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Article

Streamlining Fast Track Mergers with Budget 2025

By Navyashree R and Krishna Chandak

The article in this issue of Corporate Amicus discusses a recent amendment in Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, which, in the light of the proposals of the Union Budget 2025, rationalises the process of Fast Track Mergers (FTM) in India. The article analysis how the amendment aims to broaden the scope of FTM, permitting additional classes of companies to undertake mergers through the simplified FTM route. According to the authors, the enhanced regulatory oversight, extended timelines and clarity on documentation requirements aims to improve efficiency and compliance, which facilitates smooth intra-group restructurings and promotes ease of doing business.

Streamlining Fast Track Mergers with Budget 2025

By Navyashree R and Krishna Chandak

The Ministry of Corporate Affairs ('MCA'), *vide* Notification dated 4 September 2025, has notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 ('Amendment'), effective from 4 September 2025, by amending Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('CAA Rules'). This Amendment has been notified with modifications in light of Budget 2025 which proposed rationalising the process of Fast Track Mergers ('FTM') in India.

- 1. Broadened the scope of FTM:** Prior to the Amendment, the FTM route under Section 233 of the Companies Act, 2013 ('CA 2013') read with Rule 25 of the CAA Rules was permitted only between the following category of companies: (i) two or more small companies; (ii) holding and its wholly owned subsidiary; (iii) two or more start-up companies; and (iv) one or more start-up companies with one or more small companies.

The Amendment aims to broaden the scope of FTM permitting additional classes of companies to undertake mergers through the simplified FTM route as follows:

- (i) FTM of unlisted companies (except Section 8 company) with one or more unlisted companies (except Section 8 company) subject to certain conditions that the companies involved in the scheme of FTM should not have: (a) an outstanding loans, debentures or deposits of INR 200 crores or more, in aggregate; and (b) defaulted in repayment of such loans, debentures or deposits, on a day, at least 30 days before issuing the notice of merger in Form CAA-9 to the Registrar of Companies ('ROC') and the Official Liquidator ('OL') inviting their objections, if any, under Section 233(1)(a) of the Act.

Additionally, the companies involved in FTM must be in compliance with the aforesaid conditions even on the date of filing of scheme with the Central Government, ROC and the OL. The companies proposing to undertake FTM under this category are required to file, in Form CAA-10A, a certificate obtained from their auditor certifying that the

company meets the borrowing requirements prescribed therein.

- (ii) FTM between a holding company (listed or unlisted) and its subsidiary company (listed or unlisted) where the transferor company or companies are not listed.
- (iii) FTM of one or more subsidiary company of a holding company with one or more other subsidiary company of the same holding company, where the transferor company or companies are not listed.
- (iv) FTM of the transferor foreign company incorporated outside India being a holding company with the transferee Indian company being its wholly owned subsidiary company incorporated in India (Reverse Merger) as referred to in sub-rule (5) of Rule 25A of CAA Rules.

2. Regulatory Approvals: In terms of Rule 25(1) of CAA Rules, Form No. CAA-9 was required to be issued only to the ROC, OL and any other person affected by the scheme, for inviting their suggestions or objections, if any, to the proposed scheme. However, the Amendment

is more specific and stringent that Form CAA-9 is also required to be issued to the relevant statutory regulators such as the Reserve Bank of India ('RBI'), the Securities and Exchange Board of India ('SEBI'), the Insurance Regulatory and Development Authority of India (IRDAI), or the Pension Fund Regulatory and Development Authority ('PFRDA'), as per the applicability.

- 3. Clarity on Submission of Form No. CAA-10:** As per the Amendment, Section 233(1)(c) of the CA 2013 read with Rule 25(3)(b) of the CAA Rules clarifies the companies involved in the scheme of FTM to file a declaration of solvency in Form No. CAA-10 as an attachment to Form No. GNL-1.
- 4. Extension of the timeline for filing the approved scheme of merger:** As per Rule 25(4)(a) of CAA Rules, the scheme of FTM as approved by the members and creditors of both the transferor and transferee companies was required to be filed with the statutory regulators in Form RD-1 within 7 (seven) days from the date of such approval. Pursuant to the Amendment, the timeline for filing the approved scheme has been extended to **15 (fifteen) days** from the date of approval.

