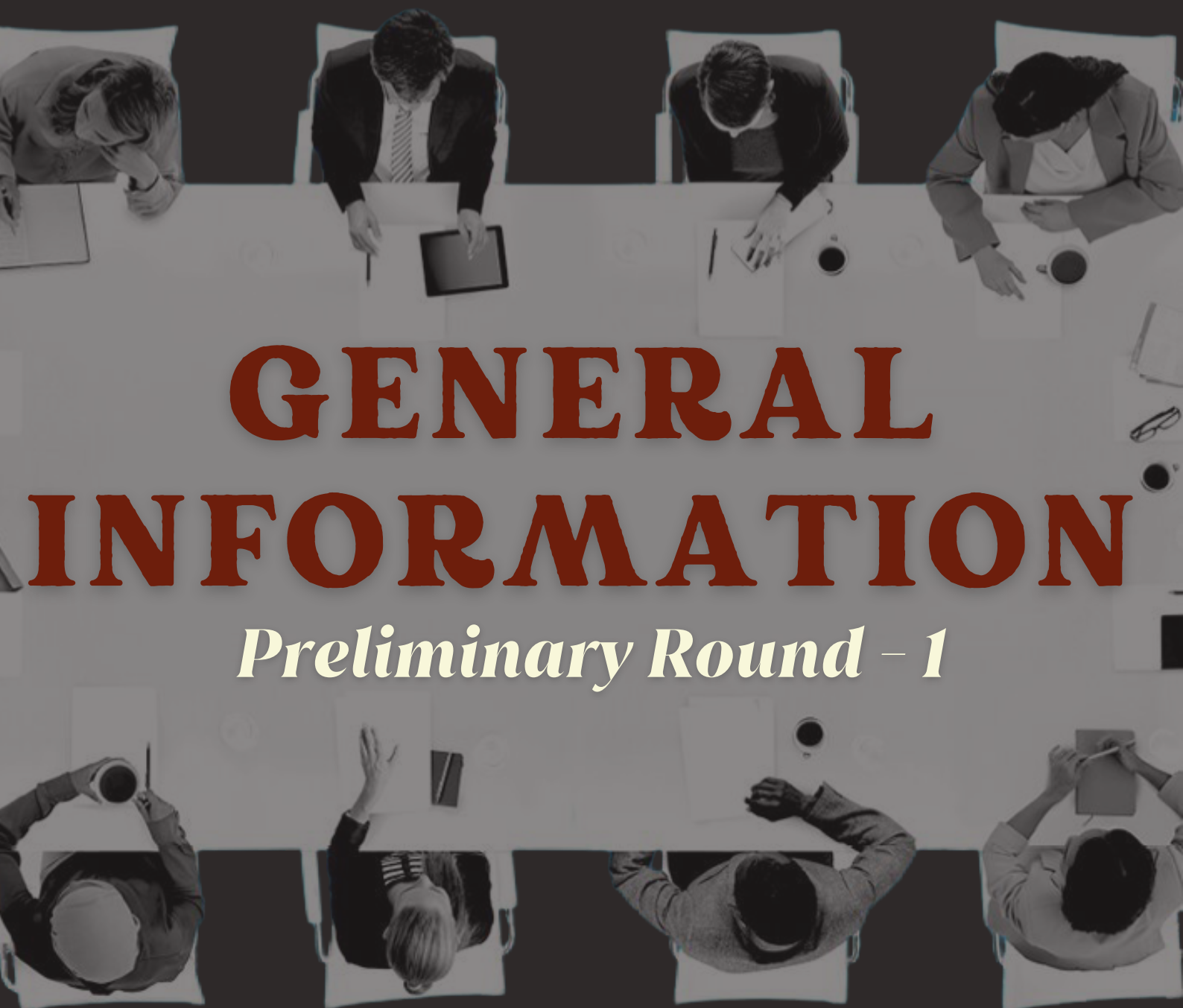


5TH RGNUL NATIONAL NEGOTIATION COMPETITION, 2025



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PRELIMINARY ROUND 1: GENERAL INFORMATION

SALE OF DHINETRA'S DATA: PRIVACY IN PERIL OR ASSET IN INSOLVENCY?

