators may terminate their operations with prior approval of the RBI by surrendering the letter of authorization granted by the RBI and complying with the terms prescribed in this regard.

CERC issues Draft CERC (Power Market) (First Amendment) Regulations, 2025

The Central Electricity Regulatory Commission (“CERC”) has issued the Draft CERC (Power Market) (First Amendment) Regulations, 2025² (“Draft Power Market Amendment”) amending the CERC (Power Market) Regulations, 2021 (“Principal Power Market Regulations”) on 17.06.2025 and has invited comments/ suggestions/ objections from stakeholders by 14.07.2025.

The key highlights of the Draft Power Market Amendment are as follows:

- i. Definitions for ‘Connectivity and GNA Regulations’, ‘Designated Consumer’, ‘OTC Guidelines’, ‘Virtual Power Purchase Agreement (“VPPA”)’, and ‘VPPA Price’ have been introduced, and certain existing definitions have been revised.
- ii. The scope of over the counter (“OTC”) market contracts has been expanded to include delivery-based energy contracts, capacity contracts, renewable energy certificates, VPPAs, battery energy storage system contracts, banking of power, and other contracts as approved by the CERC.
- iii. OTC platforms shall facilitate transactions of the types of contracts listed in Regulation 4(2).
- iv. The minimum net worth of applicant seeking registration of OTC platform, has been increased to INR 35 Crores. Further, the validity period of registration has been increased to 10 years.

² [Draft CERC \(Power Market\) \(First Amendment\) Regulations, 2025.](#)

- v. CERC has been enabled with power of inspection, inquiry, or audit of OTC platforms through its officers or third-party agencies, with binding cooperation obligations.

SEBI's board meeting focused on optimizing regulations for ease of doing business

The Securities and Exchange Board of India ("SEBI") convened its 210th Board Meeting on 18.06.2025, in Mumbai, where amendments to the existing SEBI regulations were approved, as detailed in Press Release PR No. 33/2025³. Key decisions include:

- i. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR") Amendments – Ease of Doing Business Measures:
 - a. the one-year minimum holding period exemption for Offer for Sale eligibility to equity shares arising from conversion of fully paid-up Compulsorily Convertible Securities ("CCS") received under approved schemes will be extended. Previously, this exemption was limited only to equity shares directly acquired under such schemes, creating barriers for certain investors in public issues.
 - b. 'Relevant persons' under ICDR are now permitted to contribute equity shares arising from CCS conversion toward minimum promoter contribution ("MPC") requirements. Earlier, while promoters could use such converted shares for MPC, relevant persons lacked this flexibility.
 - c. Founders classified as promoters to retain and exercise share-based benefits (including ESOPs) received at least one year before filing the Draft Red Herring Prospectus, even post-Initial Public Offering (IPO). The existing regulation mandated complete liquidation of such benefits before going public, creating hardship for founder-promoters.
 - d. These approvals support companies undertaking reverse flipping (shifting incorporation from foreign to Indian jurisdiction) and provide greater flexibility for founder-promoters regarding share-based compensation structures.
- ii. The Social Stock Exchange framework will be broadened to include trusts under the Indian Registration Act, 1908, charitable societies under state registration statutes, and Section 25 companies under the erstwhile Companies Act 1956 as not-for-profit organizations ("NPO"). Social impact assessment organization require empanelment with professional bodies (ICAI/ICSI/ICMAI) and mandating at least two full-time social impact assessors with 3+ years of experience. Additionally, NPO must now raise funds

within two years of registration (failing which registration lapses), and eligible activities have been aligned with Schedule VII of the Companies Act, 2013 for CSR activities.

