REDDY & REDDY LAW FIRM

AUGUST EDITION
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ABOUT US

Based in Pune, REDDY & REDDY Advocates & Legal Consultants is a law firm that offers a full range of legal services on all aspects of the Indian law to a diversified client base, including well-known multi-national corporations functioning in India. We are motivated, dedicated and experienced legal advisers, aiming at becoming one of the leading law firms in India.

WHY US?

Our firm works to understand not only our clients' business and industry, but also their legal needs, in order for us achieve their objectives. We know that we perform best when we integrate our advice within the context of the business imperatives facing our clients, combining our efforts to assist our clients in overcoming their challenges and achieving their goals.

AUGUST AROUND UP

The Pocket Square That Sparked a Colour Code Debate

What started as a folded pocket square on PM Modi's jacket somehow turned into a full-blown national colour audit, with everyone suddenly becoming an expert on the correct order of three colours.

The pocket square worn by Hon'ble Prime Minister during the Independence Day celebrations, featured saffron, white and green, but its folding made the colours appear in a sequence that sparked debate. Netizens, naturally, had their own verdicts. Some dissected the fold like it was a constitutional question, some treated it as nothing more than a wardrobe choice, while others pointed out that the Flag Code of India primarily governs the display and use of the national flag not every item carrying its colours.

The debate soon moved beyond fashion, with the finer question being whether a tricolour-themed accessory should be judged by the same rules as the actual national flag. So, what began as a neatly folded accessory ended up becoming a surprisingly serious conversation about colours, symbolism and flag etiquette.

This Independence Day, the real test wasn't just raising the tricolour, it was apparently making sure you folded it correctly.

Insolvency & Bankruptcy (IBC)

01 Supreme Court: HC Should Ordinarily Not Entertain Writ Pleas Against Appealable NCLT Orders Under IBC

The Supreme Court, in an appeal against a Kerala High Court order that had entertained a writ petition challenging an NCLT order passed during liquidation proceedings, held that where an NCLT order is appealable under Section 61 of the IBC, the High Court should ordinarily decline to entertain a writ petition against it and instead direct the aggrieved party to the statutory appellate remedy. The Division Bench of Manoj Misra and Vijay Bishnoi, JJ., accepted the appellant's contention that judicial discipline requires orders passed under the IBC to be challenged within the Code's own framework, notwithstanding that Articles 226 and 227 powers cannot be curtailed by statute, relying on KSK Mahanadi Power Co. Ltd. (CoC) v. U.P. Power Corpn. Ltd. and Mohd. Enterprises (Tanzania) Ltd. v. Farooq Ali Khan. The Court noted that Section 61 IBC confers a right of appeal on any "person aggrieved" by an order of the adjudicating authority, using the term "order" without restricting its nature, and had earlier stayed both the impugned Kerala High Court order and further proceedings before it.

02 NCLT Approves Resolution Plan of SIS Mohan Real Estate, Reiterates Primacy of "Commercial Wisdom of CoC"

The National Company Law Tribunal, Kolkata, comprising Labh Singh (Judicial Member) and Rekha Kantilal Shah (Technical Member), approved the Resolution Plan submitted by Secure Infratech Finserv and Securities Limited for Corporate Debtor SIS Mohan Real Estate Private Limited, on an application filed by the Resolution Professional under Sections 30(6) and 31 of the IBC.

The Plan, approved by the single-member CoC with 100% voting share, proposed payment of ₹1,55,00,000 against total admitted claims of ₹10,45,63,676, reflecting an 87.07% haircut for the Operational Creditor. Relying on K. Sashidhar v. Indian Overseas Bank, the Tribunal held that the "Commercial Wisdom of CoC" is paramount and beyond its power to evaluate, and found the Plan compliant with Sections 30(1), 30(2) and 29-A of the IBC along with the corresponding CIRP Regulations, 2016. The Tribunal further directed that reliefs and extinguishment of pre-CIRP claims be governed by Ghanashyam Mishra & Sons and Embassy Property Developments, while clarifying, per Lalit Kumar Jain v. Union of India, that approval of the Plan does not automatically discharge personal guarantors, against whom appropriate action may still be taken

03 Delhi HC: Advocates Acting as Insolvency Professionals Liable to GST Under Forward Charge Mechanism

The Delhi High Court, comprising Prathiba M. Singh and Shail Jain, JJ., held that an advocate acting as an Insolvency Professional under the IBC must discharge GST under the forward charge mechanism, and cannot claim the reverse charge benefit available to advocates rendering legal services, since it is the capacity in which the service is rendered, not the individual's professional qualification, that determines the applicable GST regime. Holding that "insolvency and receivership services" form a distinct, separately classified category outside the notification governing legal services, the Court upheld the IBBI's clarification dated 9 March 2021, dismissed the petition, and directed the petitioner to furnish GST-compliant invoices for fees earned as Interim Resolution Professional.