5. **Requirement to file reporting of result of the meetings:** Form RD-1 should be filed with the regulators along with the report containing the **result of the meetings** of members and creditors, **report of the registered valuer(s)**, and a **statement addressing the objections and suggestions, if any**, received from relevant statutory regulators in **Form No. CAA-11**.
6. **Alignment of Rule 25 of CAA Rules with Section 233(12) of CA 2013:** Section 233(12) of CA 2013 contemplates applicability of provisions of Section 233 of CA 2013 to the mergers referred to in Section 230, or the schemes involving division or transfer of undertakings as per Section 232(1)(b) of CA 2013. However, the corresponding rule (i.e., Rule 25 of CAA Rules) to Section 233 of CA 2013 is silent on such applicability. The Amendment has notified a new rule, sub-rule (9) to align with Section 233(12) of CA 2013, clarifying the process of

FTM will apply *mutatis mutandis* to the schemes referred to in Section 230, and the schemes involving division or transfer of undertakings as referred to in Section 232(1)(b) of CA 2013.

Conclusion

The Amendment notified under Rule 25 of the CAA Rules aims at expanding the scope of entities eligible for FTM and applicability of these rules to the mergers under Section 230, and to divisions and transfers of undertakings under Section 232 of CA 2013. The enhanced regulatory oversight, extended timelines and clarity on documentation requirements aims to improve efficiency and compliance, which facilitates smooth intra-group restructurings and promotes ease of doing business.

[The authors are Senior Associate and Associate, respectively, in Corporate and M&A practice at Lakshmikumaran & Sridharan Attorneys, Hyderabad]

Notifications & Circulars



- Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 amended
- SEBI prescribes framework for AIF co-investment under AIF Regulations
- SEBI simplifies 'disclosure document' format for Portfolio Managers
- SEBI facilitates regulatory compliance ease for FPIs investing only in Government Securities
- SEBI prescribes revised regulatory framework for Angel Funds
- RBI issues Master Direction on Regulation of Payment Aggregators
- SEBI introduces standard reason code for smooth transmission of securities from nominee to legal heir
- SEBI modifies framework on Social Stock Exchange
- SEBI issues Compliance Guidelines for Digital Accessibility
- RBI issues Authentication Mechanisms for Digital Payment Transactions Directions, 2025

Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 amended

The Ministry of Corporate Affairs, *vide* Notification No. G.S.R. 603(E) dated 4 September 2025, has notified significant amendments to the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016, effective from the date of publication in the Official Gazette. The amendments introduce comprehensive changes to Rule 25, including revised procedures for scheme notifications under Section 233(1)(a) of the Companies Act, 2013, with specific provisions for companies regulated by sectoral regulators such as the Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, or Pension Fund Regulatory and Development Authority, to notify concerned regulators and stock exchanges for listed companies for objections or suggestions.

Key amendments to the Rules expand the categories eligible for fast-track approval, incorporating start-up companies, specified unlisted companies with outstanding debt not exceeding INR 200 crore without default, holding and subsidiary company arrangements, and cross-border mergers involving foreign holding companies with Indian wholly owned subsidiaries. The

notification substitutes Forms CAA-9, CAA-10, CAA-11, and CAA-12 with enhanced disclosure requirements and introduces a new Form CAA-10A for specified unlisted company certifications.

This Notification along with the abovementioned Forms may be accessed [here](#).

SEBI prescribes framework for AIF co-investment under AIF Regulations

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/126 dated 9 September 2025, has prescribed operational modalities for Category I and Category II Alternative Investment Funds ('AIFs') to offer co-investment facilities through separate Co-investment schemes ('CIV schemes') within the AIF structure. This framework supplements existing co-investment facilities available through Co-investment Portfolio Managers under SEBI (Portfolio Managers) Regulations, 2020. Key provisions include restrictions limiting co-investments to three times the investor's contribution in the main AIF scheme, with exemptions for Multilateral or Bilateral Development Financial Institutions, State Industrial Development Corporations, and government-controlled entities. The circular mandates separate bank and

demat accounts for each CIV scheme with ring-fenced assets, prohibits leveraging by CIV schemes, and requires proportionate expense sharing between main schemes and CIV schemes. Implementation standards will be formulated by the Standard Setting Forum of AIF in consultation with SEBI to ensure bona-fide investment purposes.

The Circular along with its Annexure containing the template for shelf placement memorandum, may be accessed [here](#).

SEBI simplifies 'disclosure document' format for Portfolio Managers

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125 dated 9 September 2025, has simplified the format of 'Disclosure Document' for Portfolio Managers as part of ease of doing business initiative. The circular deletes Schedule V from SEBI (Portfolio Managers) Regulations, 2020, and introduces a bifurcated approach dividing the Disclosure Document into static and dynamic sections comprising sixteen parameters in total. The static sections include disclaimer clauses, definitions, service descriptions, risk factors, and taxation policies, while the dynamic sections cover client representation, financial performance, and audit observations.