- iii. SEBI has relaxed the earlier requirement mandating separate legal entities for unregulated activities. Merchant Bankers can now undertake activities regulated by other financial sector regulators or unregulated fee-based financial services within the same entity, subject to SEBI-specified conditions. A two-tier categorization, i.e., Category 1 (INR 50 crore net worth, all activities) and Category 2 (INR 10 crore net worth, excluding main board equity issues) is introduced, with specific revenue thresholds and liquid net worth requirements of 25% of minimum net worth.
- iv. SEBI has relaxed the hiving-off requirement, allowing Debenture Trustees ("DTs") to conduct unregulated activities within the same entity under specified conditions. Changes include insertion of specific rights for DTs and corresponding issuer obligations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provision for standardized model debenture trust deed formats to ensure uniformity, and clarification of recovery expense fund utilization guidelines to address reimbursement difficulties faced by DTs.
- v. SEBI facilitates operational efficiency by allowing related parties of sponsors who are qualified institutional buyers to be classified as "public" unitholders, enabling HoldCos to adjust their negative cash flows against SPV cash flows before distribution to REITs/InvITs (previously required 100% distribution), aligning various report submission timelines with financial results deadlines, and reducing minimum allotment lot for privately placed InvITs to INR 25 lakhs in primary market to match secondary market trading lots.
- vi. SEBI has approved co-investment schemes within Alternative Investment Funds ("AIF") structure as an alternative to the existing portfolio management services (PMS) route, allowing Category I & II AIFs to offer co-investment opportunities to their accredited investors (AIs) in the same unlisted companies where the main AIF scheme invests. This addresses operational issues like dual registration requirements and excessive shareholder management for investee companies. Additionally, the framework would mandate that angel fund investors must be AIs (with independent verification), while grandfathering existing non-AI investments with a one-year transition period.
- vii. For angel funds, investment limits are revised from INR 25 lakh – INR 10 crore to INR 10 lakh – INR 25 crore

³ SEBI Board Meeting Outcomes.

- per investee company, removing the 25% concentration limit, allowing contributions from more than 200 AIs, and permitting follow-on investments in companies that are no longer start-ups, while maintaining fairness through mandatory offer of each opportunity to all investors and requiring minimum sponsor/manager continuing interest.
- viii. Portfolio managers can now issue disclosure documents through SEBI circulars instead of gazette notifications, with restructured dynamic and static sections for operational convenience.
 - ix. A one-time settlement scheme will be introduced for migrated Venture Capital Funds (VCFs) facing winding-up delays, with settlement amounts ranging INR 1 lakhs to INR 6 lakhs plus annual delay penalties.
 - x. Investment advisors and research advisors can now use liquid mutual funds and overnight funds as alternatives to bank fixed deposits for regulatory compliance, addressing operational difficulties in fixed deposit account opening and lien marking procedures.

RBI (Project Finance) Directions, 2025

The RBI has released the RBI (Project Finance) Directions, 2025 ("Directions") bearing notification no. RBI/2025-26/59 dated 19.06.2025⁴ to provide a harmonized framework for financing of projects in infrastructure and non-infrastructure sectors (including commercial real estate ("CRE") and CRE-residential housing ("CRE-RH")) by regulated entities and lay down the revised regulatory treatment of projects upon change in the Date of Commencement of Commercial Operation ("DCCO"). These Directions shall come into effect on 01.10.2025 ("Effective Date").

The salient features of these Directions are as follows:

- i. **Scheme:** The Directions provide for a scheme of anticipatory risk control by disciplining project risk before it becomes a default by building automatic risk governance provisions indexed to the occurrence of credit events into the capital structure instead of only post facto damage control measures indexed to defaults.
- ii. **Inclusion of all NBFCs:** The Directions are applicable to all commercial banks (excluding payments bank, local area banks, and regional rural banks), NBFCs, primary (urban) cooperative banks, and all India financial institutions. The Directions have rectified the regulatory arbitrage in project finance by NBFCs and closed the probability of informal practices and grey-zone structures.
- iii. **Exclusions:** The Directions exclude projects that have achieved financial closure before the Effective Date, unless a resolution of a fresh credit event and/or change in material terms and conditions of the loan agreement is required, after the Effective Date.
- iv. **Definition of Project Finance:** The Directions provide that for a loan to qualify as project finance, at least 51% (fifty-one percent) of the source of repayment should comprise cash flow generated from the project, and the lenders should have a common agreement with the debtor.
- v. **Project Finance Phases:** The Directions have structured the project finance lifecycle into three phases, namely the design phase (from project genesis to financial closure), the construction phase (from financial closure until DCCO), and the operational phase (from DCCO until full repayment).
- vi. **Minimum exposure requirement:** The Directions provide that in case of project finance through consortiums/ multiple lending arrangements, the exposure floor for each lender in case of facilities up to INR 1500 Crores shall be at least 10% of the aggregate exposure of the project and in case of facilities of more than INR 1500 crores, the exposure floor per lender shall be either INR 150 Crores or 5% of the aggregate exposure, whichever is higher.
- vii. **Monitoring:** The Directions require that the lenders shall monitor the performance of the project and buildup of stress on an ongoing basis through project specific databases and report stress signals in construction phase projects on a weekly basis to the Central Repository of Information on Large Credit (CRILC) and conduct a review within 30 (thirty) days if a credit event is spotted and initiate a resolution plan well in advance.
- viii. **Restructuring Mechanism:** The Directions provide for a framework of resolution plans involving extensions of DCCO by up to 3 (three) years for infrastructure projects and up to 2 (two) years for non-infrastructure sector in addition to the collective resolution mechanisms provided under Prudential Framework for Resolution of Stressed Assets, 2019, as amended from time to time.
- ix. **Cost overruns:** The Directions provide that cost overruns of up to a maximum of 10% of the original project cost resulting from the extension of DCCO may be financed through the standby credit facility sanctioned during financial closure or additional funding as part of a resolution plan, provided the financial parameters of the borrower remain unchanged or enhanced in favour of the lender along with other specified conditions.