I. BRIEF ON THE PARTIES

DhiNetra Pvt. Ltd. ("DhiNetra") is an open-source intelligence (OSINT) start-up incorporated under the laws of Chandraloka in 2011. The company has developed AI-powered internet-scanning software designed to map and analyse individuals' digital footprints across the open web, social media, and e-commerce platforms. While the software was originally intended for use in investigative journalism, corporate due diligence, and law enforcement, it rapidly gained adoption among private users for personal surveillance purposes.

At its peak, DhiNetra had over 35 million registered users globally, each providing personal information including, *inter alia*, name, email address, and contact details of users. The Company's AI engine stored and processed all user queries to generate "derived" data, comprising behavioural patterns, predictive analytics, and, in certain instances, content employed for non-legitimate purposes.

Given the promising nature of the start-up, ANANTA Capital Partners ("ANANTA"), a venture capital fund incorporated in Suryadesha, invested CNR 125 crores in DhiNetra in 2019 by subscribing to preferred shares that carried liquidation preference and guaranteed annual compounded returns. However, despite the projected success owing to the investment, DhiNetra is presently undergoing parallel insolvency proceedings in Chandraloka and Suryadesha.

BhedChaal Corp Inc. ("BhedChaal"), an enterprise incorporated in Chandraloka, invested CNR 75 crores in DhiNetra in 2021. Following DhiNetra's default in payment obligations, BhedChaal initiated a Corporate Insolvency Resolution Process ("CIRP") under the laws of Chandraloka to recover its investments and has submitted a proposal to acquire DhiNetra.

II. BACKGROUND OF FACTS

DhiNetra was initially conceived as a college project by Ms. Aishwarya Datta, a citizen and resident of Suryadesha and a former member of the SatyaNet Alliance, a non-profit organisation incorporated in Chandraloka in 2009 to promote digital rights and consumer protection. The Alliance has been actively involved in litigation and public advocacy against exploitative surveillance practices, misleading e-commerce algorithms, and privacy intrusions.

In its early stages, DhiNetra prioritized comprehensive privacy policies and data protection measures to ensure a secure and user-centric platform. However, the rapid expansion of the platform between 2019 and 2023 necessitated modifications aimed at increasing user engagement, including reduced moderation and a more open-source approach, which concomitantly increased the potential for misuse.

In 2022, Advocate Slayy DramaRani, a social media influencer and corporate attorney known for her controversial commentary on national legal issues, publicly disclosed her use of DhiNetra to monitor the private activities of her partner to expose his infidelity. This disclosure garnered significant public attention, resulting in hundreds of thousands of new user registrations.

Following this surge in popularity, ANANTA invested an additional CNR 150 crores in DhiNetra that year, enabling the company to expand operations across multiple jurisdictions. Similarly, domestic investors incorporated in Chandraloka, including BhedChaal, made substantial investments in DhiNetra.

However, DhiNetra's fortunes took a downturn in early 2024, when Mr. Sanskaari Scandalprasad, the Leader of Opposition in Chandraloka, publicly alleged that the Government of Prime Minister Izzat Lootra had utilised DhiNetra for mass surveillance and to influence voter behaviour. A leaked memorandum indicated that DhiNetra had entered into a Memorandum of Understanding with the Ministry of Home Affairs to provide analytics support for national security projects, including the identification of potential "threat profiles."

While the Ministry maintained that the data utilised was anonymised, certain investigative journalists claimed there was overlap between government datasets and private user data. Subsequently, the Ministry classified portions of DhiNetra's database as "sensitive national infrastructure", thereby restricting its sale to any foreign entity pending government clearance.

