

SAGUS SPEAKS



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

REGULATORY AND POLICY UPDATES

SEBI amends SEBI (InvIT) Regulations, 2014

The Securities Exchange Board of India (“SEBI”), by notification dated 16.04.2026¹, has notified the SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2026 (“InvIT Amendment Regulations”) amending the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”).

The key amendments introduced in the InvIT Amendment Regulations are:

- (i) Lower credit risk value of liquid mutual funds: mutual funds which qualify as liquid assets under the InvIT regulations now include units of liquid

mutual fund schemes where credit risk value is at least 10 and which falls under the Class A-I or Class B-I in the potential risk class matrix as specified by SEBI. Additionally, investment norms under regulation 18 are also updated, lowering the credit risk value for units of liquid mutual funds from 12 to 10 and which now include Class B-1 liquid mutual funds

- (ii) Clarification on SPV status after termination of concession agreement: The InvIT Amendment Regulations clarify that the conclusion or termination of the concession agreement of a special purpose vehicle (“SPV”) holding an infrastructure project shall not affect its status as an SPV and such an SPV shall continue to be classified as an SPV subject to the fulfilment of such

¹ [SEBI \(Infrastructure Investment Trusts\) \(Amendment\) Regulations, 2026](#)

conditions as may be specified by SEBI. Hence, a new sub-clause (ix) has been inserted under Regulation 18(5)(b) permitting investment in such SPVs as part of the twenty per cent permissible investment bucket available to publicly offered InvITs under Regulation 18(5)(b).

- (iii) Power to SEBI for determining purpose for raising funds: If the aggregate consolidated borrowings and deferred payments of the Infrastructure Investment Trust (“InvIT”), holding company and the SPV(s), exceed twenty five per cent of the value of the InvIT assets, for any further borrowing above forty nine percent, SEBI can determine purposes, other than for acquisition or development of infrastructure projects as already allowed, for which such funds can be utilized.

The provisions of the InvIT Amendment Regulations have come into force on 17.04.2026.

SEBI amends Alternative Investment Funds Regulations, 2012.

SEBI, by notification dated 16.04.2026², has notified the SEBI (Alternative Investment Fund) (Amendment) Regulations, 2026 (“AIF Amendment Regulations”) amending the SEBI (Alternate Investment Funds) Regulations, 2012 (“AIF Regulations”).

The key amendments introduced in the AIF Amendment Regulations are:

- (i) The minimum value of investment by an individual investor in an alternate investment fund (“AIF”) which is a social impact fund which invests only in securities of not-for-profit organizations registered or listed on a social stock exchange has been reduced to INR 1,000 from INR 2,00,000; and
- (ii) An AIF can now be tagged as an inoperative fund, in such manner and subject to conditions as may be specified by SEBI from time to time.

The provisions of the AIF Amendment Regulations have come into force on 18.04.2026.

SEBI amends Real Estate Investment Trusts Regulations, 2014.

SEBI, by notification dated 16.04.2026³, has notified the SEBI (Real Estate Investment Trusts) (Amendment)

Regulations, 2026 (“REIT Amendment Regulations”) amending the SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”).

The REIT Amendment Regulations have lowered the credit risk value of liquid mutual funds. Mutual funds which qualify as liquid assets under the REIT regulations now include units of liquid mutual fund schemes where credit risk value is at least 10 instead of 12 and which falls under Class A-I or Class B-I in the potential risk class matrix as specified by SEBI. Additionally, investment norms under Regulation 18 have also been updated, lowering the credit risk value for units of liquid mutual funds under Sub-regulation (5) (i) from 12 to 10 and now also include Class B-1 liquid mutual funds.

The provisions of the REIT Amendment Regulations have come into force on 18.04.2026.

RBI notifies Digital Payments – E-mandate Framework, 2026.

The Reserve Bank of India (“RBI”), by notification dated 21.04.2026⁴, has notified the Digital Payments – E-mandate Framework, 2026 (“DP Directions”) to consolidate all circulars pertaining to e-mandates.

