

Info Capsule

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❖ Capital Market and Securities Laws

Creation/Invocation of pledge of securities through depository system (February 5, 2026)

The framework for pledging of shares through the depository system is prescribed in paragraph 4.13 of the SEBI Master Circular for Depositories dated December 03, 2024. In order to ensure compliance with the provisions of Sections 176 and 177 of the Indian Contract Act, 1872 in the framework for pledge of securities through Depositories, the amendments have been made in the said Master Circular. It is provided that the Pledge Request Forms of the depositories shall, inter alia, make provision for the pledger and pledgee to undertake the following:

- The pledgee undertakes to provide reasonable notice to the pledger and comply with the requirements of Sections 176 and 177 of the Indian Contract Act, 1872.
- The pledger and pledgee undertake to abide with the provisions of the Indian Contract Act, 1872, the Depositories Act, SEBI Regulations, circulars, and bye-laws in force from time to time, as may be applicable.

For details:
https://www.sebi.gov.in/legal/circulars/feb-2026/creation-invocation-of-pledge-of-securities-through-depository-system-_99546.html

❖ Ministry of Commerce and Industry

• Revision in Startup Recognition Framework (February 05, 2026)

Department for Promotion of Industry and Internal Trade has revised Startup Recognition Framework in supersession of the Gazette Notification No. G.S.R. 127(E) dated February 19, 2019.

Startup' means an entity which:-

- i. is incorporated or registered in India as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) or a Multi-State Cooperative Society registered with the Central Registrar of Cooperative Societies (under the Multi-State Cooperative Societies Act, 2002) or a Cooperative Society registered under any State or Union Territory Cooperative Societies Act with the respective Registrar of Cooperative Societies in India;
- ii. is within a period of ten years from the date of its incorporation or registration;
- iii. has a turnover for any of the financial years since incorporation or registration not exceeding two hundred crore rupees; and
- iv. is working towards innovation, development or improvement of products or processes or services, or is a scalable business model with a high potential of employment generation or wealth creation.

It has introduced of a dedicated category for Deep Tech Startups and included of cooperative societies as eligible entities.

For details:

[https://egazette.gov.in/\(S\(fkwywv02pktvgqqs0cmipyqv2\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(fkwywv02pktvgqqs0cmipyqv2))/ViewPDF.aspx)

• India and Gulf Cooperation Council Sign Terms of Reference for India-GCC Free Trade Agreement (February 05, 2026)

The Terms of Reference (ToR) for the India-GCC Free Trade Agreement (FTA) were signed between Shri Ajay Bhadoo, Additional Secretary and Chief Negotiator, Department of Commerce and Dr. Raja Al Marzouqi, Chief Negotiator, Secretariat General of the Gulf Cooperation Council, on 5 February 2026 at Vanijya Bhawan, New Delhi. The signing took place in the presence of Union Minister of Commerce and Industry Shri Piyush Goyal, Union Minister of State for Commerce and Industry Shri Jitin Prasada, and Commerce Secretary Shri Rajesh Agrawal. The ToRs will guide the negotiations for the GCC-India FTA by defining its scope and modalities.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2223875®=3&lang=1>

❖ **Views/ Comments sought by Regulators**

- **Consultation Paper on Measures towards Ease of Doing Business for REITS and InvITs (February 5, 2026)**

SEBI has placed this consultation paper with the objective to seek comments or views from the public on various ease of doing business measures related to Real Estate Investment Trusts ("REITs") and Infrastructure Investment Trusts ("InvITs"). The matters consulted in this paper are as under:

- i. Continuing the investment in Special Purpose Vehicle post end of concession period (For InvITs)
- ii. Expanding the scope of investment in liquid mutual fund schemes by REITs and InvITs (For Both REITs and InvITs)
- iii. Alignment of investment conditions for Private InvIT with Public InvIT in relation to investment in Greenfield Projects. (For InvITs)
- iv. Expanding the scope of permitted use of fresh borrowings for InvITs where Net Borrowings exceeds 49% of the value of assets (For InvITs)

The comments or suggestions should be submitted latest by February 26, 2026.

