To,   Date- December 23, 2024

Mr. Neeraj Sharma

VIMA ENTERTAINMENT PRIVATE LIMITED,

2nd Floor, Plot No.-07, Katewa Bhawan,

MI Road, Jaipur- 302001

Rajasthan, India,

Subject- Legal opinion and analysis of the Game Indus Rummy

This has reference to your request for providing legal opinion on whether your Game "Indus Rummy" (hereinafter referred to as the 'Game'/'rummy') involving real money is a Game of skill or chance.

Please be advised that we have reviewed the scheme of the Game as per its availability on your website *viz.* IndusRummy.in as of December 23, 2024.

SCHEME OF GAME

The Game is in the nature of a Game of Rummy, wherein the goal is to arrange all the 13 cards in your hand in required combinations (either all sequences, or sequences and sets) and make a valid declaration before your opponents.

Following is a basic outline of the Game along with screen grabs from the Game:

- Rummy is played by two to six players using one or two standard decks of 52 cards in each plus jokers. At the beginning of a Game, every player is dealt 13 cards.

- The remaining cards form a closed deck, which is kept in the center of the table. The cards in the closed deck are not revealed to the players but kept face down. The top card from the closed deck is picked up and placed face up on the table. That forms the open deck to which players have to discard cards.

- A random card is selected as the wild joker. All the remaining cards of the same

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

rank/value in other suits also become wild jokers for the Game.

- On each turn, player needs to pick a card from the closed deck or the open deck and discard a card to the open deck.

- To win, a player has to arrange all 13 cards in his hand in sequences, or sequences and sets. There should be at least two sequences, out of which at least one must be a pure sequence, for a valid declaration. The player who makes a valid declaration first wins the Game.

- Rummy rules make it mandatory to make at least two sequences to make a valid declaration in the Game. So in addition to a pure sequence, player needs to form a second sequence. It can be either a pure sequence or an impure one, depending on the cards the player has.

Game mechanics

1. Sequence

A sequence is a group of three or more consecutive cards of the same suit. There are two types of sequences:

> Pure Sequence

A pure *sequence is* a group of three or more consecutive cards of the same suit. No card is replaced by a joker in a pure sequence. As per rummy Game rules, it is mandatory to make at least one pure sequence for a valid declaration.

6♦-7♦-8♦

(It is a pure sequence that consists of three consecutive cards of diamonds. Here no card has been replaced by a joker.)

A♣-2♣-3♣4♣

(It is a pure sequence that consists of four consecutive cards of clubs. No card has been replaced by a joker in the sequence.)

5♥-6♥-7♥-8♥-9♥

In this pure sequence, five consecutive cards from the heart suit are used. No joker is used in this

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

sequence.

> ➤ Impure Sequence

An impure sequence is a sequence (3 or more cards arranged in a sequence) in which one or more cards have been replaced by a joker or jokers.

For Example-

10♥-J♥-PJ-K♥

In this impure sequence, the printed joker has been used to replace Q♥.

3♠-4♠-8♦ (WJ)

In this impure sequence, 8♦ is a wild joker. It has been used to replace 5♠.

2. Sets

Three or four cards of the same rank but different suits form a set, a set cannot have more than one card from any suit. Rummy rules allow you to use one or more jokers to replace any other card(s) in a set,

For Example-
(Without a Joker)

7♦-7♥-7♠

This set has 7s from three different suits.

2♦-2♠-2♥-2♣

This set has 2s from four different suits.

(With Joker)

5♠-5♣-K♥ (WJ)

In this set, the K♥ is a wild joker.

9♦-9♠-9♥-PJ

In this set, the printed joker is optional. If there was no joker, the set would be still complete as it contains all 9s from different suits.

Q♣-PJ-Q♦

The printed joker has been used to replace the missing cards: Q♥ or Q♠.

2♣-2♠-A♥(WJ)

In this set, the A♥ is a wild joker

3. Invalid Sets

2♦-2♠-2♦-2♣

As per rummy rules, this combination does not qualify as a valid set. It is an invalid set as it has two 2♦ cards. If it had 2♥ instead of one 2♦, it would have been a valid set. The correct example of valid set is: 2♦-2♣-2♠-2♥.

4. Jokers

Jokers play a very special role in rummy and can help the player to win the Game. There are two types of jokers used in a Game of rummy: printed jokers and wild jokers:

➢ Printed Joker

As the name suggests, a printed joker has the picture of a joker printed on it. This card can be used as a substitute for any missing card and can help the player to form a set or an impure *sequence*.

For Example-

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

8♥-9♥-PJ The printed joker has been used to replace 10♥ in this impure sequence.