The salient features of the DP Directions are as follows:

- (i) Applicability: The DP Directions shall be applicable to all payment system providers and payment system participants in respect of processing of recurring transactions, whether domestic or cross-border, using cards, prepaid payment instruments, and unified payments interface.
- (ii) Registration and revocation of e-mandate: A customer opting for the e-mandate facility shall complete a one-time registration process, which shall be validated through additional factor of authentication (“AFA”), in addition to the normal process required by issuer. The issuer shall specify the validity period of every e-mandate and shall provide the customer with a facility to modify or withdraw the e-mandate at any time. The issuer shall communicate such facility at the time of registration. The e-mandate may be registered for a fixed amount or a variable amount subject to the cap prescribed by RBI. In case of variable e-mandates, the issuer shall provide a facility to specify the maximum transaction value. The issuer shall provide the customer with a facility to choose or

² [SEBI \(Alternative Investment Fund\) \(Amendment\) Regulations, 2026](#)

³ [SEBI \(Real Estate Investment Trusts\) \(Amendment\) Regulations, 2026](#)

⁴ [Digital Payments – E-mandate Framework, 2026](#)

change the mode of receiving pre-transaction notifications. Any modification or withdrawal of an existing e-mandate shall require AFA validation.

- (iii) **Processing of transactions:** The first transaction under an e-mandate requires AFA validation, which may be combined with registration if processed simultaneously. Subsequent recurring transactions are governed solely by the terms of the mandate and are not subject to any additional customer-imposed limits or controls.
- (iv) **Notification:** Issuers are required to send a pre-transaction notification to customers at least 24 hours before a charge/debit, with details specified in the DP Directions. Customers must be provided with an option to opt out of any transaction or the e-mandate, validated through AFA, with confirmation of such opt-out. However, pre-transaction notification requirement does not apply to e-mandates for auto-replenishment of FASTag and National Common Mobility Card. The issuer shall also send a post-transaction notification containing details specified in the DP Directions.

In addition to the above provisions, recurring transactions of up to INR 15,000 may be processed without AFA, while transactions above INR 15,000 will be subject to AFA. Payments for insurance premiums, mutual fund subscriptions, and credit card bills of up to INR 1,00,000 are exempt from AFA. Issuers must maintain a robust dispute redressal system, with RBI guidelines on limiting customer liability for unauthorised transactions applying to e-mandates. Additionally, issuers cannot charge customers for using the e-mandate facility. Existing mandates may be linked to reissued cards. Acquirers must ensure merchant compliance with DP Directions.

The DP Directions have come into force with effect from 21.04.2026.

RBI notifies Reserve Bank of India (Commercial Banks – Asset Classification, Provisioning and Income Recognition) Directions, 2026

RBI, by notification dated 27.04.2026⁵, has notified the RBI (Commercial Banks – Asset Classification, Provisioning and Income Recognition) Directions, 2026 (“Asset Master Directions”).

The salient features of the Asset Master Directions are as follows:

- (i) **Applicability:** The Asset Master Directions apply to ‘Commercial Banks’, i.e., banking companies (other than Small Finance Banks, Payments Banks and Local Area Banks), corresponding new banks and the State Bank of India, as defined in the Banking Regulation Act, 1949
- (ii) **Expected Credit Loss framework:** Earlier, provisioning was based on an “incurred loss” approach. Under the Asset Master Directions, the Expected Credit Loss (“ECL”) framework requires banks, at every reporting date, to estimate the credit losses they expect to incur in future on each in-scope financial instrument, with ECL being a probability-weighted average of credit losses across different scenarios that incorporate historical experience and forward-looking information, including macroeconomic conditions.
- (iii) **ECL stagewise Asset grouping:** Every asset under the scope of the Asset Master Directions is assigned to one of the following three stages based on the changes in credit risk since initial recognition and whether it is credit-impaired at the reporting date:
 - (a) Stage 1 covers assets that have not experienced a significant increase in credit risk since its origin, for which ECL from possible default events over the next twelve months are recognised;
 - (b) Stage 2 covers assets where credit risk has increased significantly since its origin but which are not yet credit-impaired, for which ECL over the entire remaining life are recognised;
 - (c) Stage 3 covers credit-impaired assets, for which lifetime ECL are recognised along with stricter income-recognition norms. A central feature is the “significant increase in credit risk” threshold, i.e., unless rebutted with robust, well-documented evidence, a payment more than thirty days past due is presumed to indicate such an increase and triggers movement from Stage 1 to Stage 2.
- (iv) **Applicability of ECL on debt:** ECL framework applies to loans, all qualifying debt securities not measured at fair value through profit or loss, trade receivables, lease receivables, loan commitments (including undrawn portions), financial guarantee contracts and other off-balance-sheet credit exposures that give rise to a contractual right to receive cash, while investments in subsidiaries, associates and joint ventures are expressly excluded.

