

Callidus News

ADVOCATES, CONSULTANTS & NOTARY

BRANCHES: DUBAI | SINGAPORE | DELHI | MUMBAI | KOLKATA | CHENNAI | COCHIN info@calliduscmc.com

Dubai

Business Avenue Building
Office # 713, Port Saeed Road,
P.O. Box # 90992, Dubai, UAE.
Tel: +97142956664
Fax: +97142956099

Singapore

20 Maxwell Road
#04-02 D, Maxwell House
Singapore - 069113
Tel: +65 6221 4090

Delhi

D 1st 145 Basement (Rear)
Lajpat Nagar R 1
New Delhi - 110 024
Tel: +91 11 4132 1037

Mumbai

8-B, Dariya Building
2nd Floor, In between American
Dry Fruits & Zara, Dr. D.N.Road
Fort, Mumbai 400 001
Tel: 022-22853371

Chennai

Old No. 123, New No.255,
3rd Floor, Hussiana Manzil,
Ankapanaiken Street,
Parrys, Chennai - 600 001
Tel: +91 98 40 844463

Cochin

Near St. Joseph's High
School Chittoor Road,
Cochin - 12, India
Tel: +91 484 2391895
office@callidusindia.com



FRAUDULENT MISREPRESENTATION UNDER CIF CONTRACTS: LEGAL IMPLICATIONS OF LETTERS OF INDEMNITY IN MARITIME TRADE

Joshua Felix Joseph, First year LL.B. (Hons), Middlesex University, Dubai

In International shipping, the CIF (Cost, Insurance, and Freight) Incoterm is widely used to allocate responsibilities between buyers and sellers. However, its effectiveness depends on the integrity of the documents exchanged, particularly the bill of lading and any substitute instruments such as Letters of Indemnity (LOIs). The case of Euro-Asian Oil SA v. Abilo (UK) Ltd & Credit Suisse AG serves as a cautionary example of how CIF obligations

can be undermined through fraudulent misrepresentations, exposing both commercial and legal vulnerabilities.

To summarize, Euro-Asian Oil SA entered CIF contracts for the shipments of petroleum. When bills of lading were unavailable, payment was made against LOIs co-signed by Abilo and Credit Suisse. One LOI referenced cargo that had already been discharged under a previous contract. The buyer paid based on

this false assurance and later sued for fraudulent misrepresentation. The English courts held both the seller and the bank liable, emphasizing that the CIF structure had been misused and the LOI warranties were false.

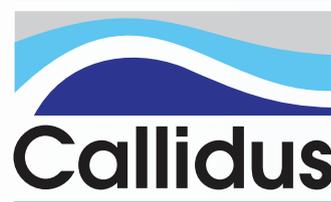
From a legal standpoint, this case raises essential questions about the enforceability of LOIs, the scope of bank liability, and the limitations of Incoterms when misapplied. Under English



**THOUGHT
for the MONTH**

There is a quiet strength in those who choose integrity over convenience, who uphold justice even when unseen, and who persist not for applause but for purpose—for it is in such silent determination that real legacies are built

DANA MELE



Law, LOI's are enforceable if backed by consideration and issued in good faith. However, when fraud is involved, they lose their protective value and may expose signatories to tortious liability.

In the UAE, the legal framework governing maritime trade is anchored in Federal Law No. 26 of 1982 on Commercial Maritime Law, recently updated by Federal Decree-Law No. 43 of 2023, which regulates contracts of carriage, shipper obligations, and liability for mis-declared cargo. While LOI's are not explicitly codified in maritime statutes, they are assessed under the UAE Civil Code (Federal Law No. 5 of 1985), particularly Articles 129-141, which require a lawful object, clear terms, and conformity with public order. A fraudulent LOI, therefore, may be unenforceable and expose the issuer to civil and possibly criminal liability.

Moreover, Article 282 of the Civil Code provides a general basis for tort liability where harm results from wrongful acts. A bank or shipper that co-signs or issues a false LOI knowingly may be liable for damages in the UAE, even if the recipient is a foreign party.

Supplementing this, the UAE's Anti-Commercial Fraud Law (Federal Law No. 42 of 2023) reinforces prohibitions on false representations in trade, providing regulatory authorities to seize or block goods tainted by mis-declaration.

