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# COMMUNIQUE

## JANUARY 2026

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## SUPREME COURT THIS MONTH

- The Hon'ble Supreme Court in the case of *Adani Power Limited & Anr. vs. Union of India & Ors.* (2026 INSC 1) has ruled that judicial pronouncements, once they attain finality, are not advisory opinions but binding commands of law, and the executive is constitutionally obligated to faithfully implement them rather than reasserting invalidated positions. The Court was hearing an appeal arising from a prolonged dispute where a levy had been declared ultra vires by a High Court, a declaration that attained finality after the Supreme Court declined to interfere, yet the authorities continued to enforce the levy for later periods through modified subordinate instruments, forcing the affected party into repeated litigation. The Bench comprising Justice Aravind Kumar and Justice N.V. Anjaria observed "...judicial pronouncements are not advisory opinions; they are binding commands of law... when the executive continues to enforce, under new guise, a levy that has been judicially struck down, it acts in defiance of constitutional discipline and erodes public confidence in the rule of law... the repetition of an invalidated levy through successive notifications compels needless litigation, burdens the courts, and subjects citizens to prolonged uncertainty."
- The Hon'ble Supreme Court in the case of *Nirbhay Singh Suliya vs. State of Madhya Pradesh & Anr.* (Civil Appeal No. 40 of 2026) has held that a mere wrong judicial order or an error in judgment, without any evidence of corrupt motive or extraneous consideration, cannot be the basis for initiating disciplinary proceedings against a judicial officer. The Court was hearing a matter involving a senior judicial officer who was removed from service after 27 years of unblemished record solely on the basis of four bail orders where he had allegedly failed to expressly mention the "twin conditions" of a special statute, despite granting or rejecting bail on valid grounds in numerous other cases. The Bench comprising Justice J.B. Pardiwala and Justice K.V. Viswanathan observed "Judicial pronouncements are not advisory

opinions; they are binding commands of law... the State must exemplify obedience to judgments, not resistance to them. ... It will be a dangerous proposition to hold that judgments and orders which do not refer expressly to statutory provisions are per se dis-honest judgments."

- The Hon'ble Supreme Court in the case of *Bhadra International (India) Pvt. Ltd. & Ors. vs. Airports Authority of India* (Civil Appeal Nos. 37-38 of 2026) reiterated that a unilateral appointment of a sole arbitrator is void ab initio, and the arbitrator so appointed is de jure ineligible to act under Section 12(5) read with the Seventh Schedule of the Arbitration and Conciliation Act, 1996. The Court was hearing a matter where the Chairman of the respondent, Airports Authority of India, had unilaterally appointed a sole arbitrator, and the High Court had dismissed the challenge to the award on the grounds that the appellants had waived their right to object by participating in the proceedings for over two years without protest. The Bench comprising Justice J.B. Pardiwala and Justice K.V. Viswanathan observed "The unilateral appointment of a sole arbitrator is void ab initio, and the sole arbitrator so appointed is de jure ineligible to act as an arbitrator in terms of Section 12(5) read with the Seventh Schedule of the Act, 1996. ... we have no hesitation in saying that its High Court, in the impugned judgment, committed an error in holding that the appointment was not unilateral merely because the respondent proceeded to appoint the sole arbitrator pursuant to notice invoking arbitration."
- The Hon'ble Supreme Court in the case of *M/s Bhageeratha Engineering Limited vs. State of Kerala* (Civil Appeal No. 39 of 2026) has held that a notice under Section 21 of the Arbitration and Conciliation Act, 1996, is primarily a procedural mechanism for determining the commencement of proceedings to reckon limitation and not a mandatory jurisdictional requirement that limits the Arbitral Tribunal's power to decide on other aspects



of the dispute. The Court was hearing a matter where the High Court had set aside an award on the grounds that the Arbitral Tribunal exceeded its jurisdiction by deciding four disputes when the respondent-State had only issued a Section 21 notice for only one particular dispute. The Bench comprising Justice J.B. Pardiwala and Justice K.V. Viswanathan observed that "*when the Arbitral Tribunal is constituted, the claimant is required to file the statement and the respondent to file his defence statement with counter claim, if any, before the arbitrator. The claimant is not bound to restrict his statement of claim to the claims raised by him in the notice issued, if any, before. The claimant can also amend or supplement the claims in the claim statement unless the arbitration agreement requires the arbitrator to decide only the specifically referred disputes. Equally, counterclaim can also be filed and amended.*"