Key operational changes require each parameter to begin on a fresh page, with only changed pages requiring certification by independent Chartered Accountant and Principal Officer. All updated pages must be communicated to clients, updated on portfolio manager websites, and filed with SEBI within 7 (seven) working days from the date of change. The provisions are applicable with immediate effect while maintaining all other regulatory requirements under Portfolio Managers Regulations, 2020.

This Circular along with Annexure-I containing the classification of the sixteen parameters as discussed above, may be accessed [here](#).

SEBI facilitates regulatory compliance ease for FPIs investing only in Government Securities

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/AFD/AFD-PoD-3/P/CIR/2025/127 dated 10 September 2025, has introduced relaxed regulatory compliance framework for Foreign Portfolio Investors ('FPIs') investing exclusively in Government Securities ('GS-FPIs') following amendments to SEBI (Foreign Portfolio Investors) Regulations, 2019. The circular modifies the FPI Master Circular by exempting GS-FPIs from furnishing investor group details, eliminating

information change declaration requirements for registration renewals, and harmonizing KYC review periodicity with bank account requirements as prescribed by RBI.

Key provisions include transition mechanisms enabling regular FPIs to convert to GS-FPI status and *vice-versa*, with appropriate safeguards ensuring divestment of non-government securities before transition. GS-FPIs must report material changes within 30 (thirty) days and are subject to contribution restrictions ensuring resident Indian individual contributions are made through LRS route in global funds with Indian exposure below 50%. The Custodians and Designated Depository Participants Standards Setting Forum will formulate standard operating procedures for implementation, with provisions effective from 8 February 2026.

The Circular may be accessed [here](#).

SEBI prescribes revised regulatory framework for Angel Funds

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/128 dated 10 September 2025, has prescribed specific conditions and modalities for the revised regulatory framework for Angel

Funds following amendments to SEBI (Alternative Investment Funds) Regulations, 2012. The circular mandates that Angel Funds raise funds exclusively from Accredited Investors, with existing funds given transition period until 8 September 2026 to comply, limiting new non-Accredited Investor onboarding to 200 during this period.

Key provisions include requirement for minimum five Accredited Investors before first close declaration within 12 (twelve) months, elimination of scheme launch requirements with direct fund-level investments, and introduction of follow-on investment facility for existing investees subject to shareholding and investment limits. The framework prescribes lock-in periods of one year for investments (reduced to six months for third-party sales), overseas investment guidelines with 25% limits calculated on total investments at cost, and defined allocation methodology disclosure in Private Placement Memorandum. Angel Funds are now classified as separate Category I AIF entities with modified compliance audit requirements applicable to funds exceeding INR 100 Crore total investments and mandatory performance benchmarking reporting from Financial Year 2025-26.

The Circular may be accessed [here](#).

RBI issues Master Direction on Regulation of Payment Aggregators

The Reserve Bank of India, *vide* Notification No. RBI/DPSS/2025-26/141, CO.DPSS.POLC.No.S-633/02-14-008/2025-26 dated 15 September 2025, has issued a Master Direction on Regulation of Payment Aggregators ('MD'), which introduces the following amendments to the existing regulatory framework:

- The MD introduces stricter net-worth requirements, mandating non-bank entities to maintain INR 15 crore at application stage and achieve INR 25 crore by the end of third financial year, replacing previous lower capital thresholds.
- Unlike previous regulations that primarily focused on online payment aggregation, the new framework introduces a comprehensive three-category classification system covering PA-Physical (PA-P), PA-Cross Border (PA-CB), and PA-Online (PA-O), with specific regulatory requirements for each category.
- The MD mandates compulsory authorization for all non-bank PA entities, including those previously operating PA-P business without formal authorization, with specific transition timelines requiring PA-P entities to apply by 31

December 2025, and wind-up operations by 28 February 2026 if not authorized.

- New provisions introduce stringent criteria for promoters and directors, requiring declarations and undertakings, replacing previous background verification requirements.
- The MD also introduces detailed escrow account requirements with specific operational guidelines for domestic, inward collection (InCA), and outward collection (OCA) accounts, including prohibition of pre-funding in cross-border accounts and introduction of core portion interest-bearing facility for domestic escrow accounts.
- Enhanced KYC and merchant onboarding procedures now mandate Central KYC Records Registry (CKYCR) integration, Contact Point Verification (CPV), and comprehensive background checks, with specific provisions for merchants below INR 40 Lakhs annual turnover or INR 5 Lakhs export turnover.
- Introduction of mandatory baseline technology recommendations, including PCI-DSS compliance, annual cyber security audits by CERT-In empanelled auditors, and comprehensive information security governance frameworks.