⁴ RBI (Project Finance) Directions, 2025.

- x. **Change in Scope and Size:** The Directions also provide for DCCO extension in case of a change in scope and size of the project where the resultant rise in project cost is 25% or more of the original project cost, subject to specified conditions.
- xi. **Provisioning Requirements:** The Directions provide clear provisioning norms for standard assets for both construction and operational phase projects in CRE, CRE-RH and all other sectors.
- xii. **Disclosures:** The Directions require the lenders to make appropriate disclosures in their financial statements, as per format of 'Notes to Account' specified in the Directions.

CERC issues CERC (Deviation Settlement Mechanism and Related Matters) (Second Amendment) Regulations, 2025

CERC by its notification dated 25.06.2025 issued the CERC (Deviation Settlement Mechanism and Related Matters) (Second Amendment) Regulations, 2025 ("Second Amendment Regulations")⁵ amending the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 ("Principal DSM Regulations"), with effect from 01.07.2025.

Regulation 8(8) of the Principal DSM Regulations has been amended to include charges for the injection of infirm power, which were previously zero as under:

- i. In case of thermal generating stations, the infirm power injected into the grid from the date of first synchronization of the unit up to the successful completion of the trial run shall be paid @ normal rate of charges for deviations for each time block, subject to a ceiling of INR 2.86/kWh.
- ii. If infirm power is scheduled after a successful trial run as specified in the Grid Code, the charges for deviation over the scheduled infirm power shall be as applicable.
- iii. If the grid frequency is above 50.05 Hz, then no payment will be made for infirm power injection or extra power injected beyond the scheduled infirm power after successful trial run.

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

CERC by its notification dated 26.06.2025 issued the CERC (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2025 ("ISTS

Amendment")⁶, amending the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("ISTS Regulations") with effect from date of publication in the official Gazette.

The key highlights of the ISTS Amendment are as follows:

- i. Proviso to Regulation 9(8) has been amended to provide that drawee Designated ISTS Consumers ("DICs"), other than the distribution licensees of the State, which are located within the State control area and have obtained separate General Network Access ("GNA") not included within the GNA of the State distribution licensees, shall be apportioned a share of the aggregate AC- Usage Based Component ("UBC") charges for the State in proportion to their respective GNA.
- ii. A proviso has been added to Regulation 12 which states that if a generating station is connected to both the inter-state and intra-state transmission systems, its transmission deviation will be calculated as net metered ex-bus injection that exceeds the total of its approved access to both systems—i.e., the GNA to the inter-state transmission system ("ISTS") and the access granted by the State Transmission Utility ("STU").
- iii. Waiver of transmission charges for use of ISTS shall be now applicable on Renewable Energy Generating Station ("REGS") based on offshore wind in addition to REGS or Renewable Hybrid Generating Station ("RHGS"), Energy Storage System ("ESS") charged with energy sourced from REGS or RHGS and generation based on hydro power sources. Further, waiver of transmission charges for Battery ESS, hydro generating stations, REGS based on offshore wind, green hydrogen or green ammonia plant has been revised and has been attached as Annexure-1.
- iv. New clause (h) has been added to Regulation 13 which states that a REGS (wind/solar), RHGS (wind-solar hybrid), or Battery ESS eligible for transmission charge waiver under Regulation 13(2), with scheduled date of commercial operation ("SCOD") on or before 30.06.2025, shall retain waiver eligibility if commercial operation date ("COD") is delayed due to Force Majeure or reasons not attributable to the project, and is achieved within the extended period. Such extension may be granted up to six months at a time, for a maximum of two times beyond 30.06.2025, by Renewable Energy Implementing Agency ("REIA") or a distribution licensee or an authorized agency as provided for under the relevant Power Purchase Agreement ("PPA") which has been entered into consequent to a competitive bidding process.

