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

REGULATORY AND POLICY UPDATES

SEBI notifies SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2026

The Securities and Exchange Board of India ("SEBI"), through notification dated 10.07.2026, has notified the SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2026 ("AIF Amendment Regulations")[1], further amending the SEBI (Alternative Investment Funds) Regulations, 2012. The AIF Amendment Regulations have come into force on the date of their publication in the Official Gazette, i.e., 14.07.2026.

The key amendments introduced under the AIF Amendment Regulations are as follows:

(i) The AIF Amendment Regulations exempt Alternative Investment Funds ("AIFs") from payment of scheme fees for the launch of their first scheme. For subsequent schemes, the prescribed fees under the Second Schedule will continue to apply.

(ii) The timeline for filing scheme documents with SEBI has been reduced from 30 (thirty) days to 10 (ten) working days. Further, instead of filing documents along with the fees specified in the Second Schedule, AIFs are now required to submit only such documents as may be specified by SEBI.

(iii) Merchant banker or manager responsible for compliance with SEBI comments: The AIF Amendment Regulations clarify that, after filing the prescribed documents, SEBI may communicate its

[1] SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2026.

comments (if any) to the merchant banker or the manager. The AIF Amendment Regulations further require merchant banker or manager to ensure compliance with such comments.

(iv) The exemption previously available to large value funds for accredited investors has been revised. The AIF Amendment Regulations now provide that regulations relating to SEBI comments and compliance therewith under Regulation 12 (2), (3) and (3A) shall not apply to Accredited Investors only funds.

(v) The AIF Amendment Regulations omit Regulation 19D(4), which had required an angel fund to file its placement memorandum through a merchant banker, and hence an angel fund may now file it directly. Regulation 19D(5) has also been omitted, which had required the merchant banker to ensure that SEBI's comments were incorporated in the placement memorandum before circulation to investors.

SEBI amends LODR Regulations to revise procedural requirements with respect to transfer and transmission of securities

SEBI, by notification dated 10.07.2026, published on 14.07.2026, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2026 ("LODR Amendment")[2] amending the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

The LODR Amendment came into effect on the date of its publication in the Official Gazette, i.e., 14.07.2026.

Under the LODR Amendment, the following amendments have been made to the LODR Regulations:

(i) Under Regulation 40(7), a listed entity shall now follow the procedures for transfer or transmission of securities as specified by SEBI from time to time, rather than those set out in Schedule VII of the LODR Regulations. Regulation 61(4) makes the same change for non-convertible debt securities and non-convertible redeemable preference shares, replacing the reference to Schedule VII with the procedures specified by SEBI from time to time.

(ii) Clause C of Schedule VII, which set out the procedural and documentation requirements for processing the transmission of securities, has been omitted. These requirements will now be governed by the procedures specified by SEBI from time to time under Regulation 40(7) and Regulation 61(4).

SEBI amends certification requirements for distribution of Specialized Investment Funds

SEBI, by notification dated 21.07.2026, has notified amended certification requirements for distribution of Specialized Investment Funds ("SIF Circular")[3] amending the certification requirement for Specialized Investment Funds ("SIFs") under the SEBI Master Circular for Mutual Funds dated 20.03.2026 ("Mutual Funds Master Circular").

The SIF Circular came into effect on the date of its publication, i.e., 21.07.2026.

The revised requirements for distribution of SIFs are as follows:

(i) Any person employed or engaged in sale and/or distribution of SIF products will be required to have a valid NISM Series-V-D - Mutual Fund - Specialized Investment Fund Distributors Certification ("NISM V-D Certificate").

(ii) Any entity holding NISM V-D Certificate will be eligible to distribute both mutual funds and SIF products without holding a separate NISM Series V-A – Mutual Fund Distributors Certification ("NISM V-A Certificate"). However, any entity only engaged in sale and/or distribution of mutual fund products shall continue to hold a NISM V-A Certificate as specified earlier under gazette notification dated 31.05.2010.