Unlike many maritime jurisdictions, the UAE is not a party to the Hague-Visby Rules. Instead, its liability regime under Decree-Law No. 43 of 2023 offers an autonomous foundation for governing the carriage of goods by sea. This makes the contractual use of Incoterms even more critical in transactions governed by UAE law. While Incoterms are not law per se, they operate as incorporated terms in the sales contract to define delivery points, risk transfer, and allocation of costs. In jurisdictions like the UAE, where courts focus on actual performance and the substance of obligations, Incoterms play a harmonizing role between domestic law and global commercial practice. However, as demonstrated in the Euro-Asian Oil case, Incoterms cannot override fraud. Their effectiveness depends on the honest and consistent application of

obligations across the contract of sale, carriage, and financing instruments.

To mitigate risks, parties engaged in CIF transactions under UAE law should: avoid reliance on LOI's unless backed by verified documentation, ensure that banks and trade intermediaries conduct appropriate due diligence, and structure Incoterm usage to align with actual contractual and regulatory requirements. Contracts should also explicitly define the status and limitations of indemnities to avoid potential unenforceability in UAE courts.

Ultimately, while CIF contracts offer commercial convenience, their legal strength rests on the authenticity of the documents used to execute them. The Euro-Asian Oil case illustrates how misrepresentation can unravel this structure. In the UAE context, where documentary forms must align with truth and lawful purpose, this interplay between contract, conduct, and compliance is especially critical. Consequently, legal practitioners must remain vigilant in drafting and reviewing documents to ensure that trade remains both functional and fair ■

SPACS (SPECIAL PURPOSE ACQUISITION COMPANIES)- OPPORTUNITIES AND REGULATORY CONCERNS IN INDIA

Adwaith S K, 3rd Year, 6th Semester BCom LLB, The Kerala Law Academy Law College, Thiruvananthapuram

Special Purpose Acquisition Companies (SPACs) turn-up globally as an alternative route for the Companies to access the Public Market. It offers a faster and potentially efficient process compared to the Traditional Initial Public Offerings (IPOs).

A Special Purpose Acquisition Company, through its Initial Public Offering, raises Money, so that it can be merged or purchased with an Existing Company.

Since the Special Purpose Acquisition Companies are formed to raise funds through Initial Public Offerings (IPOs), it does not have any Financial Operations. It can be acquired or merged with another Company. The Investors in the Special Purpose Acquisition Companies include the Private Equity Funds, Celebrities and even the General Public.

Nowadays in India, the concept of SPAC is gaining attention. The Startups Casting around for Creative funding

ideas are depending on it a lot. Since India does not have a specific regulatory framework for SPAC, the Securities and Exchange Board of India (SEBI) is exploring the possibility of building a dedicated framework for SPACs. The Indian Regulatory landscape presents both Opportunities and Challenges for the connection of SPAC.

Special Purpose Acquisition Companies (SPACs) present a transformative opportunity for Indian start-ups and



high-growth enterprises to access global capital markets more efficiently.

Opportunities for SPACs in India

Accelerated Access to Global Capital

SPACs enable Indian companies to go around the traditional Initial Public Offering (IPO) route, facilitating quicker listings on international exchanges. SPAC furnish the Startups with a quicker route to Public Listing, bypassing the lengthy and complex procedures associated with Traditional Initial Public Offerings.

Enhanced Funding for Innovation

The Special Purpose Acquisition Companies are emerging as a developmental funding mechanism for the innovation driven sectors in India. The SPACs helps the Startups and High Growth Enterprises with accelerated access to capital, fostering technological advancements and economic growth by offering an alternative route to public markets.

Global Investment Inflows

The Foreign investors who are interested to be part of India's growth story can be attracted by the SPAC. It increases the foreign direct investment and

strengthening the financial ecosystem. The SPACs offer auspicious alternative for companies seeking to access public markets and supporting economic growth. This potential requires careful regulatory planning to address existing legal hurdles and protect investor interests.

Regulatory Challenges and Concerns

Lack of Specific Legal Framework

Presently, Indian legislation does not explicitly acknowledge Special Purpose Acquisition Companies (SPACs). Under Section 248(1) of the Companies Act, 2013, a company's name can be struck off the register if it fails to begin business within one year of incorporation. This becomes problematic for SPACs, as their structure inherently involves remaining non-operational until they acquire or merge with a target company within a designated period.