2♠-2♦-PJ The printed joker has been used to replace 2♣ or 2♥ in this set.

> Wild Joker

The wild joker is randomly picked at the beginning of the Game. When the card is picked, this card along with other cards of the same rank and different suits become the wild joker of the Game.

For Example-

6♣-7♣-8♦(WJ)-9♣

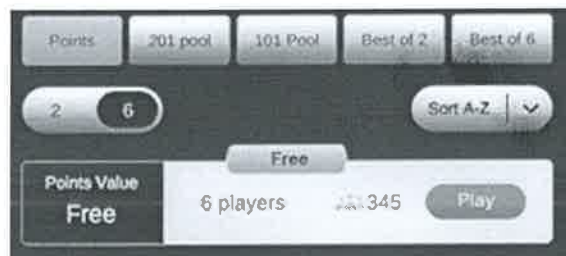In this sequence, the 8♦ is a wild joker. So it's an impure sequence.

6♠-6♥-3♣

In this set, the 3♣ is a wild joker that has been used to replace 6♣ or 6♦.

The Game can be played in 4 different formats, viz.:

1. Practice Game

    a. The players can practice and improve their skills at the Game, in 2 players or 6 players' format.

    b. The said format requires no participation fee.

2. Points Rummy

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

a. In this format, each point carries a monetary value, and the goal is to score the lowest points by forming valid sequences and sets.

b. Number of Players: 2-6

c. Deck Used: One or two standard decks (including jokers).

d. Objective: Form at least two sequences, one being a pure sequence (no jokers), while arranging the remaining cards into valid sets or sequences.

e. Gameplay:

➢ Players are dealt 13 cards each.

➢ They take turns picking and discarding cards to form the required sequences and sets.

➢ A declaration is made when a player believes they meet the required conditions.
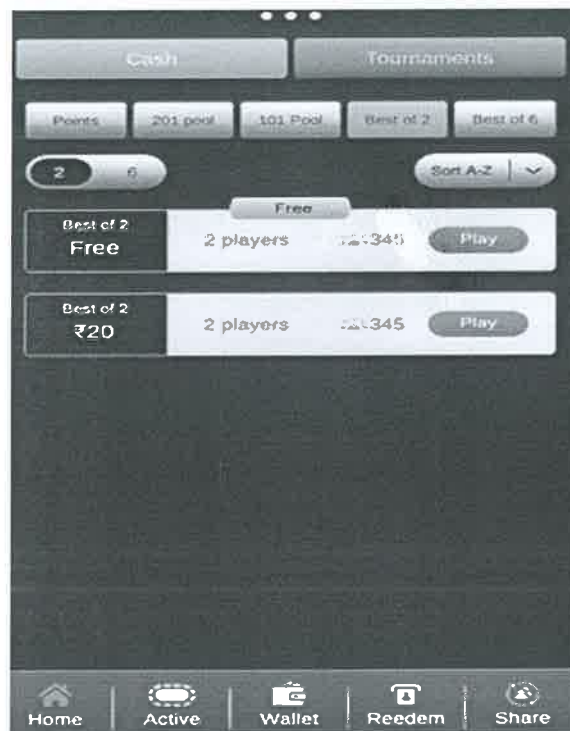
Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

f. *Scoring:*

➢ The winner scores 0 points.

➢ Other players' scores are based on unmatched cards, capped at 80 points.

➢ The monetary winnings are calculated as the sum of opponents' points multiplied by the monetary value of each point.

3. **Deals Rummy (Best of 2/Best of 6)**

a. This variant is played over a fixed number of rounds (deals), with chips used to track scores.

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

b. Number of Players: 2-6.

c. Deck Used: One or two standard decks (including jokers).

d. Objective: Form valid sequences and sets while minimizing points.

e. Gameplay:

➤ Players are allocated chips at the start.

➤ Each deal follows similar gameplay mechanics to Points Rummy.

➤ Players pick and discard cards to form valid sequences and sets and make declarations.

f. Scoring:

➤ The winner scores 0 points and collects chips equivalent to the total points of other players.

➤ Losing players lose chips based on their points.

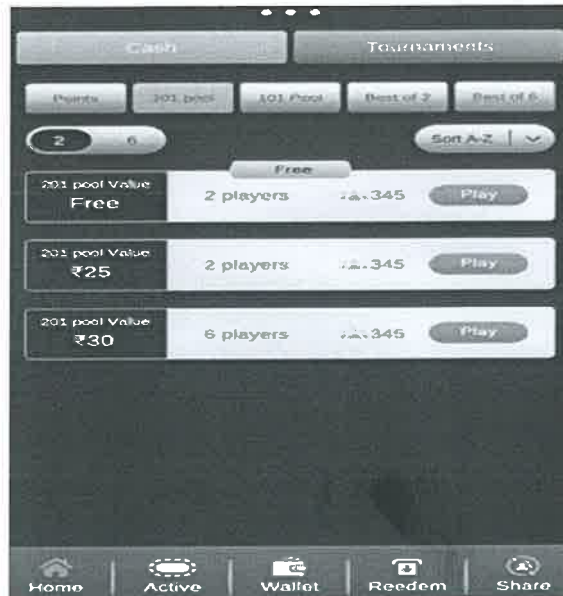g. Winning Condition: The player with the most chips after all deals are played is declared the winner.