(iii) The existing requirement of holding NISM Series XIII – Common Derivatives Certification ("NISM XIII Certificate") for sale and/or distribution of SIF products shall not be applicable after 21.09.2026. SIF distributors holding such license obtained on or before 21.09.2026 shall not be required to obtain NISM V-D Certificate till the expiry of existing NISM XIII Certificate. However, such SIF distributors will continue to hold a valid NISM V-A Certificate during this period.

SEBI notifies simplified and standardised framework for transmission of securities consequent to demise of the holder of securities

SEBI, by circular dated 23.07.2026, has notified the simplified and standardised framework for transmission

[2] SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2026

[3] Certification requirements for distribution of specialized investment funds.

of securities consequent to demise of the holder of securities ("Securities Transmission Circular")[4].

The framework under the Securities Transmission Circular shall be applicable to transmission of listed securities and units issued by asset management companies ("AMCs") consequent to demise of the holder of securities. The framework shall not apply when there are disputes or contesting/competing claims, which shall be resolved through appropriate judicial or legal proceedings.

The Securities Transmission Circular introduces quick transmission processing ("QTP") for low value claims and revises threshold for simplified documentation. The new and revised thresholds for both QTP and simplified documentation respectively are as follows:

(i) For securities held in physical mode: INR 10,000/- for QTP and INR 10 lakhs for simplified documentation; and

(ii) For securities held in dematerialised mode: INR 30,000/- for QTP and INR 30 lakhs for simplified documentation.

The value of securities shall be quantified by the claimant on the basis of previous closing price of the securities at the recognized stock exchange. For units issued by AMC, last net asset value shall be considered.

The Securities Transmission Circular specifies documents required for transmission for both where nomination has been made and where no nomination has been made. Where claims are above the threshold for simplified documentation, the claimant shall, along with a notarised affidavit-cum-no objection certificate from all legal heirs confirming identification and claim of legal ownership to the securities also submit a copy of the will or legal heirship certificate or its equivalent or copy of succession certificate or letter of administration or court decree.

The Securities Transmission Circular also specifies the standard operating procedure for submission of claims. In case of death of an investor outside India where proof of death document is issued by an authority outside India, the entity, i.e., listed companies, registrars to an issue and share transfer agents, depositories, depository participants and AMCs, shall accept the certified true copy of the document certified in the country of its issuance through:

(i) A magistrate, judge or notary public;

(ii) Consularisation by Indian embassy/ consulate general in the country of issuance;

(iii) Apostilled; or

(iv) Certification by authorised officials of overseas branches of scheduled commercial banks registered in India or branches of overseas banks with whom Indian banks have correspondent banking relationships;

If the original death certificate is issued in any language other than English, the claimant shall also submit a self-certified copy of English translated death certificate with the original.

The entity shall process the transmission case within 21 (twenty-one) calendar days from the date of receipt of all required documents associated with the claim.

The Securities Transmission Circular shall come into effect 30 days from the date of its issuance, i.e., 22.08.2026.

DPIIT permits inventory-based e-commerce model for export of domestically manufactured/produced goods

The Department for Promotion of Industry and Internal Trade ("DPIIT"), Ministry of Commerce and Industry, Government of India, on 23.07.2026, issued Press Note No. 3 (2026 Series) (DPIIT F. No. P-15015/9/2025-FDI Policy) ("Press Note")[5], reviewing the Foreign Direct Investment ("FDI") policy applicable to the e-commerce sector.

Under the existing Consolidated FDI Policy Circular of 2020, as amended from time to time ("FDI Policy"), FDI is permitted in Business-to-Business ("B2B") e-commerce and the marketplace model of e-commerce, while FDI is not permitted in Business-to-Consumer ("B2C") e-commerce and the inventory-based model of e-commerce, where the inventory of goods and services is owned by the e-commerce entity and sold directly to consumers.