⁵ [Reserve Bank of India \(Commercial Banks - Asset Classification, Provisioning and Income Recognition\) Directions, 2026](#)

- (v) **Effective Interest Rate:** The Asset Master Directions mandate that, for financial instruments originating or invested on or after 01.04.2027, ECL must be computed using the Effective Interest Rate (“EIR”), i.e., the rate that exactly discounts estimated future cash flows through the expected life of the instrument to the gross carrying amount of a financial asset, determined at initial recognition, and for credit-impaired assets ECL must be computed using a credit-adjusted EIR. For opening ECL as on 01.04.2027, which shall be based on the balance sheet as on 31.03.2027, banks may, as a transitional measure, use the contractual interest rate as the discount factor, but ECL computation for all such outstanding loans must completely migrate to the EIR regime by 31.03.2030.

The Asset Master Directions shall come into force on 01.04.2027.

GOVERNMENT NOTIFICATIONS

MCA issues Companies (Registration Offices and Fees) Amendment Rules, 2026.

The Ministry of Corporate Affairs (“MCA”), by notification dated 21.04.2026⁶, has issued the Companies (Registration Offices and Fees) Amendment Rules, 2026 (“Fees Amendment Rules”) to revise the fee structure under the Companies (Registration Offices and Fees) Rules, 2014. The Amendment Rules have introduced a revised fee framework in respect of filing of Form DIR-3 KYC Web under Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 (“Appointment Rules”).

Pursuant to the Fees Amendment Rules, no fee shall be payable where Form DIR-3 KYC Web is filed within the timeline prescribed under Rule 12A(1) of the Appointment Rules. However, in cases where the form is filed after the prescribed timeline, or where such filing is undertaken for the purpose of reactivation of a deactivated director identification number, a fee of INR 5,000 has been prescribed. Further, where Form DIR-3 KYC Web is filed subsequent to the initial filing for the purpose of updating or modifying particulars in accordance with Rule 12A(2) of the Appointment Rules, a fee of INR 500 shall be payable for each such filing.

The Fees Amendment Rules have come into force on 22.04.2026.

⁶ [Companies \(Registration Offices and Fees\) Amendment Rules, 2026](#)

JUDICIAL PRONOUNCEMENTS

Supreme Court reiterated that the venue of arbitration does not confer jurisdiction on the courts rather the seat of the arbitration does.

The Supreme Court, through its judgement dated 15.04.2026 in the matter of *J&K Economic Reconstruction Agency v Rash Bilders Indian Private Limited*⁷ reiterated that the venue of arbitration does not confer jurisdiction on the courts rather the seat of the arbitration does.

In the present matter, the seat of arbitration was designated as Srinagar, and the arbitration proceedings were held in New Delhi. A petition under Section 34 of the Arbitration and Conciliation Act, 1996 (“A&C Act”) was filed, challenging the arbitral award before the High Court of Srinagar, which was returned by the High Court stating that, since the arbitration proceedings were conducted and the award was rendered at New Delhi, the courts at New Delhi alone had jurisdiction.

The court held that once the seat of arbitration is fixed, it remains immutable unless altered by an express agreement. The court further held that venue is merely a geographical location chosen for convenience for holding hearings, examination of witnesses, or meetings of the arbitral tribunal. It does not confer jurisdiction and does not, by itself, alter or determine the seat.

Supreme Court holds that an arbitration clause using the term “can be settled by arbitration” does not constitute a valid arbitration agreement.

The Supreme Court through its judgement dated 17.04.2026 in the matter of *Nagreeka Indcon Products Private Limited v Cargocare Logistics (India) Private Limited*⁸ held that an arbitration clause using the term “can be settled by arbitration” does not constitute a valid arbitration agreement.

The court held that words used in the agreement should disclose a determination and obligation to go for arbitration and not only provide for the possibility of going to arbitration. When the words provide only a possibility, the same does not constitute a valid arbitration agreement. The word ‘can’ as ordinarily understood refers to “capability or factual possibility”. The use of word ‘can be settled by arbitration’ indicates merely the future possibility of referring disputes to arbitration and cannot be said to be binding arbitration agreement.

⁷ 2026 INSC 368

⁸ 2026 INSC 384

Supreme Court holds that a foreign judgement passed in a summary trial without considering contemporaneous evidence is in violation of Section 13 of the CPC and hence not enforceable in India.

The Supreme Court through its judgement dated 21.04.2026 in the matter of *Messer Griesheim GMBH (Now Called Air Liquide Deutschland GMBH) v Goyal MG Gases Private Limited*⁹ held that a judgement passed by a Foreign Court in a summary manner, by refusing to grant leave to defend, cannot be regarded as having been rendered on “merits” and is unenforceable under Section 13 of the Code of Civil Procedure, 1908 (“CPC”).