In the same year, an anonymous developer repurposed DhiNetra's neural network into a tool known as a "nudifier," capable of generating non-consensual sexualised deepfakes using publicly available photographs. A national scandal ensued when Mr. Sanskaari Scandalprasad himself became a target. Media coverage intensified after investigations led by the opposition revealed that DhiNetra's servers contained thousands of similar files linked to user accounts. In response, many key Board Members of DhiNetra were compelled to resign.

Although no specific privacy legislation existed in Chandraloka at the time, as an attempted remedial measure, Prime Minister Izzat Lootra announced that the upcoming Chandraloka Nagarik Data Suraksha Bill, 2025 was under final legislative review to strengthen digital privacy

rights. This development significantly curtailed DhiNetra's use as a surveillance tool. Suffering major financial losses, DhiNetra defaulted on its payments to both domestic and foreign creditors.

In March 2025, one of DhiNetra's founders and Chief Technology Officer, Ms. Aishwarya Datta, secretly incorporated DharmAI Pvt. Ltd. ("DharmAI") in Suryadesha, utilising portions of DhiNetra's open-source code to develop a cybersecurity-focused AI product. ANANTA Capital Partners ("ANANTA") alleged a breach of fiduciary duty and misappropriation of intellectual property. In a recent interview with a national daily in Chandraloka, Ms. Datta defended the creation of DharmAI, asserting that it lawfully used open-licensed components and was intended to preserve technical talent amid DhiNetra's operational collapse.

By mid-2025, with revenues collapsing and global advertisers withdrawing, DhiNetra defaulted on more of its foreign debt obligations. ANANTA, as the largest investor, began exploring sale options but found little interest due to reputational damage and pending liabilities. BhedChaal filed insolvency proceedings against DhiNetra in Chandraloka and submitted a resolution plan proposing to acquire DhiNetra's data repository, rebrand the company as a law enforcement analytics platform, and base operations in a data-free zone of the Chandralokan coast. However, investigative journalists associated with SatyaNet later revealed that BhedChaal is indirectly owned by ANANTA through an Okayman Islands subsidiary, raising allegations of self-dealing and conflict of interest.

The National Company Law Tribunal ("NCLT"), Chandraloka admitted DhiNetra into the CIRP in July 2025. The Insolvency Resolution Professional ("IRP") in Chandraloka invited resolution plans from investors and creditors, though it has yet to determine whether DharmAI's technology constitutes an "asset of the corporate debtor" or a legitimate spin-off. The pending decision will have a direct impact on the valuation of DhiNetra's insolvency estate.

Concurrently, parallel insolvency recognition proceedings were initiated in the Suryadesha Bankruptcy Court under Chapter 15 of the Suryadesha Bankruptcy Code. The Suryadesha Court issued an interim order restraining any transfer of data from servers located in Suryadesha, citing potential violations of domestic Personal Data Protection laws. Consequently, foreign creditors based in Suryadesha, including ANANTA, are legally prohibited from participating in any resolution plan in Suryadesha that entails unlawful cross-border data transfer. Creditors in Chandraloka, however, contend that under Chandraloka law, assets, including data, must be realised to ensure maximum recovery for creditors. The NCLT has declined to stay the CIRP in Chandraloka, noting that *prima facie*, it remains disputable which proceeding constitutes the

foreign main proceeding, and that public law and private commercial law issues may proceed independently.

At the same time, a Class Action Petition filed by SatyaNet Alliance representing 1.5 million users is pending before the Chandraloka High Court, claiming damages for privacy violations and demanding “permanent algorithmic erasure” of non-consensual data. The petitioners argue that even deletion is insufficient unless DhiNetra’s underlying AI models are dismantled, since they retain latent representations of the deleted data.

As national elections approach in Chandraloka, DhiNetra’s database has become a political flashpoint. Mr. Scandalprasad has publicly claimed that Prime Minister Lootra’s government used DhiNetra for profiling and damaging the reputation of dissenters. There are reports that the ruling coalition has quietly urged DhiNetra to delete “sensitive” records before the elections.