Competition and Antitrust law

04 Pre-Deposit Conditions in Arbitration Can't Make Right to Sue "Illusory or Nugatory"; SC Refers Validity of S.K. Jain to Larger Bench

The Supreme Court, while examining a contractual clause requiring a contractor to deposit 10% of its claim amount before invoking arbitration, expressed doubts about the continuing authority of S.K. Jain v. State of Haryana (2009), which had upheld such pre-deposit conditions as a safeguard against frivolous claims. Noting a possible conflict with the later ICOMM Tele ruling that struck down similar clauses as arbitrary, the Bench held that a substantial pre-deposit demanded only from the contractor risks suppressing claims and defeating arbitration's very purpose. The Court declined to rule on the clause's constitutional validity itself but referred the matter to a larger bench, framing six questions for the Chief Justice's consideration, including whether such conditions violate Section 18 (equal treatment) of the Arbitration Act, Article 14, and Section 28 of the Contract Act, and whether S.K. Jain remains good law.

05 CCI: Zomato's Platform Fee and Pricing Structure Not Anti-Competitive; Complaint Closed

The Competition Commission of India, comprising Chairperson Ravneet Kaur and Members Sweta Kakkad and Deepak Anurag, closed a complaint alleging that Zomato's (Eternal Ltd.) platform fees, delivery charges, and pricing practices amounted to anti-competitive conduct, holding that such pricing-related grievances fall more appropriately under the abuse of dominance framework of Section 4 rather than Section 3 of the Competition Act, 2002. Finding no prima facie contravention of either provision, the Commission rejected the complainant's plea for interim relief and closed the case under Section 26(2) of the Act.

Capital Markets / Corporate Finance

Supreme Court: RIL's Bid to Reopen Excluded Internal Documents Fails; ₹10 Lakh Costs Imposed for Delaying 20-Year-Old NTPC Suit 06

The Supreme Court, comprising Justices Pamidighantam Sri Narasimha and Alok Aradhe, dismissed Reliance Industries Limited's appeal against a Bombay High Court order redacting portions of its witness's evidence affidavits that sought to introduce, through oral testimony, internal RIL documents and communications already excluded as irrelevant in its long-pending 2005 commercial suit with NTPC.The Court held that once an evidentiary issue has been finally decided between the same parties, the trial court cannot reopen it at a later stage, as the earlier exclusion orders had attained finality and were binding on the trial court. Noting that the suit has remained at the evidence stage for nearly two decades, the Court dismissed the appeal with ₹10 lakh costs and directed the Bombay High Court to dispose of the suit expeditiously.

Tax & GST

CBDT Launches Nationwide Verification of Suspicious Foreign Remittances Across 394 Entities, 36 Professionals 07

On 18 August 2026, the Central Board of Direct Taxes (CBDT) announced that the Income Tax Department had launched a nationwide verification exercise into suspicious foreign remittances, identified through data analytics and ground intelligence, covering approximately 394 entities—including 117 located in states along India's land borders—and 36 professionals.

The exercise targets entities that sent large sums abroad over the past three years despite reporting little or no business activity or failing to file income-tax returns, and also examines the individuals behind such entities as well as professionals who certified the remittances. The CBDT flagged concerns over whether adequate due diligence was exercised by accountants before issuing Form 15CB certificates, which under Rule 37BB of the Income-tax Rules require verification of a remittance's taxability based on books of account and supporting documents. The investigation traces back to a search operation against a group of fictitious charitable trusts allegedly involved in providing accommodation entries against bogus donations and contributions, which uncovered a wider network of suspicious entities.