- New detailed provisions for PA-CB entities include transaction value limits of INR 25 Lakhs per transaction, mandatory separation of inward and outward transaction funds, and specific settlement currency provisions for directly onboarded merchants.
- Annexure 1 of this MD includes Baseline Technology-related Recommendations, Annexure 2 stipulates reporting requirements including Forms 2.1 to 2.5 and Annexure 3 contains a list of repealed circulars.

This MD along with its Annexures may be accessed [here](#).

SEBI introduces standard reason code for smooth transmission of securities from nominee to legal heir

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated 19 September 2025, has introduced a standardized framework to streamline the transmission of securities from nominees to legal heirs, addressing taxation inconvenience faced by nominees during such transfers. This initiative follows recommendations by a Working Group formed in consultation with the Central Board of Direct Taxes ('CBDT') to resolve issues where nominees were being assessed for capital gains tax despite such

transmissions being exempt under clause (iii) of Section 47 of the Income Tax Act, 1961.

The circular mandates the use of standard reason code 'Transmission to Legal Heirs' (TLH) by reporting entities while reporting such transactions to CBDT, thereby enabling proper application of income tax provisions. The directive applies to Registrars to an Issue and Share Transfer Agents (RTAs), Listed Issuers, Depositories, and Depository Participants, who are required to implement necessary system changes with effect from 1 January 2026. This regulatory measure aims to eliminate unwarranted tax burden on nominees while maintaining compliance with existing procedural requirements under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Master Circular for RTAs.

The Circular may be accessed [here](#).

SEBI modifies framework on Social Stock Exchange

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/129 dated 19 September 2025, has notified partial modifications to its Social Stock Exchange framework following amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations,

2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The modifications expand eligibility criteria for Not-for-Profit Organizations ('NPOs') registration to include additional trust categories and introduce revised annual disclosure requirements.

Key changes include enhanced disclosure timelines with submissions required within 60 (sixty) days of financial year-end for general and governance aspects, and for detailed financial disclosures by October 31st of each year or income tax return due date. The circular also revises Annual Impact Report ('AIR') submission timelines and requirements, mandating that AIR shall cover 67% of program expenditure in the previous financial year for NPOs registered without listing securities. Social Impact Assessors are now required to assess AIR and Social Enterprises must disclose assessor reports alongside AIR.

This Circular along with Annexure I including a guidance note for disclosure aspects, may be accessed [here](#).

SEBI issues Compliance Guidelines for Digital Accessibility

The Securities and Exchange Board of India, *vide* Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/131 dated 25 September 2025 ('Circular'), has issued comprehensive

Compliance Guidelines for Digital Accessibility in furtherance of its circular on Rights of Persons with Disabilities Act, 2016 dated 31 July 2025. This Circular establishes a structured compliance framework with the following requirements, mentioned under its Annexure A:

- Submission of digital platforms list by 30 September 2025;
- Appointment of IAAP certified accessibility professionals as auditors by 14 December 2025;
- Conduct of accessibility audits by 30 April 2026;
- Remediation of audit findings by 31 July 2026; and
- Annual accessibility audits thereafter from 30 April 2027.

The guidelines establish differentiated reporting mechanisms with stock brokers and Depository Participants reporting to Stock Exchanges and Depositories, Investment Advisors and Research Analysts reporting to BSE Limited, while Market Infrastructure Institutions and other Regulated Entities report directly to SEBI *via* emailing on digital_acc@sebi.gov.in. Key compliance requirements include mandatory appointment of IAAP certified accessibility professionals, comprehensive digital platform audits covering websites, mobile applications and portals, detailed remediation action plans with timelines, and

submission of consolidated audit reports with supporting evidence.

This Circular, along with Annexure-A laying down the detailed compliance guidelines may be accessed [here](#).

RBI issues Authentication Mechanisms for Digital Payment Transactions Directions, 2025

The Reserve Bank of India, *vide* Notification No. RBI/2025-26/79, CO. DPSS. POLC. No. S 668/02-14-015/2025-2026 dated 25 September 2025, notified the RBI (Authentication mechanisms for digital payment transactions) Directions, 2025 ('**Directions**'), effective from 1 April 2026. These Directions establish broad principles for authentication mechanisms in digital payment transactions, moving beyond the traditional SMS-based OTP framework to enable technological advancements in

authentication processes. Key provisions under these Directions mandate minimum two factors of authentication for all digital payment transactions, with at least one factor being dynamically created or proven for transactions other than card present transactions. The Directions also introduce robust authentication requirements ensuring that compromise of one factor does not affect reliability of the other, while mandating interoperability and open access for authentication services across all operating environments. Special provisions for cross-border Card Not Present (CNP) transactions require card issuers to implement validation mechanisms by 1 October 2026, including risk-based handling frameworks for all cross-border CNP transactions.