In the present matter a foreign judgement passed by the High Court of Justice, Queen’s Bench Division (“English Court”) was sought to be enforced in India. However, the foreign judgement was passed in a summary proceeding, without considering the contemporaneous documents produced before the court such as documents like balance sheets, minutes of meetings etc.

The court observed that the procedure adopted by the English Court denied fair and effective representation in the case, as the contemporaneous documents such as minutes of board meetings, balance sheets etc. carried statutory significance and were demonstrative of the fact that the facts of the case compelled deeper scrutiny. Therefore, the disposal of such a case in summary jurisdiction in presence of triable issues fell foul of the requirement of 13(b) CPC, which states that a foreign judgement must be rendered on merits.

Supreme Court holds that an unsuccessful party in arbitration may invoke Section 9 of the A&C Act to seek interim reliefs at the post-award stage.

The Supreme Court, through its judgement dated 24.04.2026 in the matter of *Home Care Retail Marts Private Limited v Haresh N. Sanghavi*¹⁰ held that any party to an arbitration agreement, including an unsuccessful party in arbitration, may invoke Section 9 of the A&C Act at the post-award stage.

The court observed that the expression ‘a party’ in Section 9 of the A&C Act, means ‘any party’ to the arbitration agreement and such interpretation cannot be restricted only to the successful party. It was stated that where a court declines to entertain an application under Section 9 A&C Act on the grounds that such party is unsuccessful party, there would be no forum available for

protection of the subject matter, even where the award under challenge is stayed and potentially liable to be set aside.

The court observed that the threshold for grant of interim relief under Section 9 of the A&C Act will be higher in the case where an unsuccessful party in arbitration has sought such relief. Further, it was noted that in rare and compelling cases, permitting the unsuccessful party to invoke Section 9 of the A&C Act would prevent irreparable prejudice and preserve the efficacy of the challenge.

Supreme Court reiterates that High Courts cannot examine the merits of a plea while deciding a writ petition filed under Article 227 of the Constitution of India, 1950.

The Supreme Court, through its judgement dated 24.04.2026 in the matter of *Vinay Raghunath Deshmukh v Natwarlal Shamji Gada and Another*¹¹ reiterated that it is not open for high courts to examine the merits of the plea while deciding a writ petition filed under Article 227 of the Constitution of India, 1950 (“Constitution”).

The court observed that the High Court erred in holding that the appellate bench of the small causes court committed an error while exercising jurisdiction under Order XLI Rule 25 of the CPC in referring the issue of *bona fide* requirement to trial court.

The court observed that instead of restricting its jurisdiction under Article 227 of the Constitution, the High Court erred in exercising its supervisory jurisdiction to act as appellate court to re-assess the subordinate court’s order on merits.

The court reiterated that the power of a high court under Article 227 of the Constitution is confined only to see whether an inferior court or tribunal has proceeded within the parameters of its jurisdiction and the high court does not act as an appellate court or tribunal which can review or reassess the evidence upon which the inferior court or tribunal has passed an order.

Supreme Court holds that admission of debt by a Resolution Professional does not amount to acknowledgment of liability under Article 18 of the Limitation Act, 1963 and the time period of earlier CIRP proceedings against a corporate debtor is to be excluded while computing the limitation period under Article 137 of the Limitation Act, 1963.

⁹ 2026 INSC 401

¹⁰ 2026 INSC 415

¹¹ 2026 INSC 416

The Supreme Court through its judgement dated 29.04.2026 in the matter of *Shankar Khandelwal v Omkara Asset Reconstruction Private Limited & Another*¹² held that the admission of debt by a Resolution Professional (“RP”) does not amount to acknowledgement of liability under Article 18 of the Limitation Act, 1963 (“Limitation Act”) & the time period of earlier Corporate Insolvency Resolution Process (“CIRP”) proceedings is to be excluded while computing the period of for calculation of limitation period under Article 137 of the Limitation Act.

In the present matter, the date of default for the debt availed by the Corporate Debtor (“CD”) from Dewan Housing Finance Limited (“DHFL”) was 06.12.2016. However, DHFL itself was admitted into CIRP on 03.12.2019. Thereafter, the resolution plan of Piramal Capital & Housing Finance Limited (“PCHFL”) was approved in the CIRP of DHFL on 07.06.2021 and PCHFL then assigned the loan availed by CD from DHFL to Omkara Asset Reconstruction Private Limited (“Omkara ARC”) on 10.01.2023. Meanwhile on 23.12.2021 the National Company Law Tribunal (“NCLT”) had admitted the CIRP against the CD and moratorium was imposed (“First CIRP”), however the First CIRP was terminated on the ground of fraudulent initiation of CIRP on 29.07.2024. Thereafter, Omkara ARC filed another application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“IBC”) on 23.09.2024.