Meanwhile, Mr. Scandalprasad’s government has issued a cryptic notification that maintains that national security data must not leave domestic servers, and insists that certain archives be transferred to government control. Simultaneously, it seeks to avoid political fallout by keeping the extent of prior cooperation with DhiNetra confidential.

III. THE DISPUTE AND THE CALL FOR NEGOTIATION

ANANTA seeks full enforcement of its liquidation preference rights, which have accrued to approximately CNR 500 crores, exceeding DhiNetra’s current valuation of CNR 450 crores. ANANTA contends that any restructuring plan must guarantee recovery of its compounded returns and facilitate the BhedChaal acquisition, including the transfer of all customer data, which it asserts is the only viable option. However, as ANANTA is currently restrained from directly acquiring or dealing in DhiNetra’s user data pursuant to an interim order of the Suryadesha Court, reports by SatyaNet have alleged that ANANTA is using BhedChaal as a proxy to initiate insolvency proceedings against DhiNetra, constituting an instance of forum shopping intended to exploit Chandraloka’s regulatory lacunae.

In light of the public scrutiny surrounding DhiNetra’s insolvency in Suryadesha, DharmAI has also come under examination, despite being marketed as a clean AI platform in Suryadesha. Ms. AIshwarya Datta seeks to protect DharmAI’s reputation and has publicly stated in interviews on Suryadesha’s national television that customer and AI-generated data cannot lawfully be sold to satisfy creditor claims and must be deleted in accordance with privacy regulations in Suryadesha.

BhedChaal, however, maintains that anonymised data or derived algorithms should be distinguished from raw personal data for the purposes of asset realisation. The legal position

regarding the use of data as an asset of the corporate debtor remains uncertain in Chandraloka, particularly as the government has not clarified whether the sale or transfer of such data would expose creditors or the resolution applicant to potential liabilities under the upcoming Chandraloka Nagarik Data Suraksha Bill, 2025.

The SatyaNet Alliance has strongly opposed the proposed sale of user data, characterizing it as “the mass auction of digital bodies.” The Alliance has called for the algorithmic deletion of sensitive data, restitution to affected users, and the establishment of a data trust overseen by an independent ombudsman to safeguard citizens’ rights. It has also spearheaded a digital campaign criticizing Ms. Aishwarya Datta for alleged “hypocrisy,” asserting that DhiNetra was used as a platform for widespread privacy violations despite her former membership in the organization. Additionally, SatyaNet contends that ANANTA’s indirect control of BhedChaal may contravene DhiNetra’s Directors’ fiduciary duties and the arm’s-length principle applicable in insolvency resolution, implying potential liability on the part of Ms. Datta.

The NCLT has authorised the parties to engage in pre-resolution negotiations under the supervision of the Insolvency Resolution Professional prior to the submission of a formal resolution plan. However, negotiations have reached an impasse regarding the treatment of customer data as an asset of the corporate debtor, due to the SatyaNet Alliance’s threat of nationwide protests if the data is sold, and ministerial directives for the selective deletion of politically sensitive data. A creative resolution is therefore required to preserve DhiNetra as a going concern.

ANANTA supports BhedChaal’s acquisition of DhiNetra, while the stakes for safeguarding customer data are particularly high for Ms. Aishwarya Datta, as Suryadesha-based stakeholders are closely monitoring her conduct in this insolvency process, which may directly affect the success of DharmAI in Suryadesha.

The NCLT has granted the parties three weeks to reach a mutually acceptable resolution, failing which DhiNetra will proceed to liquidation. In this final round of negotiation, despite the absence of prior agreement, DhiNetra is represented by Ms. Aishwarya Datta and her legal counsel Mr. A.D. Aalat, whereas BhedChaal is represented by Mr. Doshi Scandalprasad and his legal counsel Adv. Slayy DramaRani.