With a view to facilitating greater exports and improving access to global markets for Indian sellers, the DPIIT has decided to relax the aforesaid restriction for exports. Accordingly, a new Paragraph 5.2.15.2.5 is proposed to be inserted in the FDI Policy, permitting an e-commerce entity to undertake an inventory-based model of e-commerce exclusively for the export of goods/products manufactured and/or produced in India. Such exports will be required to comply with the Foreign Trade Policy, 2023, read with the Handbook of Procedures, and the

[4] Simplification and standardisation of the framework for transmission of securities

[5] DPIIT Press Note on Review of FDI policy on e-commerce sector.

Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, as amended from time to time.

Consequently, the existing restrictions applicable to B2C e-commerce and inventory-based e-commerce under Paragraphs 5.2.15.2.1 to 5.2.15.2.4 of the FDI Policy will not apply to exports undertaken in accordance with the newly proposed Paragraph 5.2.15.2.5. The relaxation is, therefore, specifically limited to exports of goods/products manufactured and/or produced in India and does not extend to inventory-based e-commerce sales in the domestic market.

The Press Note also clarifies that the policy change will take effect only from the date of the corresponding FEMA notification. Accordingly, the relaxation announced under the Press Note will become effective upon issuance of the relevant FEMA notification.

GOVERNMENT NOTIFICATIONS

MNRE issued clarification with respect to amendment to Revised Guidelines for installation of prototype wind turbine models

The Ministry of New and Renewable Energy ("MNRE") by its office memorandum dated 14.07.2026 ("Clarification OM")[6] has issued a clarification with respect to the amendment to 'Revised Guidelines for installation of prototype wind turbine models issued on 25.06.2026 ("Wind Turbine Model Guidelines")'.

MNRE, by the Clarification OM, has clarified that the installation of prototype wind turbine models for commercial deployment shall be undertaken only after inclusion of wind turbine model in the Approved List of Models and Manufacturers ("ALMM") (Wind) list. However, prototype wind turbine models may continue to be installed and commissioned for testing before enlistment in ALMM (Wind) list in accordance with Clause 5 of the Wind Turbine Model Guidelines issued *vide* Office Memorandum dated 12.06.2025 which provides that for each prototype wind turbine model, a maximum of 3 (three) wind turbines shall be allowed for commissioning/synchronization. Clause 5 further stipulates that the scheduled power generated may be purchased by distribution licensees or any other entity at a mutually agreed tariff or as per the applicable tariff regulations.

MNRE notified a limited window extension to Net Metering and Open Access RE power projects exemption from ALMM List-II till 31.12.2026

MNRE by Office Memorandum dated 18.07.2026 ("Extension OM")[7] notified an extended limited window for Net-Metering and Open Access renewable projects, for exemption from Approved List of Models and Manufacturers ("ALMM") List-II (for solar PV cells) till 31.12.2026.

In accordance with paragraph 8 of MNRE's O.M. No. 283/59/2024-GRID SOLAR dated 09.12.2024, all the Net-Metering projects and Open Access RE power projects, which get commissioned on or after 01.06.2026, are mandatorily required to source their solar PV modules from ALMM List-I and solar PV cells from ALMM List-II. MNRE by the Extension OM, has notified that there shall be no blanket extension in the applicability of ALMM List-II for solar power projects. However, a limited window has been provided for Net-Metering projects and Open Access RE power projects, whereby such projects can be commissioned with exemption from ALMM List-II, till 31.12.2026.

The Extension OM supersedes MNRE's earlier O.M. dated 25.05.2026, which provided that the exemption for Net-Metering projects and Open Access RE power projects is only till 31.05.2026. The Net-Metering projects and Open Access renewable power projects commissioned after 31.12.2026 will be required to comply with the ALMM List-II provisions.

Government of Maharashtra inserts separate article under the Maharashtra Stamp Act for stamp duty on bank guarantee and letter of guarantee

The Government of Maharashtra, by gazette notification dated 22.07.2026, has notified the Maharashtra Stamp (Fourth Amendment) Act, 2026 ("Stamp Amendment")[8] amending the Maharashtra Stamp Act, 1958 ("Stamp Act").

Under Schedule I appended to the Stamp Act, the Stamp Amendment has inserted an additional article, numbered 34A and titled "Guarantee", to provide for stamp duty payable for financial or bank guarantee and letter of guarantee.