4. **Pool Rummy (201 Pool/101 Pool)**

a. This variant aims to eliminate players who reach a pre-set score threshold (101 or 201 points).

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

b. Number of Players: 2-6.

c. Deck Used: One or two standard decks (including jokers).

d. Objective: Avoid reaching the elimination score by forming valid sequences and sets.

e. Gameplay:

> ➤ Similar to Points Rummy, players are dealt 13 cards and must pick and discard to form valid combinations.

> ➤ Players declare when they meet the requirements.

f. Scoring:

> ➤ The winner scores 0 points.

> ➤ Other players' scores are calculated based on unmatched cards, capped at 80 points.

g. Elimination and Winning Condition:

> ➤ Players are eliminated upon reaching 101 or 201 points, depending on the chosen

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

format.

> The last remaining player is declared the winner.

A. <u>Indian Law on Gambling</u>

- The central legislation governing gambling in India is the **Public Gambling Act, 1867**. This act criminalizes:

  (a) The act of gambling in a public forum,

  (b) The keeping of a "common gambling house" which refers to a house, walled enclosure, room or place in which instruments of gaming are kept or used for the profit or gain of the person owning, occupying, using, or keeping such place whether by way of charge for the use of the instruments of gaming, or of the house, or otherwise howsoever.

- *The Constitution of India* vide entry 34 List II of the Seventh Schedule imparts exclusive authority on the respective State legislations to monitor the betting/ gaming/ gambling activities within their respective area. The anti- gambling legislations are mostly in consonance with the Public Gambling Act, 1867 and include the exception in favour of "Games of skill".

- By virtue of report of the **246th Report of the Law Commission of India**, gambling has been defined as putting on stake something of value, particularly money, with consciousness of risk and hope of gain on the outcome of a Game or a contest, whose result may be determined by chance or accident, or on the likelihood of anything occurring or not occurring.

- The Court of law in India in the case of *Shri K. L. Mansukhani v. Senior Inspector & Ors., 1999 SCC OnLine Bom 843,* has recognized gambling to be act comprising of the following elements:

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

a) Play for value

b) Play against an uncertain event

c) Hope of gaining something beyond the amount played

d) Element of chance

e) Payment of a price for a chance to win a prize.

B. Exception in Favour of Games of Skill

- Section 12 of the Public gambling Act, 1867 states that Games of mere skill are exempt from the application of the Act. The Hon'ble Supreme Court, has interpreted the phrase "Games of mere skill" to mean Games where there is a predominance of skill. In the case of *State of Karnataka v. K. Satyanarayana AIR 1968 SC 825*, the Supreme Court defined a "Game of mere skill" to mean game, "in which, although the element of chance necessarily cannot be entirely eliminated, success depends principally upon the superior knowledge, training, attention, experience, and adroitness of the player." Such Games are not deemed to constitute 'gambling' and hence are not prohibited under gambling laws.
  The element of skill must pre-dominate the element of chance in affecting the results of the Game.

- The legal framework clearly recognizes that the Games with below elements are not "**gambling**" as held in the case of *State of Bombay v. RMD Chamarbaugwala, A.I.R., 1957 S.C. 699*, where success depends on employment of substantial degree of skill; and despite there being an element of chance there is requirement of application of skill.

C. Position of law

- **Gambling activities in India are *per se* prohibited** by the virtue of the provisions of the Public Gambling Act of 1867.

- The **State legislations have been granted exclusive power to control and regulate all the acts including betting/ gaming/ gambling being conducted within their boundaries** by the Constitution of India.

- By the virtue of the above, a few States, as listed below, have permitted the **conduct of gambling activities in India** (including running of casinos) in the exercise of the power granted to them, for the purpose to promote tourism and create employment:

  (a) Western State of **Goa** and **Western union territories of Daman & Diu** (as per the Goa, Daman and Diu Public Gambling Act, 1976).

  (b) North-eastern State of **Sikkim** (Online Gaming Regulation Act 2008 and Rules 2009).