⁵ [CERC \(Deviation Settlement Mechanism and Related Matters\) \(Second Amendment\) Regulations, 2025.](#)

⁶ [CERC \(Sharing of Inter-State Transmission Charges and Losses\) \(Fourth Amendment\) Regulations, 2025.](#)

- v. New clauses (14) and (15) have been added under Regulation 13 which state that Transmission System Availability Factor of a transmission system or an element shall be calculated as specified in the relevant tariff regulations. Further, for billing of ISTS waiver where the Yearly Transmission Charges (“YTC”) of corresponding elements are not available, the same shall be worked out and provided by the Central Transmission Utility, apportioning YTC approved by the CERC for the integrated project, based on indicative capital cost.

SEBI extends application of portfolio balancing timelines to passive breaches in mutual fund schemes

SEBI by way of circular no. SEBI/HO/IMD/PoD2/P/CIR/2025/92 dated 26.06.2025 (“Circular”)⁷, has reinforced the prudential norms for mutual funds, emphasizing uniform timelines for addressing all types of passive breaches in portfolio construction, as outlined in Master Circular for Mutual Funds (“Master Circular”). This Circular is issued in exercise of the powers conferred under Section 11(1) of the SEBI Act, 1992, read with Regulation 77 of SEBI (Mutual Funds) Regulations, 1996.

The Circular clarifies that mutual funds must adhere to the prescribed timelines for rebalancing portfolios in the event of deviations from the mandated asset allocation specified in the Scheme Information Document (SDI) due to passive breaches. All types of passive breaches, which occur due to factors beyond the control of Asset Management Companies (AMCs), such as corporate actions, significant price movements in underlying securities, maturity of securities, or large redemptions etc., are now subject to the same regulatory timelines as active breaches.

GOVERNMENT NOTIFICATIONS

MEITY releases business requirement document for consent management under the DPDP Act, 2023

The National e-Governance Division of the Ministry of Electronics and Information Technology (“MeitY”) has released the business requirement document (“BRD”) for consent management under the Digital Personal Data Protection Act, 2023 (“DPDP Act”)⁸. The BRD has been issued as part of the MeitY’s ‘Code for Consent: The DPDP Innovation Challenge’ wherein, Indian tech startups and organizations had been invited to develop modular consent

management systems (“CMS”) that can be integrated into existing platforms/applications by data fiduciaries.

The BRD seeks to define the functional requirements of a CMS and its objectives which are: (i) enabling comprehensive consent lifecycle management, (ii) empowering data principals to exercise their data rights, and (iii) ensuring compliance with the DPDP Act and Rules.

As per the BRD, the consent management lifecycle comprises of five categories: (i) consent collection, (ii) consent validation, (iii) consent update, (iv) consent renewal, and (v) consent withdrawal. Other key elements of the BRD include a user dashboard allowing users to view consent history, modify or revoke consent, raise grievances or data requests, cookie consent management and audit logs for a secure and transparent CMS.

MoP issues Guidelines for designating a Company as Renewable Energy Implementing Agency

The Ministry of Power (“MoP”), by its office memorandum dated 09.06.2025, notified on 25.06.2025, has issued guidelines for designating a company as Renewable Energy Implementing Agency (“REIA”) (“REIA Guidelines”)⁹ which are applicable prospectively to companies seeking REIA designation. However, entities already designated as REIAs, such as Solar Energy Corporation of India (“SECI”), NTPC Ltd., NHPC Ltd., and SJVN Ltd., shall continue to function as REIAs as per earlier orders of the Central Government. A company shall be designated as REIA for a period of 5 years at a time, subject to termination by the Central Government.