- The Hon'ble Supreme Court in the case of *Union of India vs. Heavy Electrical Factory Employees' Union* (Civil Appeals Nos. 5185-5192 of 2016) has held that compensatory allowances include House Rent Allowance (HRA), Transport Allowance (TA), Small Family Allowance (SFA), and Clothing and Washing Allowance (CWA) and must be added in the "ordinary rate of wages" for the calculation of overtime wages under Section 59 of the Factories Act, 1948. The Court added that different ministries of the executive cannot impose different meanings to a statutory provision when its original intent is clear from the reading of the Act. The Bench comprising Justice Rajesh Bindal and Justice Manmohan observed "*when the statute provides for only two specific exclusions: bonus and wages for overtime work, in the absence of any formal rules governing the exclusion of other entitlements, the Executive cannot, through a mere Office Memorandum, read additional exclusions into the Act that the Legislature did not contemplate. The High Court further noted that the employees had been in receipt of overtime allowances*

*calculated by including HRA, TA, SFA, etc., for a considerable duration. The sudden exclusion of these allowances via the Office Memorandum dated 26.06.2009, lacks legal authority and is contrary to the literal mandate of Section 59 of the 1948 Act.*"

- The Hon'ble Supreme Court in *Prakash Atlanta (JV) vs. National Highway Authority of India (NHAI)* (Civil Appeal No. 4513 of 2025) ruled that neither the Courts exercising jurisdiction under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996, nor the Supreme Court under Article 136, can undertake a merits-based evaluation or sit in appeal over a plausible view taken by an arbitral tribunal. The Court was hearing a batch of appeals concerning the reimbursement of statutory cess where NHAI challenged awards that interpreted "subsequent legislation" clauses in favour of contractors. The Bench comprising Justice Sanjay Kumar and Justice Alok Adarsh observed "*Once the view taken by the arbitral tribunal is found to be a plausible and possible one on facts and not an unreasonable one, it is not for the Courts, under Sections 34 or 37 of the Arbitration Act, or for this Court to sit in appeal or substitute its view for that of the arbitral tribunal.*"
- The Hon'ble Supreme Court in the case of *State of Himachal Pradesh vs. Chaman Lal* (Criminal Appeal No. 430 of 2018) has reiterated that a dying declaration, if found to be true and voluntary, can form the sole basis of conviction without the need for independent corroboration. The Court also added that dying declarations need not follow a rigidly strict form and that hyper-technical objections cannot justify rejection of such statement. The Bench comprising Justice BV Nagarathna and Justice R Mahadevan observed "*the law does not prescribe any rigid form for recording a dying declaration, ... so long as the Court is satisfied that the declaration is voluntary, truthful and reliable, hyper-*



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*technical objections cannot form the basis for its rejection. ... We are, therefore, of the considered view that the High Court fell into manifest error in reversing the well-reasoned judgment of conviction recorded by the trial Court by reappreciating the evidence in a manner contrary to the settled principles governing appellate interference."*



## HIGH COURTS THIS MONTH

- The Delhi High Court in the case of *Smt. Lakshmi Devi and Anr. vs. Union of India and Ors.* (W.P.(C) No. 11263 of 2023) has ruled that a childless widow of a deceased government employee is entitled to continue receiving family pension even after her remarriage, provided her independent income remains below the prescribed limit, and such entitlement takes precedence over the claims of the deceased's parents. The Division Bench comprising Justice Anil Kshetarpal and Justice Amit Mahajan observed that "*the statutory scheme itself contains an in-built safeguard by providing that upon remarriage, if the financial resources of the widow are found to be sufficient and adequate, the family pension would not continue. This clearly demonstrates that the provision is neither arbitrary nor unguided. The Petitioners have failed to demonstrate that Rule 54 violates any constitutional provision or that it is manifestly arbitrary in the constitutional sense. Merely because a different interpretation or policy choice may appear possible does not furnish a ground for striking down a statutory provision which otherwise satisfies constitutional scrutiny.*"
- The High Court of Kerala in the case of *Indian Medical Association vs. Union of India & Ors.* (W.P.(C) No. 41064 of 2025) has ruled that physiotherapists and occupational therapists being recognized "healthcare professionals" under the National Commission for Allied and Healthcare Professions Act, 2021, are entitled to act as first-contact health providers and use the prefix "Dr." with their respective names. The Court was hearing a matter where the Indian Medical Association and other medical professionals challenged the statutory powers and status given to these professionals, seeking to confine their services solely to a supporting role under the supervision of qualified medical doctors. The Single-Judge Bench of Justice V.G. Arun observed "*the contention that the title 'Doctor' exclusively belongs to medical professionals is a misconception since even now, like in the*