The Directions, along with Annexures detailing existing exemptions from two-factor authentication requirements, may be accessed [here](#).



Ratio Decidendi

- Right to housing recognised as a fundamental right under Article 21 – Supreme Court issues directions for strengthening position of homebuyers, RERA and NCLTs – *Supreme Court*
- NCLT possesses wide jurisdiction to adjudicate all matters incidental or integral to oppression and mismanagement, save where a specific enactment expressly bars such power – *Supreme Court*
- Arbitration – Execution proceedings not to be deferred merely because an appeal under Section 37 is pending, unless there is an interim stay by appellate court – *Supreme Court*
- Application under IBC Section 65, in proceedings against the Personal Guarantors, is not maintainable – *NCLT, Chennai*
- Arbitration – Questions relating to fraud due to a lack of consent for the use of a digital signature can be determined by arbitral tribunal – *Calcutta High Court*

Right to housing recognised as a fundamental right under Article 21 – Supreme Court issues directions for strengthening position of homebuyers, RERA and NCLTs

The Hon'ble Supreme Court has reaffirmed that the right to secure, peaceful, and timely possession of one's home constitutes an integral facet of the fundamental right to shelter guaranteed under Article 21 of the Constitution. The Apex Court has drawn a clear distinction between genuine homebuyers and speculative investors within the framework of the Insolvency and Bankruptcy Code, 2016 ('IBC').

The Court held that speculative arrangements such as buyback clauses, high-interest refund expectations, and investments lacking intent to take possession fall outside the ambit of 'allottees' under the IBC and are in the nature of recovery suits. Relying on *Pioneer Urban Land v. Union of India* [(2019) 8 SCC 416], the Court clarified that while genuine homebuyers seek shelter, speculative investors 'jump ship' for profit, thereby undermining the remedial architecture of the IBC.

Significantly, the Court issued comprehensive directions to strengthen institutional capacity and protect allottees, which are enumerated below:

- i. Expedited filling of vacancies in National Company Law Tribunal ('NCLT') / National Company Law Appellate Tribunal ('NCLAT');
- ii. Staffing of RERA authorities.
- iii. Constitution of a High-Level Committee chaired by a retired High Court Judge with representation from Ministries, NITI Aayog, and domain experts to propose reforms within six months.
- iv. Development of insolvency guidelines for the real estate sector through coordination between Insolvency & Bankruptcy Board of India ('IBBI') and Real Estate Regulatory Authority ('RERA').
- v. Mandate of project-specific resolution over liquidation of corporate debtors.
- vi. *Prima facie* scrutiny of Section 7 petitions by NCLTs to curb speculative filings.
- vii. Creation of a revival fund through National Asset Reconstruction Company Ltd. ('NARCL') and Special Window for Affordable and Mid-Income Housing ('SWAMIH'), with periodic Comptroller and Auditor General ('CAG') audits.

- viii. Compulsory registration of transactions with revenue authorities upon payment of 20% of the property cost.
- ix. Introduction of early-warning systems, pre-bankruptcy mediation, and uniform RERA rules across States.

The judgment fortifies the jurisprudence that housing is not a privilege, but a constitutional entitlement intrinsically linked to the right to life.

[*Mansi Brar Fernandes v. Shubha Sharma and Another* – Judgement dated 12 September 2025 in Civil Appeal No. 3826 of 2020, Supreme Court]

NCLT possesses wide jurisdiction to adjudicate all matters incidental or integral to oppression and mismanagement, save where a specific enactment expressly bars such power

The Hon'ble Supreme Court has clarified the ambit of the National Company Law Tribunal's ('NCLT') jurisdiction in oppression and mismanagement proceedings.

The case arose from a bitter fallout between promoters of a closely held family-run company. The appellant, holding a 98% stake, alleged that she was coerced into signing blank documents, pursuant to which a purported resignation and a gift

deed transferring her shareholding to her mother-in-law were claimed to be manufactured. Thereafter, her husband was reinstated as a director, the company's name was changed, and parallel matrimonial disputes ensued.