In accordance with the Stamp Amendment, the stamp duties payable for financial or bank guarantee and letter of guarantee are as follows:

(i) Financial or bank guarantee

a. If the guarantee amount secured by such deed does not exceed INR 5 lakhs: 0.1% of the amount secured by such deed, subject to a minimum of INR 500/-;
b. In any other case: 0.3% of the amount secured by such deed, subject to a maximum of INR 20 lakhs;

[6] MNRE's Clarification Office Memorandum
[7] MNRE's Extension Office Memorandum
[8] Maharashtra Stamp (Fourth Amendment) Act, 2026

c. Where the guarantee is issued in favour of a government corporation, local authority or statutory body in respect of public works or public procurement: INR 500/-; and

d. Renewal or extension of an existing financial or bank guarantee without increase in the guaranteed amount: 0.25% of the amount secured by such deed, subject to a maximum of INR 25,000/-

(ii) Letter of Guarantee

a. Any letter of guarantee except any instrument stated above under financial or bank guarantee: INR 500/.

(iii) Further, the Stamp Amendment has also removed the unnumbered entry of letter of guarantee de-linking it from the stamp duty payable for an agreement under Article 5 of the Stamp Act.

JUDICIAL PRONOUNCEMENTS

Supreme Court held that imposition of moratorium on a company is not a ground to reject complaints against the promoters/ directors of the company

Supreme Court through its judgment dated 27.07.2026 in the matter of *Tejas J Shah & Amisha T Shah v. Mantri Technology Constellations Private Limited (Now Known as Buoyant Technology Constellations Private Limited)*[9] held that imposition of moratorium on a company under Section 14 of the Insolvency and Bankruptcy Code, 2016 ("IBC") is not a ground to reject consumer complaints against the promoters/ directors of the company.

The Court observed that the moratorium under Section 14 of IBC was operational only against the company and not against the promoters/ directors of the company. Since there is no independent moratorium or no independent protection operating in favour of the promoters/ directors hence the provisions of Section 14 of IBC will not bar the continuation of a complaint against them. In addition to this the court also reiterated that the protective sweep of a moratorium must remain in the four walls as carved out by the statute as held in *Saranga Anilkumar Aggarwal v. Bhavesh Dhirajlal Sheth & Ors.*[10], and the same ought not to be expanded in a manner that stultifies remedies envisaged under other statutes, unless expressly provided.

High Court of Punjab & Haryana holds that moratorium under the IBC does not bar the criminal proceedings against the directors under the NI Act

The High Court of Punjab and Haryana through its judgment dated 20.07.2026 in *Ajay Gupta and Another v. Can Bank Factors Limited*[11] dismissed a Petition filed under Section 482 of the Code of Criminal Procedure, 1973 seeking quashing of criminal proceedings under Sections 138 and 141 of the Negotiable Instruments Act, 1881 ("NI Act") on the ground that insolvency proceedings had been initiated against the company under the IBC. The Court held that the subsequent commencement of insolvency proceedings or liquidation of the corporate debtor does not extinguish or bar the criminal liability of the directors and other persons in charge of the affairs of the company for the offences that had already been committed under the NI Act.

The issue before the Court was whether the initiation of the Corporate Insolvency Resolution Process ("CIRP"), declaration of moratorium under Section 14 of the IBC, and subsequent liquidation of the corporate debtor would render criminal proceedings under Sections 138 and 141 of the NI Act against the directors of the company legally unsustainable.

The Court held that the offence under Section 138 of the NI Act stood completed upon dishonour of the cheques and failure to make payment, much before the commencement of CIRP. The Court, while relying upon the earlier decisions of the Supreme Court in *P. Mohanraj v. Shah Brothers Ispat Pvt. Ltd.*[12] and *Ajay Kumar Radheshyam Goenka v. Tourism Finance Corporation of India Ltd.*[13], held that even though the moratorium under Section 14 of the IBC protects the corporate debtor, it does not extend to the independent criminal liability of the directors and other persons covered under Section 141 of the NI Act. The Court observed that subsequent suspension of the directors' powers upon appointment of an interim resolution professional or liquidator does not erase criminal liability that had already been crystallised and accordingly dismissed the petition seeking quashing of the complaint and summoning order.