*olden times, persons with higher educational qualifications like PhD are entitled to use the title 'Doctor'.*"

- The High Court of Andhra Pradesh in the case of *Gummadi Usha Rani vs. Sure Mallikarjuna Rao* (Civil Revision Petition No. 2487 of 2025) has held that the mere usage of non-existent citations generated by Artificial Intelligence ("AI") tools in a judicial order does not vitiate the order if the underlying legal principles considered and their application to the facts of the case are correct. The Court was hearing a revision petition challenging a Trial Court's order that dismissed an application to strike down an advocate commissioner's report; the petitioners argued on the ground that the order was unsustainable because it relied on "fake authority" and "non-existent rulings". The Single-Judge Bench comprising Justice Ravi Nath Tilhari observed that "*the citations may be non-existent, but if the learned Trial Court has considered the correct principles of law and its application to the facts of the case is also correct, mere mentioning of incorrect or non-existent rulings/citations in the order cannot be a ground to set aside the order. If the principle of law applied is not the law of the land or its application in a given case is faulted because of relying on non-existent rulings generated by AI, then the case for interference would be made out.*"
- The Bombay High Court in the case of *Dr. Mohinder Kumar vs. The Chairman* (W.P. No. 1635 of 2021) iterated that a Complaints Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, exceeds its jurisdiction when recommending disciplinary action against an employee after it has already concluded that the allegations of sexual harassment were not proven. The Court was hearing a writ petition challenging an order of reprimand imposed on a retired Assistant General Manager who had recorded videos of female colleagues to support his claims of office disturbance; the Central



Complaints Committee ("CCC") found no sexual harassment but recommended action for breaching office discipline. The Division Bench comprising Justice Bharati Dangre and Justice Manjusha Deshpande observed "*The CCC is a Committee specially constituted to address the grievances of sexual harassment, hence once the Committee has formed an opinion that the conduct of the Petitioner did not constitute 'sexual harassment', it could not have recommended any action against the Petitioner. It should have simply closed the matter and dismissed the complaint.*"

- The High Court of Punjab and Haryana in the case of *State of Haryana vs. Vinod @ Munna (MRC-3-2021)* has ruled that the failure of a trial court to put incriminating circumstances, specifically scientific evidence like a DNA report to the accused during their examination under Section 313 of the Code of Criminal Procedure, 1973 ("CrPC") (now Section 351 of the BNSS) constitutes a serious procedural lapse that vitiates the trial and necessitates a remand for fresh adjudication. The Court was hearing a murder reference and a criminal appeal arising from a Trial Court's judgment that had convicted the accused for the rape and murder of a minor girl and sentenced him to death, based primarily on DNA evidence that was never formally explained to the accused during the trial proceedings. The Division Bench comprising Justice Anoop Chitkara and Justice Sukhvinder Kaur observed that "*Although, it is legally permissible for any Appellate Court to put the leftover incriminating evidence to an accused, or to direct the trial Court to do so, but that decision has not to be taken in a mechanical manner but has to be taken after analyzing the remaining incriminating evidence which was put to the accused, the prejudice caused to the accused, the defence setup, and the objections taken during the arguments. Since the accused has a right to examine defence evidence, and the evidence that comes in defence, if any, would also need*

*to be analyzed and appreciated in appeal ... the only option available with this Court to do justice to the accused and the victim and her family is to remand the case back to the Trial Court to begin the trial from the stage of recording the statement of the accused under 313 CrPC.*"