The court held that, since the date of default for the CD was 06.12.2016, hence the limitation period for filing Section 7 IBC application against the CD would have ended on 06.12.2019. However, the period ranging from 03.12.2019 to 07.06.2021 (*when the resolution plan of PCHFL was approved in the CIRP of DHFL*), 15.03.2020 to 28.02.2022 (*Suo moto order by the Supreme Court excluding this period from limitation on account of Covid-19 pandemic*), and 23.12.2021 to 29.07.2024 (*time period of the First CIRP of the CD*) are to be excluded from the calculation of limitation.

The court also observed that the admission of debt by the RP in the First CIRP of the CD would not amount to acknowledgement of liability as the admission of a debt by a RP is merely an administrative/ clerical task performed as part of its statutory duties and therefore, the admission of a debt by a RP is merely recital/ reference of debt. The court noted that in any event, the limitation period can only be extended when the acknowledgement is made within limitation period and there is a conscious and unequivocal intention to admit a subsisting jural relationship and an existing liability.

¹² 2026 INSC 429

¹³ OP No. 1 of 2025

APTEL issues directions for liquidation of regulatory assets in a time-bound manner.

The Appellate Tribunal for Electricity (“APTEL”), *vide* judgement dated 20.04.2026 in OP No. 1 of 2025¹³ titled *In Suo-Moto action under Section 121 of the EA*, has exercised its powers, while ensuring compliance of the directions issued by the Supreme Court *vide* judgement dated 06.08.2025 in Writ Petition (C) 104 of 2014 & batch (“SC Judgement”).

APTEL, while examining the scope of its jurisdiction under Section 121 of the Electricity Act, 2003 (“Electricity Act”), observed that APTEL is empowered to issue such orders, instructions or directions to the appropriate commission as it may deem fit for the performance of its statutory functions under the Electricity Act. It was further observed that such power is supervisory in nature and is to ensure that the commissions act in accordance with the provisions of the Electricity Act, and the Rules & Regulations made thereunder.

In reference to the issue of audit, APTEL held that the direction issued by DERC for conduct of “strict and intensive audit” of DISCOMs through the Comptroller and Auditor General (“CAG”) is not in consonance with the statutory provisions governing the role of CAG. Accordingly, APTEL while setting aside the order of DERC *qua* audit by CAG directed DERC to appoint an independent auditor for carrying out the audit exercise.

Further, with regards to the issue of liquidation of regulatory assets, APTEL noted that even in the absence of any true up order for the FY 2023-24 there is no impediment before DERC in starting recovery of regulatory assets. Further, it was observed that the delay in liquidation of regulatory assets by DERC is leading to increase in the amount of regulatory assets, placing additional burden upon the end consumers of the electricity in NCT of Delhi. Accordingly, DERC was directed to commence the liquidation of regulatory assets expeditiously and within a time-bound manner.

APTEL holds that radial mode of supply by a generating company to a distribution licensee cannot be considered as sale to a consumer.

APTEL, *vide* judgement dated 27.04.2026 in Appeal Nos. 190 of 2019 and 216 of 2019¹⁴ titled *Damodar Valley Corporation v West Bengal Electricity Regulatory Commission & Another*, dismissed the appeals filed by Damodar Valley Corporation (“DVC”), upholding the

¹⁴ Appeal Nos. 190 of 2019 and 216 of 2019

finding of the West Bengal Electricity Regulatory Commission (“WBERC”) that radial mode of supply by a generating company to a distribution licensee cannot be considered as sale to a consumer.

APTEL while dismissing the appeal adjudicated and decided two key issues i.e., (i) whether a distribution licensee can be classified as ‘consumers’ under Section 2(15) of the Electricity Act on the basis of the radial mode of supply by DVC; and (ii) whether retail supply tariff as determined for end-consumers can be made applicable to such distribution licensees.

APTEL while deciding the aforesaid issues noted that the fundamental distinction between a ‘consumer’ and ‘distribution licensee’ is that the former obtains supply of electricity for his own use whereas the latter procures electricity for supply to consumers in its area of supply. APTEL held that distribution licensees cannot be classified as ‘consumers’ under Section 2(15) of the Electricity Act solely based on the technical mode of supply of power to them by DVC, i.e., radial mode.

Further, in view of the observations above, APTEL held that since retail supply tariff is applicable only on consumers, the same cannot be made applicable to the distribution licensees as they do not qualify as a ‘consumer’ in terms of Section 2(15) of the Electricity Act.

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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