The NCLT, upon examining the sequence of events, including suspicious alterations in share transfer forms and the timing of criminal complaints against the appellant, set aside the impugned resolutions and restored her position. The National Company Law Appellate Tribunal ('NCLAT'), however, reversed this decision, holding that allegations of coercion, fraud, and the validity of a gift deed fall exclusively within the domain of civil courts.

The Supreme Court rejected the NCLAT's restrictive view, holding that in proceedings under Sections 241 & 242 of the Companies Act, 2013, the NCLT must necessarily examine all issues that are integral to determining whether acts of oppression and mismanagement have occurred. It observed that fraud and coercion may not be excluded from the Tribunal's purview where they are central to the allegations and that in family companies, lack of probity in management must be assessed holistically under the 'just and equitable' principle. It was further observed that the gift deed, which contravened the

Articles and bore signs of manipulation, was itself a device to exclude the appellant from management.

The Court thus restored the NCLT's order and reaffirmed that the Tribunal's jurisdiction extends to questions which, though civil in nature, are inextricably linked with allegations of oppression and mismanagement. This judgment strengthens the remedial role of the NCLT in safeguarding shareholder rights in closely-held companies.

[*Shailja Krishna v. Satori Global Limited and Others* – Judgement dated 2 September 2025 in Civil Appeal No. 6377-78 of 2023, Supreme Court]

Arbitration – Execution proceedings not to be deferred merely because an appeal under Section 37 is pending, unless there is an interim stay by appellate court

In this Judgement, the Supreme Court addressed a recurring challenge in arbitral enforcement: whether the pendency of an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 ('**Arbitration Act**') by itself warrants deferment of execution proceedings.

The dispute stemmed from a long-running family partnership engaged in trading and manufacturing. Following allegations of mismanagement, arbitration was invoked. The Tribunal, after detailed consideration, rendered an award upholding the appellant's rights in the partnership assets. The respondents' Section 34 (set aside petition) challenge before the Delhi High Court was rejected, and an appeal under Section 37 was filed. The execution court adjourned proceedings solely on account of the pending appeal, despite the absence of an interim stay.

The Supreme Court held that such deferment is impermissible, laying down the following principles:

- i. The statutory scheme under Sections 34 and 37 of the Arbitration Act does not contemplate automatic suspension of enforceability of arbitral awards.
- ii. Only a specific interim stay order passed by the appellate court can restrain execution.
- iii. Execution courts are bound to proceed with enforcement, while adjudicating objections in accordance with law, unless stayed.

The Court cautioned that permitting execution to be adjourned on the ground of pendency of a Section 37 appeal would dilute

the finality and efficacy of arbitral awards, defeating the legislative mandate of minimal judicial interference and speedy enforcement.

[*Chakradhari Surekha v. Prem Lata Surekha (Through SPA) & Ors* – Judgement dated 15 September 2025, Supreme Court]

Application under IBC Section 65, in proceedings against the Personal Guarantors, is not maintainable

The National Company Law Tribunal ('NCLT'), Chennai Bench, in this matter, considered whether a personal guarantor could invoke Section 65 of the Insolvency and Bankruptcy Code, 2016 ('IBC'), alleging that insolvency proceedings had been initiated fraudulently or maliciously.

The proceedings arose from guarantees executed between 2005 and 2009 in respect of credit facilities extended to Victory Electricals Ltd. Upon repeated defaults and liquidation of the corporate debtor, SBI invoked the personal guarantees and initiated insolvency proceedings under Section 95 of the IBC. The personal guarantor resisted by filing an application under Section 65, alleging collusion between the liquidator and the

bank, failure to recover actionable claims worth over INR 681 crores, and imposition of onerous settlement terms.

The Tribunal rejected these objections, holding that:

- i. Section 65 is confined to proceedings initiated under Sections 7, 9, and 10, and does not extend to personal guarantor insolvency under Section 95.
- ii. The provision requires the objector to discharge a high evidentiary burden to establish *mala fide* intent, which was not met.
- iii. The liquidator's actions, including asset auctions and recovery attempts, were consistent with statutory obligations.

The NCLT accordingly dismissed the Section 65 application and admitted insolvency proceedings against the guarantor. The ruling underscores that Section 65 cannot be used as a dilatory tactic in guarantor proceedings and that allegations of *mala fides* must be substantiated with compelling evidence.

[*State Bank of India v. Vaddineni Venkatappa Naidu (Personal Guarantor of Victory Electricals Ltd.)* – Decision dated 18 September 2025, NCLT Chennai Bench]

Arbitration – Questions relating to fraud due to a lack of consent for the use of a digital signature can be determined by arbitral tribunal

The Calcutta High Court recently examined whether allegations of fraud relating to unauthorised use of digital signatures can be raised to resist arbitration where the facility agreement contains an arbitration clause.