- The Bombay High Court in the case of *Ramesh Dada Kalel vs. The State of Maharashtra & Anr.* (Criminal Appeal No. 1133 of 2023) has iterated that a conviction recorded under a deleted provision of the Indian Penal Code, 1860 ("IPC") can be altered to a corresponding newly added provision if the maximum sentence for the offence remains the same and no prejudice is caused to the accused. The Court was hearing a criminal appeal where the appellant, convicted of raping a minor in 2021, was sentenced under the deleted Section 376(2)(i) of the IPC instead of the substituted Section 376(3) introduced by the 2018 amendment. The Division Bench comprising Justice Manish Pitale and Justice Manjusha Deshpande observed "*...maximum sentence that could be imposed under the deleted Section 376(2)(i) of the IPC, is exactly the same, as the maximum sentence that can be imposed under Section 376(3) of the IPC, which was added by way of the very same amendment, brought into effect in the year 2018. Thus, the case of prejudice suffered by the appellant and failure of justice, is not made out on behalf of the appellant and the contentions raised regarding the same, are rejected.*"
- The Delhi High Court in the case of *Sangita Rai vs. New Delhi Bar Association* (LPA 368 of 2024) has ruled that since Bar Associations exist merely to protect the interests of Advocates and do not discharge any public functions, do not fall under the ambit of "State" under Article 12 of the Indian Constitution. The Court was hearing an intra-court appeal where an advocate sought directions against the New Delhi Bar Association for the allotment of a chamber and membership, and further



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sought to compel the Bar Council of Delhi to take action against the Association's officials. The Division Bench of Justice DK Upadhyaya and Justice Tejas Karia observed *"Bar Association is a body of private individual lawyers and in normal discharge of its functions, it does not perform any function which can be said to be a public function. It is a body registered under the Act, 1860; however, its affairs are governed by its Memorandum of Association, Constitution and Rules. The functions being generally discharged by Bar Associations, as observed above, are to protect the interest of the individual lawyers. It is in fact, a purely private entity and cannot in any manner or for any reason, whatsoever, be termed to be 'State' or its instrumentality or agency or authority."*



## NOTIFICATIONS / AMENDMENTS INSIGHTS

- The Reserve Bank of India ("RBI") has issued the RBI (Priority Sector Lending ("PSL") - Targets and Classification) (Amendment) Directions, 2026 on January 19, 2026 vide Notification No. RBI/FIDD/2025-26/196 FIDD.CO.PSD.BC.No.11/04.09.001/2025-26 to refine and update the framework that banks use to meet credit targets for priority sectors such as agriculture, housing and MSMEs. These amendments clarify how Adjusted Net Bank Credit (ANBC) and off-balance sheet exposures are computed, revise sub-target treatment (including for co-lending and export credit), introduce enhanced verification procedures (e.g., external auditor certification for PSL eligibility), and adjust PSL targets and reporting norms for commercial banks and others, with the goal of strengthening transparency, consistency and regulatory certainty in PSL compliance across banking institutions.
- The Reserve Bank of India ("RBI") has issued the Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026 vide Notification No. RBI/CEPD/2025-26/384CEPD. PRD.No.S1030/13.01.019/2025-26 dated January 14, 2026 to significantly strengthen and standardise the internal grievance redress mechanism in eligible NBFCs by mandating the appointment of an independent Internal Ombudsman ("IO") and Deputy IO to review customer complaints that have been partially resolved or wholly rejected by an NBFC's internal system before final closure. These Directions apply to deposit-taking NBFCs with ten or more branches and non-deposit-taking NBFCs with assets of INR 5,000 crore or more and a public customer interface as of March 31, 2025 (with phased compliance for entities meeting the criteria thereafter), and replace the earlier 2023 master directions for internal ombudsman. Under the framework, NBFCs must implement fully automated

complaint management systems that auto-escalate unresolved complaints to the IO/Deputy IO, ensure that ombudsmen are independent and experienced, embed board-level oversight, and regularly report patterns of complaint resolution and root-cause analyses to the RBI to improve fairness, transparency and accountability in grievance handling.

- The Securities and Exchange Board of India ("SEBI") has notified SEBI (Mutual Funds) Regulations, 2026, on January 16, 2026 vide F. No. SEBI/LAD-NRO/GN/2026/294, that establish the updated regulatory framework governing mutual funds in India, defining key concepts (e.g., "accredited investor", "asset management company", "broker"), setting out mutual fund operational norms, disclosure and advertisement definitions, and codifying scheme structures and investor protections; these regulations supersede earlier versions and are intended to modernise mutual fund regulation, standardise definitions, and improve clarity and investor safeguards, with the regulations scheduled to take effect from April 1, 2026.
- The Securities and Exchange Board of India ("SEBI") vide notification no. F. No. SEBI/NRO-GN/2026/295 dated January 20, 2026 has notified SEBI (Listing Obligations and Disclosure Requirements ("LODR")) (Amendment) Regulations, 2026, which is a set of targeted updates to the principal SEBI (LODR) Regulations, 2015 to refine the regulatory obligations of listed entities and enhance transparency in India's securities markets. A key change is the upward revision of the threshold for classification as a "High-Value Debt Listed Entity" raising the non-convertible debt securities threshold to INR 5,000 crore in order to focus governance and disclosure requirements on entities with substantial debt listings