The salient features of the REIA Guidelines are as follows:

- i. Eligibility Criteria:
 - a. The applicant must be an Indian company registered under the Companies Act, 2013 and hold a valid Category-I electricity trading license issued by CERC.
 - b. The company should demonstrate a net worth of over INR 500 Crores (comprising of subscribed capital and reserves, excluding revaluation reserves), and a long-term credit rating of ‘A’ or above.
- ii. Other Terms and Conditions:
 - a. REIAs must adhere to the prescribed procurement process under Section 63 of the Electricity Act, 2003, as amended from time to time.
 - b. Procurement by REIAs must be exclusively through e-bidding platforms prescribed by CERC. In their

⁷ [SEBI extends application of portfolio balancing timelines to passive breaches in mutual fund schemes.](#)

⁸ [BRD for Consent Management under the DPDP Act, 2023.](#)

⁹ [Guidelines for designating a company as REIA.](#)

absence, existing secure and proven e-procurement platforms may be used.

- c. In a bidding process carried out by REIA, its own subsidiaries or group companies are not allowed to participate as bidder.
- d. In case of change in ownership or corporate restructuring of the REIA, the REIA must maintain the eligibility criteria post-change.

MoP issues Draft Amendment to the Guidelines for TBCB process for procurement of power from grid connected power projects

MoP by its notification dated 25.06.2025, has issued a draft amendment to the guidelines for Tariff Based Competitive Bidding ("TBCB") process for procurement of power from Grid Connected (i) Solar Power Projects (ii) Wind Power Projects (iii) Wind Solar Hybrid Projects and (iv) Firm and Dispatchable Power from Grid connected Renewable Energy ("FDRE") with Energy Storage Systems ("ESS"), and invited comments from stakeholders by 09.07.2025¹⁰.

The salient features of the draft amendment are as follows:

- i. A new proviso has been added across all guidelines which states that in case of procurement of power by a Distribution Company ("DISCOM") is through an Intermediary Procurer ("IP"), the DISCOM shall obtain the approval of the Appropriate Commission within 30 days of signing of the Power Sale Agreement ("PSA").
- ii. The mechanism for tariff adoption/PSA approval has been revised across all guidelines. The revised clause states that if the Appropriate Commission does not issue its decision within 120 days from the date of submission of the application in all respects, the procurer shall mandatorily grant a corresponding extension of the Scheduled Commercial Start Date ("SCSD"). Furthermore, in situations where both tariff adoption and PSA approval are delayed, the greater of the two delays shall determine the length of such extension.
- iii. The Performance Bank Guarantee ("PBG") to be submitted at the time of signing the PPA shall not be less than 3% (earlier 5%) of the estimated project cost for the financial year in which the bids are invited.

MCA issues public notice to invite comments on draft Companies (Meetings of Board and its Powers) Amendment Rules, 2025

The Ministry of Corporate Affairs ("MCA") has issued a Public Notice bearing no. 1/32/2013-CLV(Part) dated 26.06.2025 inviting comments on the draft Companies

(Meetings of Board and its Powers) Amendment Rules, 2025 issued by MCA on 26.06.2025 ("Draft Amendment Rules")¹¹ to amend the Companies (Meetings of Board and its Powers) Rules, 2014 ("Principal Rules"). Stakeholders are invited to submit their suggestions/comments on the Draft Amendment Rules, along with a brief justification, on or before 17.07.2025 via the e-consultation module available on the MCA website.

Currently, as per Section 186(11)(a) of the Companies Act, 2013 ("Act") read with Rule 11(2) of the Principal Rules, the Non-Banking Financial Companies ("NBFCs") registered with the Reserve Bank of India ("RBI") and engaged in the business of giving loans or providing guarantee/security for due repayment of loan availed by any person in the ordinary course of business, are exempt from the requirements of Section 186 (except sub-section (1) of such section) of the Act.