High Court of Delhi holds that Arbitral Award based on patent illegality and erroneous application of waiver and estoppel is liable to be set aside

The High Court of Delhi through its judgment dated 23.07.2026 in the matter of *Spectrum Power Generation Limited v. GAIL India Limited*[14] allowed a petition under Section 34 of the Arbitration and Conciliation Act, 1996 ("A&C Act") challenging an arbitral award rejecting the

[9] CIVIL APPEAL NOS.4289-4290 OF 2025
[10] 2025 INSC 314
[11] CRM-M-45498-2019 (O&M)
[12] (2021) 6 SCC 258
[13] (2023) 10 SCC 545
[14] O.M.P. (COMM) 64/2025

petitioner's claim for reimbursement of Goods and Services Tax ("GST") paid on transmission charges under a Gas Sale Agreement ("GSA"). The Court held that the arbitral award suffered from patent illegality as it was founded on inadmissible evidence and an erroneous application of the doctrines of waiver and estoppel.

The issue before the Court was whether the Arbitral Tribunal had committed patent illegality by relying on inadmissible evidence to conclude that GST had been deposited, and by holding that the petitioner had waived its rights and was estopped from disputing reimbursement of GST merely because it had made payments under the GSA. The Court also considered the scope of judicial interference under Section 34 of the A&C Act where findings of the Arbitral Tribunal are based on perversity and misapplication of settled legal principles.

The Court held that while interpretation of contractual clauses ordinarily falls within the exclusive domain of an Arbitral Tribunal, such findings cannot be sustained where they are founded upon inadmissible evidence or suffer from patent illegality. The Court observed that the Tribunal erred in relying upon GST deposit receipts without first deciding their admissibility and without any independent evidence establishing that GST had in fact been deposited. The Court further held that the essential ingredients of waiver and estoppel were absent, as there was no evidence of an intentional relinquishment of rights by the petitioner or any representation inducing the respondent to alter its position. Accordingly, the Court held that the findings on proof of GST payment, waiver and estoppel were perverse and consequently allowed the petition and set aside the arbitral award.

High Court of Delhi holds that filing of written statements with delay but within the outer limit of 120 days does not by itself entitle a defendant to condonation without sufficient cause

The High Court of Delhi, through its judgment dated 29.07.2026 in *Sandeep Goel v. Jugal Kishor Toshniwal* and the connected matter *Deepika Gupta v. Sh. Jugal Kishor Toshniwal*[15], dismissed petitions challenging orders of the Commercial Court, North District, Rohini Courts, Delhi ("Trial Court") which had dismissed the petitioners' applications seeking condonation of delay in filing written statements. The petitions were preferred under Article 227 of the Constitution of India challenging the exercise of discretion by the Trial Court.

The Court held that the mere fact that a written statement has been filed within the outer limit of 120 days prescribed under Order VIII Rule 1 of the Code of Civil Procedure, 1908 does not confer an unconditional right upon the defendant to place it on record. The defendant is still required to furnish a satisfactory explanation for not filing the written statement within the prescribed period of 30 days. The Court reiterated that the discretion to extend time beyond the initial period of 30 days is not automatic and can be exercised only upon the defendant demonstrating sufficient and satisfactory cause.

The Court, upon finding that the explanations furnished by the petitioners were vague, general and unsupported by material particulars, including the absence of details regarding the documents sought to be collected, the steps taken to procure them and the circumstances preventing timely filing, declined to interfere with the impugned orders passed by the Trial Court. The Court further reaffirmed that the existence of the statutory outer limit of 120 days merely preserves the Court's discretion during the extended period and does not dispense with the requirement of establishing sufficient cause for the delay. The petitions were accordingly dismissed.

[15] CM(M) 2732/2024 & CM(M) 2739/2024

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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