08 MSMED Amendment Act, 2026 Receives Presidential Assent: Mandatory TReDS Routing, Tighter Dispute-Resolution Timelines

On 13 August 2026, the Micro, Small and Medium Enterprises Development (Amendment) Act, 2026 received Presidential assent, introducing significant changes to the MSME regulatory framework, including mandatory routing of certain MSME receivable settlements through the Trade Receivables Discounting System (TReDS), tighter dispute-resolution timelines, stronger enforcement of arbitral awards, and revised penalties. Under the amended framework, Central Public Sector Enterprises will be required to route invoice settlements for MSME procurement through TReDS, an RBI-authorised electronic platform, while mediation proceedings before the Micro and Small Enterprises Facilitation Council must now be completed within 90 days of first appearance, and arbitral awards in MSME disputes must be rendered within 90 days from the completion of pleadings. The amendment also decriminalises certain regulatory infractions by replacing conviction-based fines with a graded civil penalty framework, issuing a warning for first-time defaults before penalties apply on repeat violations.

For corporates dealing with MSME vendors, the changes mark a significant compliance shift, tightening payment discipline, mandating faster dispute resolution, and strengthening recovery mechanisms available to MSME suppliers.

Regulatory/Legislative

09 Mines and Minerals (Development & Regulation) Amendment Act, 2026 Assented: State Levies on Mineral Rights and Mineral-Bearing Lands Restricted

On 17 August 2026, the President assented to the Mines and Minerals (Development and Regulation) Amendment Act, 2026, introducing significant changes to the regulatory framework governing mineral rights and mineral-bearing lands, with direct relevance for mining and metals corporates. A newly inserted Section 9D bars State Governments from imposing any tax, cess or other levy on mineral rights or mineral-bearing lands—whether based on mineral quantity, mineral value, royalty or otherwise—except in accordance with conditions or restrictions prescribed by the Central Government, while Section 13 is amended to empower the Centre to frame the governing rules. The amendment follows the Supreme Court's AUGUST 2024 ruling in Mineral Area Development Authority v. SAIL, which had upheld States' legislative competence to tax mineral rights and permitted retrospective recovery of dues; the new Section 9D now deems any such State levy not already deposited or recovered before the Act's commencement as invalid, though amounts already collected by States will not be liable to refund. The changes aim to bring fiscal certainty and a uniform taxation regime across major mining States, including Odisha, Chhattisgarh, Karnataka and Rajasthan.

10 Bombay High Court: Writ Not Maintainable Against Bank's Mortgage-Sale Notice Where DRT Remedy Under SARFAESI Available.

The Bombay High Court, in a writ petition challenging a bank's proposed sale of a mortgaged property and seeking to invoke provisions of the Insolvency and Bankruptcy Code, 2016 to interdict the sale, held that the Division Bench of Manish Pitale and Shreeram V. Shirsat, JJ., dismissed the petition on the ground that the petitioner had an alternative, efficacious statutory remedy of approaching the Debt Recovery Tribunal (DRT) under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The Court noted that the petitioner had admittedly already invoked this very remedy, having earlier filed a securitisation application before the DRT challenging the bank's first sale notice, and that the proceeding remained pending. The Bench further observed that the private bank was the sole respondent and that the petitioner had failed to make full disclosure, reinforcing the writ petition's non-maintainability. The ruling serves as relevant precedent for lenders and NBFCs, affirming that borrowers cannot bypass the statutory DRT route by dressing enforcement challenges as writ petitions or invoking IBC provisions where they are not creditors under the Code.

11 "Person" Includes Adults: SC Directs States, UTs to Register FIRs for Every Missing Person, Irrespective of Age or Gender

The Supreme Court directed all States and Union Territories to strictly comply with its earlier order requiring registration of an FIR upon receipt of information regarding any missing person, irrespective of age or gender.

The direction came in a case where a Committee headed by Senior Advocate Mukta Gupta, constituted by the Court, has been working with authorities to address the issue of missing persons across the country. The ruling closes a long-standing gap where police often declined to register FIRs for missing adults. particularly men, treating such disappearances as voluntary or not urgent enough to warrant formal investigation.

12 Appearing via Video Conference Not a Fundamental Right: Allahabad HC Imposes ₹6.7 Lakh Costs on Serial RTI Litigant

The Allahabad High Court dismissed a writ petition after finding that the information sought by the petitioner had already been supplied to him, and rejected his claim that he had an absolute right to appear before the court only through video conferencing. The Court held that appearing via video conferencing is a mode of convenience, not a fundamental right. Taking a strong view of the petitioner's conduct — including filing 24 separate RTI applications — the Court imposed costs totalling ₹6.7 lakh, comprising ₹50,000 for a misconceived application, ₹1.2 lakh for the RTI applications, and an additional ₹5 lakh to discourage such conduct, payable to the High Court Legal Services Committee within four weeks.

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