As per the Draft Amendment Rules, Rule 11(2) of the Principal Rules has been amended to include "Finance Companies" registered with International Financial Services Centres Authority ("IFSCA") within the scope of such Rule 11(2), so that relaxation available with NBFCs registered with RBI is available to such Finance Companies also. This is aimed at providing ease of doing business for the Finance Companies in the IFSC jurisdiction.

JUDICIAL PRONOUNCEMENTS

High Court of Delhi Clarifies Enforceability of Post-Termination Non-Compete Clauses

The High Court of Delhi, through its judgment dated 25.06.2025 in the matter of *Varun Tyagi vs. Daffodil Software Private Limited*¹² deliberated on the enforceability of post-termination, non-solicitation and non-compete clauses in employment agreements. Varun Tyagi ("Appellant") challenged an interim injunction that restrained him from working with Digital India Corporation ("DIC") and National E-Governance Division ("NeGD") until the final disposal of a suit filed by the Daffodil Software Private Limited ("Respondent").

The High Court held that any term within an employment contract that restricts an employee's right to gain employment post-termination of the contract is void, as it contravenes Section 27 of the Indian Contract Act, 1872 ("ICA"). It was determined that the limited injunction sought by the Respondent, even if confined to specific entities like DIC and NeGD, constituted a restraint of trade and was therefore void. The Court clarified that negative covenants post-termination is generally enforceable only to safeguard

¹⁰ [Draft Amendment to TBCB Guidelines.](#)

¹¹ [Draft Companies \(Meetings of Board and its Powers\) Amendment Rules, 2025.](#)

¹² FAO 167/2025 & CM APPL. 36613/2025.

confidential and proprietary information of the employer or to restrain the solicitation of clients, not to prevent the employee from undertaking any new employment. It was further observed that an employer cannot, under the guise of protecting confidentiality, perpetuate forced employment, emphasizing that an employee's freedom to change employment for better service conditions is a fundamental right that cannot be curtailed. Consequently, the High Court allowed the appeal, thereby quashing and setting aside the impugned interim order.

High Court of Delhi upholds Dismissal of an application Under Order VII Rule 11 of CPC and Clarifies Applicability of Arbitration Clause

The High Court of Delhi in its judgment dated 25.06.2025 in *Din Dayal Agrawal HUF versus Capriso Finance Ltd.*¹³ upheld the order passed by the District Judge, Tis Hazari Courts in CS (Comm) No. 2242/2022 which had dismissed the Petitioner's application under Order VII Rule 11 of the Code of Civil Procedure, 1908 ("CPC") and closed the Petitioner's right to file a written statement.

In the present matter it was deliberated whether the mere existence of an arbitration clause in an agreement warrants the rejection of a plaint under Order VII Rule 11 CPC, particularly in the absence of a specific application under Section 8 of the Arbitration and Conciliation Act, 1996 ("A&C Act"). Furthermore, the case involved an analysis of the mandatory or directory nature of the timelines for filing a written statement under Order VIII Rule 1 CPC.

The Court held that the mere existence of an arbitration clause does not constitute a ground for rejecting a plaint under Order VII Rule 11 CPC unless an application specifically seeking referral to arbitration under Section 8 of the A&C Act is filed. Lastly, the Court upheld the closure of the Petitioner's right to file a written statement, noting that while the prescribed period for ordinary suits is directory, the Petitioner failed to provide any sufficient cause or even file an application for condonation of delay.

The High Court of Calcutta held that impleadment of an Arbitrator is not permissible under Section 36(2) of the A&C Act without prima facie case of fraud or corruption.

The High Court of Calcutta, through its judgement dated 19.06.2025 in *West Bengal Industrial Development Corporation Ltd. v. Tata Motors Ltd.*,¹⁴ dismissed the award-debtor's interlocutory application seeking impleadment of the presiding arbitrator in a proceeding under Section 36(2) of the A&C Act.

The present interlocutory application was preferred by the award debtor alleging that the conduct of the arbitrator demonstrated bias and the award was in conflict with the public policy of India. The award-holder opposed the application on the ground that bias was not a ground falling within the scope of Section 36(3) of the A&C Act and that no prima facie case of fraud or corruption had been made out.