For details: https://www.sebi.gov.in/reports-and-statistics/reports/feb-2026/consultation-paper-on-measures-towards-ease-of-doing-business-for-reits-and-invits-_99545.html

- **Consultation Paper on Flexibility to Alternative Investment Funds (AIFs) in Winding up the scheme / Surrendering the Registration (February 5, 2026)**

SEBI has placed this consultation paper with the objective to seek public comments on a proposal aimed at streamlining the processes pertaining to winding up of AIF schemes and surrender of AIF registrations. These proposals are premised on the principle that while entry into the securities market is subject to specified eligibility criteria, the regulatory framework for exit, where an entity seeks to discontinue its activities, should be clear, predictable and operationally efficient. The consultation paper seeks comments and views from the public and stakeholders on the following proposals –

- a) Permitting retention of funds by a scheme beyond the permissible fund life, subject to specified conditions; and
- b) Introducing a framework for categorizing certain AIFs as "inoperative funds", where no active fund management activity is undertaken, with proportionate regulatory compliances.

The comments or suggestions should be submitted latest by February 26, 2026.

For details: https://www.sebi.gov.in/reports-and-statistics/reports/feb-2026/consultation-paper-on-flexibility-to-alternative-investment-funds-aifs-in-winding-up-the-scheme-surrendering-the-registration-_99541.html

- **Consultation paper on extending facility of standing instructions for Systemic Withdrawal Plan (SWP)/Systemic Transfer Plan (STP) for Mutual Fund units held in demat form (February 5, 2026)**

SEBI has placed this consultation paper with the objective to solicit comments and inputs from stakeholders and public on extending standing instructions for Systemic Withdrawal Plan (SWP) / Systemic Transfer Plan (STP) facility for investors holding Mutual Funds (MF) units in demat form. Facility of standing instructions for SWP/STP benefits investors in planning their investments efficiently. However, the facility of standing instructions for SWP/STP is presently not available if the MF units are held in demat form. Considering the implications of the said matter on market participants, public comments are invited on the proposal in the Consultation Paper. The comments or suggestions should be submitted latest by February 26, 2026.

For details: https://www.sebi.gov.in/reports-and-statistics/reports/feb-2026/consultation-paper-on-extending-facility-of-standing-instructions-for-systemic-withdrawal-plan-swp-systemic-transfer-plan-stp-for-mutual-fund-units-held-in-demat-form-_99550.html

❖ **ESG Update**

Schneider Electric -Clean Energy for Sustainable Agriculture and Livelihoods

Providing clean, reliable, and affordable electricity has a positive impact on the environment and farmers' livelihoods, leading to a more sustainable and resilient future. This helps reduce reliance on fossil fuels and promotes socio-economic development for farmers. Schneider has a range of clean energy solutions for irrigation and agro-processing applications. Recently, Schneider has developed and implemented an innovative, efficient, reliable, and low-cost integrated "Climate Smart Village Solution", which, in addition to maintaining the high-capacity utilization of solar pumps that increases the area under irrigation for farmers, also powers agro-processing units and other livelihood applications. Even more, this solution can be integrated to ensure reliable power to households, streetlights and various community loads. In 2024, Schneider Electric has provided these integrated Climate Smart Village Solutions in two villages in the eastern part of India.

Schneider Electric is a pioneer in the Corporate Impact Investment space, having launched its first investment vehicle, Schneider Electric Energy Access (SEEA), as early as 2009. With the strong belief that access to clean energy services is a fundamental right and key development lever, the Company has since initiated or participated in five vehicles to accelerate a just energy transition.