The plaintiffs contended that their digital signatures had been misused in execution of the loan agreement and that they became aware of their co-obligor status only upon receipt of a Section 9 application under the Arbitration and Conciliation Act, 1996 (**'Arbitration Act'**). They sought to implead CIBIL, contending that the disputed loan adversely impacted their credit ratings.

The defendants countered that the allegations of fraud were a strategy to avoid arbitration, and that the agreement was duly executed with the plaintiffs as co-applicants. They relied on the statutory framework under the Information Technology Act,

2000, which places responsibility on signatories to secure their private key.

The High Court, relying on *Avitel Post Studioz Ltd. v. HSBC PI Holdings (Mauritius) Ltd.* [(2021) 4 SCC 713], held that:

- i. Allegations of fraud that do not vitiate the arbitration agreement itself must be adjudicated by the arbitral tribunal.
- ii. The validity of digital signatures and issues of consent in the execution of agreements are questions of fact falling within the competence of the arbitral tribunal.
- iii. The impleadment of CIBIL was unnecessary, as any determination on the validity of the signatures would automatically impact the plaintiffs' credit records.

The Court thus referred the dispute to arbitration, reiterating the judiciary's pro-arbitration approach and its disinclination to entertain strategies aimed at circumventing arbitral proceedings under the Arbitration Act.

[*Sunita Gupta and Others v. UGRO Capital Limited and Others* – Judgement dated 11 September 2025, 2025 SCC Cal 7743]

News Nuggets



- DPIIT and Pfizer partner to foster lab-to-market pathway for healthcare innovation
- India and Israel sign bilateral investment treaty
- Commerce Minister bats for a structured legal framework for vehicle dealers
- Apollo Hospitals to acquire IFC's stake in Apollo Health and Lifestyle
- SEBI eyeing further ease of onboarding for foreign investors
- JSW Paints receives CCI assent to acquire majority stake in Akzo Nobel India's business



DPIIT and Pfizer partner to foster lab-to-market pathway for healthcare innovation

The Department for Promotion of Industry and Internal Trade ('DPIIT') has partnered with US-based pharma giant Pfizer in order to boost India's healthcare sector and accelerate the lab-to-market journey of healthcare innovations through a Memorandum of Understanding. Under the MoU, the Pfizer INDovation programme will empower DPIIT-recognised startups with grants of up to INR 60 lakhs each, along with a tailored 18-month incubation programme delivered by Social Alpha. Notably, the partnership is said to support 14 MedTech startups engaged in screening, diagnostics, health monitoring, and treatment enablers while particularly focussing on non-communicable diseases, oncology, brain health, maternal and child health, and immunisation.

[Source: [The Assam Tribune](#), published on 4 September 2025]

India and Israel sign bilateral investment treaty

India and Israel have inked a new bilateral investment treaty which is said to boost cooperation, between the two economies with a focus on technology and infrastructure. Notably, the treaty is aimed at providing greater security for investors,

expand trade, and strengthen strategic economic cooperation in areas like technology and fintech.

[Source: [Economic Times](#), published on 9 September 2025]

Commerce Minister bats for a structured legal framework for vehicle dealers

The Union Minister of Commerce and Industry, Piyush Goyal, while advocating for the need of a comprehensive regulation of the foreign companies operating in the automotive sector, has called upon the automobile industry for creation of a legal framework of the industry. While addressing dealers at the 7th Auto Retail Conclave of the Federation of Automobile Dealers Associations, the Minister explained that having a legal framework in place would mandate companies to maintain a local presence to support after-sales service and consumer obligations before shutting down operations in the country making them accountable.

[Source: [Autocar Professional](#), published on 11 September 2025]

Apollo Hospitals to acquire IFC's stake in Apollo Health and Lifestyle

Subject to the approval of the competition watchdog, CCI, Apollo Hospitals Enterprise Limited has announced its plan to

acquire 31 per cent stake of its subsidiary Apollo Health and Lifestyle Ltd from International Finance Corporation for INR 1,254 crore. Notably, the implementation of the deal is said to make Apollo Health and Lifestyle a 99.42 per cent subsidiary of Apollo Hospitals with the remaining 0.58 per cent being held under the ESOP plan.