  (c) Online skill Games are permitted by the virtue of the provisions of the Nagaland Prohibition of Gambling and promotion of Online Games of Skill Act, 2016 enforced by the government of the State of **Nagaland**.

- **The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, as amended in April 2023**, include specific provisions for online gaming intermediaries. Platforms providing online gaming will have to register with a Self-Regulatory Body (SRB) that will determine whether or not the Game is "permissible."

While the guidelines have established the framework for SRBs, independent regulatory bodies are yet to be notified.

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

D. Position of Courts with respect to Rummy

➤ The Hon'ble Supreme Court in the case of **State of Andhra Pradesh v. K. Satyanara AIR 1968 SC 825** dealt with the question whether the game of Rummy was a game of mere skill or a game of chance. The said question was to be answered on the interpretation of Section 14 of the Hyderabad Gambling Act. The Supreme Court held that game of rummy is not entirely based on the game of chance, it involves a substantial degree of skill and adjudged the following:

> *"Rummy, on the other hand, requires certain amount of skill because the fall of the cards has to be memorised and the building up of Rummy requires considerable skill in holding and discarding cards. We cannot, therefore, say that the game of Rummy is a game of entire chance. It is mainly and preponderantly a game of skill. The chance in Rummy is of the same character as the chance in a deal at a game of bridge. In fact in all games in which cards are shuffled and dealt out, there is an element of chance, because the distribution of the I cards is not according to any set pattern but is dependent upon how the cards ,,find their place in the shuffled pack. From this alone it cannot be said that Rummy is a game of chance and there is, no skill involved in it."*

➤ A single judge bench of the Hon'ble High Court of Madras in the case of **Head Digital Works Pvt. Ltd. v State of Kerala & Ors, WP (C) No. 7785/2021** struck down a state government's notification seeking to exclude 'online Rummy

Registered Office : 317, Lawyers' Chambers, High Court of Delhi, New Delhi 110003. India
t: 91 - 11 - 4012 3000 (100 Lines) f: 91 - 11 - 4012 3010 e: ssrana@ssrana.com
w: www.ssrana.in

NEW DELHI   NOIDA   KOLKATA   MUMBAI   CHENNAI   BANGALORE   CHANDIGARH

down a state government's notification seeking to exclude 'online Rummy when played for stakes' (i.e., essentially seeking to ban online Rummy when played for stakes) and noted in para 36 of this judgment that:

> *"36. On the basis of the considerations above, I go back to the issues identified in para. 13 of this judgment. On the first issue whether Rummy is a game of mere skill, I hold on the basis of the binding judgments of the Apex Court in Satyanarayana and K.R. Lakshmanan (supra) and the statutory provisions contained in Sections 3 and 14 of the Kerala Act that Rummy is a game of mere skill. On the question whether Rummy is a game in which 'element of skill' is more predominant than the 'element of chance, and can be exempted from the provisions of the Act only by means of a notification, I hold that even without a notification being issued under Section 14A, Rummy remains to be a 'game of mere skill' as the word has been interpreted by the Hon'ble Supreme Court in Saiyanarayana and K.R. Lakshmanan (Supra). On the question whether Rummy when played for stakes becomes a game neither covered by Section 14 nor by a notification issued under Section 14A, I hold that the "mere skill" contained in Section 14 and "any game the element of skill is more predominant than the element of chance" contained in Section 14A. do not suggest that skill in playing a game is in any manner dependent on stakes. As such playing for stakes or playing not for stakes can never be a criterion to find out whether a game is a game of skill. On the question whether Online Rummy is a 'game of skill' and 'not of chance', I hold that on the very same reasoning adopted by the Hon'ble*

Supreme Court to find the game of Rummy as a 'game of skill', the game of Online Rummy will also have to be held to be a 'game of skill'. On the question whether inclusion ofs takes for playing Online Rummy would make any difference to the nature of the game as a game of skill, I hold in the negative and declare that Online Rummy played either with stakes or <u>without stakes remains to be a 'game of skill'.</u>"

E. OUR COMMENTS

In view of the aforementioned favorable judgments, wherein, the Hon'ble Supreme Court and Madras High Court adjudicated favorably in support of Rummy as a game of skill by appreciating and taking into consideration the constituent elements of Rummy, *viz:*

- The involvement of player's intellect to follow the cards on the table and adjust one's gameplay accordingly:
- Skills required in holding and discarding cards;
- Skill required in establishing a strategy for deceiving and tricking opponents; and
- Skill required to memorize the fall of cards.

Therefore, the player is required to stay attentive and use his intellect during the play through. Accordingly, the Game appears to be a game of skill different from gambling or Game of chance and is therefore outside the periphery of gambling, hence not prohibited.

Kind Regards,

Shantam Sharma

(D/8030/2023)