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and align with evolving market dynamics. Other amendments support SEBI's ongoing governance and disclosure enhancements, push towards full dematerialisation of securities, and strengthen oversight frameworks to balance investor protection with ease of doing business for issuers.

- The Securities and Exchange Board of India ("SEBI") has issued SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026 through F. No. No. SEBI/LAD-NRO/GN/2026/296 dated January 20, 2026 and amended the principal SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with the aim of boosting retail participation and adding flexibility for issuers in India's corporate debt market. Under the updated framework, SEBI formally introduces the definition of "retail individual investor" an individual who applies or bids for non-convertible debt securities up to INR 2 lakh providing regulatory certainty on investor categorisation in debt issues. The amendments also permit issuers to offer targeted incentives (such as additional interest or discount on issue price) to specified categories of investors (including senior citizens, women, defence personnel, widows/widowers of defence personnel and retail individual investors), subject to conditions, to encourage broader participation in public debt issues; importantly, incentives are available only to the initial allottee and not on subsequent transfers of the securities, helping prevent misuse and ensure transparency in the bond market.



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## DEALS THIS MONTH

- Emergent, an Indian origin AI startup building a “vibe coding” platform that uses natural language and AI to help users create fullstack web and mobile applications without traditional coding has raised USD 70 million in a SeriesB round led by SoftBank Vision Fund2 and Khosla Ventures, with participation from Prosus, Lightspeed, Together Fund and Y Combinator, at an approximately USD 300 million valuation. The fresh capital will be used to expand product offerings, scale global operations (including Europe), deepen engineering and B2B sales efforts, and accelerate overall growth of the platform.
- Neysa, a Mumbai-based AI acceleration cloud provider that offers scalable infrastructure, AI platform services, and tools to help enterprises plan, deploy and manage Generative AI (GenAI) applications and workloads has raised USD 30 million in a SeriesA funding round coled by NTT Venture Capital (NTTVC), Z47 (formerly Matrix Partners India) and Nexus Venture Partners, building on a prior seed round. These funds will be used to scale its AI infrastructure, fuel research and development, launch and expand GenAI cloud services such as its acceleration cloud service, and drive broader adoption of generative AI solutions across key sectors.
- Aerem Solutions, an Indian distributed solar platform that integrates financing, marketplace services, procurement tools and digital infrastructure to support solar energy adoption among MSMEs, homeowners, EPC partners and financial institutions, has raised USD 15 million in a pre-seriesB round led by SMBC Asia Rising Fund (the venture arm of Sumitomo Mitsui Banking Corporation), with continued participation from British International Investment, UTEC, Blume Ventures, Avaana Capital, Riverwalk Holdings and SE Ventures. The funding will be used to expand its pan India footprint, strengthen partnerships with EPC and installer networks, improve affordability and execution quality, and accelerate deployment of distributed solar capacity.
- Unbox Robotics, a Pune-based warehouse automation and supply chain robotics startup that builds AI-enabled mobile robots and modular systems designed has raised USD 28 million in a SeriesB funding round led by ICICI Venture and Redstart Labs (Infoedge), with co-investments from FPrime Capital, Zone4 Capital, Navam Capital, Force Ventures and other backers. The new capital will be used to expand engineering and leadership teams, accelerate product development, grow market presence both in India and globally, and provide employee liquidity via Employee Stock Option Plans (ESOPs).
- Whizzo, a materials science and manufacturing startup based in Bengaluru that operates as a contract development and manufacturing organisation (CDMO) for technical textiles and engineered material solutions has raised \$15 million in a SeriesA funding round led by Fundamentum with participation from LB Investment, Lightspeed and BEENEXT. The funds will be used to deepen materials science research, build inhouse intellectual property, strengthen supply chain capabilities, expand science and engineering teams, and scale manufacturing operations across India, Vietnam, China, Bangladesh and Indonesia while boosting export reach.



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