The Court observed that the impleadment could only follow a threshold finding under Section 36(3) of the A&C Act and underscored that it must first be satisfied that a prima facie case of fraud or corruption exists, and only thereafter can the issue of impleadment arise. The Court further held that the argument that bias is an element of fraud is also not within the scope of adjudication of the application. Accordingly, the application was dismissed.

NCLT held that NeSL Certificate not mandatory if debt and default are established through other reliable evidence

The National Company Law Tribunal ("NCLT"), Mumbai Bench, through its order dated 17.06.2025 in *Canara Bank v. M/s Syska E-Retails LLP*,¹⁵ admitted an application under Section 7 of IBC, holding that absence of a NeSL certificate is not a bar where debt and default are otherwise proven through documentary evidence.

The Corporate Debtor opposed the Section 7 application, citing lack of proper authorisation under the Power of Attorney ("PoA"), discrepancies in claim amounts, inconsistencies in NeSL records, and pendency of an OTS proposal. It was also contended that NeSL certificate for four loan accounts was missing.

NCLT, while rejecting the objections, held that the PoA, authorised the signatory to initiate insolvency proceedings. While NeSL certificate reflected default in only one account, other accounts were adequately supported by agreements, account statements, and the recall notice. It held that default was clearly evidenced, even in the absence of NeSL entries for all accounts and further the petition being within limitation. Further, the NCLT while relying on *M. Suresh Kumar Reddy v. Canara Bank*¹⁶, held that where financial debt and default are established, admission under Section 7 is mandatory. Accordingly, CIRP was initiated against the Corporate Debtor.

¹³ CM(M) 2008/2024 & CM APPL. 12962/2024

¹⁴ IA No. GA No. 1 of 2025 in AP-COM/88/2024

¹⁵ CP(IB)No. 548/MB/2024.

¹⁶ (2023) 8 SCC 387.

ANNEXURE-1**REGS or RHGS:**

Category	Period of COD	Number of years from COD	% of drawal Schedule from identified generating station
REGS based on wind or solar source or RHGS based wind and solar source	On or before 30.6.2025	25 years	100
	1.7.2025 to 30.6.2026	25 years	75
	1.7.2026 to 30.6.2027	25 years	50
	1.7.2027 to 30.6.2028	25 years	25
	After 30.6.2028	-	0

Battery ESS:

Category	Period of COD	Number of years from COD	% of drawal Schedule for drawee DIC when seller is ESS
Battery ESS connected at a substation where REGS is connected and is charged from such REGS	On or before 30.6.2028	12 years	100
Battery ESS connected at a substation where no REGS is connected or Battery ESS connected at a substation where REGS is connected but Battery ESS is charged from Grid or source other than REGS or any other battery ESS not covered under S.No.1 of this Table.	On or before 30.6.2025	12 years	100
	1.7.2025 to 30.6.2026	12 years	75
	1.7.2026 to 30.6.2027	12 years	50
	1.7.2027 to 30.6.2028	12 years	25
	After 30.6.2028	NA	0

Hydro Generating Stations:

Date of signing of PPA and award of construction work	Number of years from COD	% of drawal Schedule from the hydro generating station
On or after 1.12.2022 and On or before 30.6.2025	18 years	100%
1.7.2025 to 30.6.2026	18 years	75
1.7.2026 to 30.6.2027	18 years	50
1.7.2027 to 30.6.2028	18 years	25
After 30.6.2028	NA	0

REGS based on Offshore Wind:

Period of COD	Number of years from COD	% of drawal Schedule from offshore wind generating station
On or before 31.12.2032	25 years	100
01.01.2033 to 31.12.2033	25 years	75
01.01.2034 to 31.12.2034	25 years	50
01.01.2035 to 31.12.2035	25 years	25
After 31.12.2035	NA	0

Green Hydrogen or Green Ammonia Plant as a drawee DIC:

Period of COD	Number of years from COD	% of drawal Schedule for such plants as a drawee DIC
Upto 31.12.2030	25 years	100
01.01.2031 to 31.12.2031	25 years	75
01.01.2032 to 31.12.2032	25 years	50
01.01.2033 to 31.12.2033	25 years	25
After 01.01.2034	NA	0

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.



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