[Source: [IIFL Capital](#), published on 15 September 2025]

SEBI eyeing further ease of onboarding for foreign investors

After the relaxations brought out over the past year, the Securities Exchange Board of India, pursuant to a board meeting, has indicated further relaxations to facilitate easier registrations of Foreign Portfolio Investors ('FPIs'), including a common Know-Your-Client ('KYC') and smoother documentation through 'India Digital Signature'. Notably, SEBI's Chairman also hinted at integrating India Digital Signature with the Common Application Form ('CAF'), the registration form for Foreign

Portfolio Investors. Further, under the recently approved Swagat-FI, a single window framework, the renewal of eligible FPI registrations will be done at an interval of 10 years instead of the standard 3 years with a one-time KYC fee of USD 2500.

[Source: [Business Standard](#), published on 15 September 2025]

JSW Paints receives CCI assent to acquire majority stake in Akzo Nobel India' business

The Competition Commission of India has approved JSW Paints Limited's proposed acquisition of up to 75 per cent stake in Akzo Nobel India Limited. The deal, worth INR 12,915 crore, is said to make JSW Paints the 4th largest player in the domestic paint industry. Notably, Sajjan Jindal led JSW Paints is a part of the JSW Group, a major Indian conglomerate with interests spanning across steel, cement, energy infrastructure, automotives and paint sector while Akzo Nobel India is engaged in the decorative and industrial paint sector.

[Source: [Mint](#), published on 16 September 2025]

NEW DELHI 7 th Floor, Tower E, World Trade Centre, Nauroji Nagar, Delhi – 110029 Phone : +91-11-41299800, +91-11-46063300 ----- 5 Link Road, Jangpura Extension, Opp. Jangpura Metro Station, New Delhi 110014 Phone : +91-11-4129 9811 ----- B-6/10, Safdarjung Enclave New Delhi -110 029 Phone : +91-11-4129 9900 E-mail : Lsdel@lakshmisri.com , lprdel@lakshmisri.com	MUMBAI 2nd floor, B&C Wing, Cnergy IT Park, Appa Saheb Marathe Marg, (Near Century Bazar)Prabhadevi, Mumbai - 400025 Phone : +91-22-24392500 E-mail : lsbom@lakshmisri.com
CHENNAI Door No.27, Tank Bund Road, Nungambakkam, Chennai 600034. Phone : +91-44-2833 4700 E-mail : lsmds@lakshmisri.com	BENGALURU 4th floor, World Trade Center, Brigade Gateway Campus, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore-560 055. Phone : +91-80-49331800 Fax:+91-80-49331899 E-mail : lsblr@lakshmisri.com
HYDERABAD 'Hastigiri', 5-9-163, Chapel Road, Opp. Methodist Church, Nampally, Hyderabad - 500 001 Phone : +91-40-2323 4924 E-mail : lshyd@lakshmisri.com	AHMEDABAD B-334, SAKAR-VII, Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009 Phone : +91-79-4001 4500 E-mail : lsahd@lakshmisri.com
PUNE 607-609, Nucleus, 1 Church Road, Camp, Pune-411 001. Phone : +91-20-6680 1900 E-mail : lspace@lakshmisri.com	KOLKATA 6A, Middleton Street, Chhabildas Towers, 7th Floor, Kolkata – 700 071 Phone : +91 (33) 4005 5570 E-mail : lskolkata@lakshmisri.com
CHANDIGARH 1st Floor, SCO No. 59, Sector 26, Chandigarh -160026 Phone : +91-172-4921700 E-mail : lschd@lakshmisri.com	GURUGRAM OS2 & OS3, 5th floor, Corporate Office Tower, Ambience Island, Sector 25-A, Gurugram-122001 phone: +91-0124 - 477 1300 Email: lsurgaon@lakshmisri.com
PRAYAGRAJ (ALLAHABAD) 3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg), Allahabad -211001 (U.P.) Phone : +91-532-2421037, 2420359 E-mail : lsallahabad@lakshmisri.com	KOCHI First floor, PDR Bhavan, Palliyil Lane, Foreshore Road, Ernakulam Kochi-682016 Phone : +91-484 4869018; 4867852 E-mail : lskochi@lakshmisri.com
JAIPUR 2nd Floor (Front side), Unique Destination, Tonk Road, Near Laxmi Mandir Cinema Crossing, Jaipur - 302 015 Phone : +91-141-456 1200 E-mail : lsjaipur@lakshmisri.com	NAGPUR First Floor, HRM Design Space, 90-A, Next to Ram Mandir, Ramnagar, Nagpur - 440033 Phone: +91-712-2959038/2959048 E-mail : lsnagpur@lakshmisri.com

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