SEBI Regulations

India does not have a specific SEBI regulation framework dedicated to Special Purpose Acquisition Companies (SPACs). SEBI mandated that the companies must have track record of profitability and net tangible assets to be eligible for IPOs. Special Purpose Acquisition Companies (SPACs) are

shell companies without operational history. They do not meet the criteria; thus, it makes them difficult to be listed on Indian Stock Exchanges.

Investor Protection Concerns

There are apprehensions about the potential misuse of SPAC structures, including inadequate disclosures, conflicts of interest, and the risk of sponsors prioritizing personal gains over shareholder interests. Ensuring transparency and safeguarding investor interests are paramount.

Limited Precedents and Market Understanding

The novelty of SPACs in the Indian context means there is limited understanding among investors and regulators, potentially leading to scepticism and cautious participation.

Steps Towards a Conducive Regulatory Environment

The Securities and Exchange Board of India (SEBI) has started to develop specific regulatory framework for SPACs. The IFSCA has proposed regulations for SPAC listings within the GIFT City, India's financial hub. These regulations include stipulations such as a minimum issue size and the requirement for funds

raised to be held in escrow accounts until a suitable acquisition is made.

Conclusion

SPACs present a compelling route for companies aiming to enter public markets, with the potential to

energize India's financial ecosystem and drive economic development. To harness this opportunity effectively, it is essential to implement thoughtful regulatory reforms that overcome current legal obstacles and safeguard investor interests. By drawing on global

best practices and adapting them to India's unique regulatory landscape, policymakers can cultivate a framework where SPACs play a constructive role in the nation's economic progress ■

INDIA–SINGAPORE FORGE MARITIME ALLIANCE ON DIGITALISATION & DECARBONISATION: A LEGAL PERSPECTIVE



In a landmark move poised to shape the future of maritime collaboration in Asia, **India and Singapore recently signed a Letter of Intent (LOI) to enhance cooperation in digitalisation and decarbonisation** of the maritime industry. The agreement was announced during the Singapore Maritime Week and has been widely applauded as a forward-looking initiative. This strategic partnership focuses on integrating digital solutions into port and cargo operations, improving data exchange between shipping authorities, and aligning efforts toward sustainable maritime practices through green fuels and energy-efficient technologies.

This collaboration marks a significant step toward developing a unified framework that enables **secure electronic trade documentation, blockchain-based bills of lading, and automated vessel clearance processes**. Both countries aim to lead by example in decarbonising port logistics, transitioning toward low-emission fuels, and improving regulatory mechanisms for maritime environmental governance. For

shipping lines and logistics operators, this opens up an era where compliance, carbon accounting, and digital traceability will no longer be optional—but a core legal requirement. The LOI also paves the way for pilot projects that may influence future international maritime legislation, especially in areas of digital documentation standards and ESG compliance.

For stakeholders in the maritime legal sector, including law firms like Callidus, this development presents not just a legal shift—but a strategic opportunity. With digital transformation becoming a regulatory priority, **clients will increasingly require expert guidance on adapting to cross-border digital compliance frameworks, contractual reforms, e-trade documentation protocols, and ESG-related maritime obligations**. As legal advisors, we are at a crucial juncture to counsel companies on minimizing legal exposure while navigating emerging regulatory landscapes shaped by bilateral agreements like this. This partnership between India and Singapore is more than diplomacy—it signals the dawn of a new, rule-based

Courtesy: www.themaritimestandard.com

Address: Near St. Joseph's High School, Chittoor Road, Cochin- 12, India, T: +91 484 2391895, office@callidusindia.com

Disclaimer *The materials contained in our News Letter and our accompanying e-mail have been prepared solely for information purpose. Neither Callidus nor any of its affiliates make any warranties in relation to the use or reproduction of its contents. The information contained in the news letter is solely for academic and discourse purposes, meant for private circulation; this e-mail message and its attachments may be confidential, subject to legal privilege, or otherwise protected from disclosure, and is intended solely for the use of the intended recipient(s). If you have received this communication in error, please notify the sender immediately and delete all copies in your possession.*