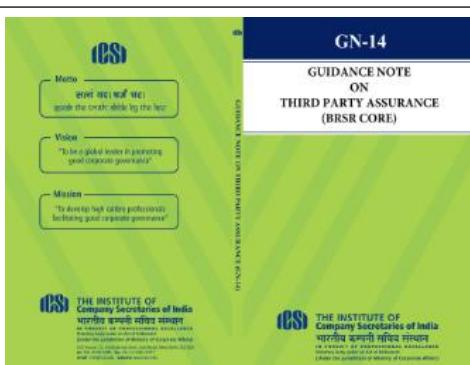
For details: https://www.se.com/ww/en/Images/2024-sustainability-report_tcm564-513141.pdf

❖ **Business and Economics**

RBI ready with a ₹25,000 shield for cyber fraud victims in India (February 06, 2026)

The Reserve Bank of India on Friday proposed a framework to compensate customers up to ₹25,000 for losses from small-value fraudulent digital transactions, as part of measures to improve the safety of digital payments. "It is proposed to introduce a framework to compensate customers up to an amount of Rs 25,000 for losses incurred in small-value fraudulent transactions." Governor Sanjay Malhotra, while delivering his address said, for customer protection, "we will issue three draft guidelines: one, relating to mis-selling; two, regarding recovery of loans and engagement of recovery agents ; and three, on limiting liability of customers in un-authorised electronic banking transactions." "It is also proposed to introduce a framework to compensate customers up to an amount of ₹25000/- for loss incurred in small-value fraudulent transactions."

For details: <https://economictimes.indiatimes.com/news/economy/policy/cyber-fraud-rbi-ready-with-a-25000-shield-for-digital-fraud-victims-in-india/articleshow/127970508.cms>



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Weblink for Purchase:

<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=397>



Year of Publication: 2025

Price: Rs. 400 /-

Weblink for Purchase:

<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=400>

❖ Pronouncement

October 31, 2025	M/s Lancor Holdings Limited v. Prem Kumar Menon & Ors.	Supreme Court Of India CIVIL APPEAL NOs. 10074-10075 OF 2024
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When can a delay in delivery of an arbitral award be a ground to set it aside?

The Supreme Court held that delay in the delivery of an arbitral award, by itself, is not sufficient to set aside that award. However, each such case would have to be examined on its own individual facts to ascertain whether that delay had an adverse impact on the final decision of the arbitral tribunal, whereby that award would stand vitiated due to the lapses committed by the arbitral tribunal owing to such delay. It is only when the effect of the undue delay in the delivery of an arbitral award is explicit and adversely reflects on the findings therein, such delay and, more so, if it remains unexplained, can be construed to result in the award being in conflict with the public policy of India, thereby attracting Section 34(2)(b)(ii) of the Act of 1996 or Section 34(2A) thereof, as it may also be vitiated by patent illegality. Further, it would not be necessary for an aggrieved party to invoke the remedy under Section 14(2) of the Act of 1996 as a condition precedent to lay a challenge to that delayed and tainted award under Section 34 thereof.

The basis and public policy underlying the process of arbitration is that it is less time-consuming and results in speedier resolution of disputes between the parties. The Court held that if that premise is not fulfilled by an unworkable arbitral award that does not resolve the disputes between the parties, on one hand, leaving them with no choice but to initiate a fresh round of arbitration/litigation but the arbitrator, in the meanwhile, also changed their positions, irrevocably altering the pre-existing balance between the parties prior to the arbitration, then such an arbitral award would not only be in conflict with the public policy of India but would also be patently illegal on the face of it. It would therefore be liable to be set aside under Section 34(2)(b)(ii) and/or Section 34(2A) of the Arbitration and Conciliation Act, 1996.

It was also held that where the conditions for exercise of power under Article 142 of the Constitution are satisfied, such jurisdiction may be justifiably exercised in accordance with the principles laid down in *Gayatri Balasamy v. ISG Novasoft Technologies Limited*, 2025 INSC 605.

For details: <https://api.sci.gov.in/supremecourt/2019/6448/6448 2019 11 1501 65336 Judgement 31-Oct-2025.pdf>

❖ Market Watch

Stock Market Indices as on 06.02.2026	
S & P BSE Sensex	83,580.40 (+0.32%)
Nifty 50	25,693.70 (+0.20%)

Foreign Exchange Rates as on 06.02.2026 (https://m.rbi.org.in//scripts/ReferenceRateArchive.aspx)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
90.41	106.68	122.74	.57

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For any suggestions, please write to academics@icsi.edu,

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