March 2025

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

Industry standards on key performance indicators disclosures in the draft offer document and offer document

SEBI, *vide* circular dated February 28, 2025, has formulated industry standards (formulated by the Industry Standards Forum) for effective implementation of the requirement to disclose Key Performance Indicators ("**KPIs**") in the draft offer document and offer document as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"). The circular will be applicable for all draft offer documents / offer documents filed with SEBI / Stock Exchanges on or after April 1, 2025.Issuer companies and merchant bankers must follow these industry standards to facilitate uniform approach in identification and disclosure practices of KPIs.

Qualified buyers under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

SEBI, *vide* notification dated February 28, 2025, has specified that all non-banking financial companies, including housing finance companies, regulated by the Reserve Bank of India ("**RBI**"), are classified as qualified buyers for the purposes of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 subject to the following conditions:

1. they must ensure that the defaulting promoters or their related parties do not directly or indirectly gain access to secured assets through security receipts; and
2. they must comply with such other conditions as RBI may specify from time to time.

Key updates under the SEBI ICDR Regulations

On March 3, 2025, SEBI approved amendments to the SEBI ICDR Regulations. These amendments were published in the official gazette on March 8, 2025, as the SEBI ICDR Amendment Regulations, 2025 ("**Amendment**"). The Amendment will take effect from the specified date except for regulations related to the rights issue by a listed issuer which will come into force on the 31st day of their publication in the official gazette and apply to rights issues approved

by the board of directors of the issuer post this Amendment. The Amendment introduces certain significant structural changes affecting capital raising, disclosure norms, compliance obligations, and regulatory oversight.

The Amendment also takes care of some of the recurring SEBI observations on the draft offer documents filed by companies eyeing for an initial public offering. It standardises some of the definitions and provisions under the SEBI ICDR Regulations and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and resonates with the views taken by expert committees through their consultation papers in relation to certain conceptual ambiguity existing under various capital markets regulations in the past.

For a detailed analysis, please refer to the JSA Prism of March 12, 2025.

Faster rights issue with a flexibility of allotment to specific investors

SEBI, *vide* circular dated March 11, 2025, has introduced significant reforms to streamline the rights issue process for listed companies, with effect from April 7, 2025. Pursuant to the Amendment, a new framework for rights issue process has been introduced. In terms of the amended Regulation 85 of the SEBI ICDR Regulations, rights issues must be completed within 23 (twenty-three) working days from the date of board of directors of the issuer approving the rights issue. Accordingly, the revised timelines for completion of the various activities involved in rights issue are prescribed. Further, the rights issue must be kept open for subscription for a minimum period of 7 (seven) days and for a maximum period of 30 (thirty) days. The validation of application bids received for subscribing to the shares in rights issue and finalisation of basis of allotment will also be carried out by the stock exchanges and depositories along with the registrar to the issue.

Pursuant to the new framework of rights issue, some of the key amendments made to the Master Circular on SEBI ICDR Regulations, dated November 11, 2024, are as follows:

1. in the letter of offer the issuer must disclose the process of credit of regulated entities in the demat account and renunciation;
2. for rights issues the issuer must file the letter of offer with SEBI through email and the payment of filing fees must be made online through payment link provided on SEBI website under the fees category 'Filing Fees'; and
3. Application Supported by Blocked Amount ("**ASBA**") facility in rights issue enables an investor/shareholder to apply through ASBA mode. ASBA process from the time of submission of application by the applicants till transfer of shares in the depository account of the investors, as specified for public issues, will be followed in the case of rights issues also to the extent relevant for rights issue.

Revision in the scope of unpublished price sensitive information and disclosure timelines

SEBI, *vide* notification dated March 11, 2025, has issued the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025, amending the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective 90 (ninety) days from publication (i.e., June 9, 2025). Some of the key amendments are as follows:

1. the term 'unpublished price-sensitive information' is revised to include new disclosure requirements such as contract awards or terminations not in the normal course of business, rating changes, fundraising activities, agreements affecting management control, and financial or regulatory actions;
2. key managerial personnel resignations, fraud, defaults, insolvency proceedings, forensic audits, and legal disputes impacting a company must be disclosed;
3. structured digital databases must record external information within 2 (two) calendar days of receipt; and
4. trading window is now open for unpublished price sensitive information not originating within the listed company.

Framework on social stock exchange

SEBI, *vide* circular dated March 19, 2025, has revised the existing minimum application size for subscribing to Zero Coupon Zero Principal Instruments issued by Non-profit organisations on Social Stock Exchange from INR 10,000 (Indian Rupees ten thousand only) to a lower amount i.e., INR 1,000 (Indian Rupees one thousand only).

SEBI modifies the formats for disclosure of specified securities and shareholding pattern held in dematerialised form

SEBI, *vide* circular dated March 20, 2025, has modified the formats for disclosure of holding specified securities and shareholding pattern under the Master Circular dated November 11, 2024, for compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") by listed entities. The circular will come into force from the quarter ending June 30, 2025. Some of the key amendments are as follows:

1. Table I to Table IV showing the shareholding pattern has been amended as follows:
    a) details of Non-Disposal Undertaking ("**NDU**"), other encumbrances, if any and total number of shares pledged or otherwise encumbered including NDU must be disclosed by the listed entities;
    b) it is clarified that underlying outstanding convertible securities also includes Employee Stock Option Plan ("**ESOP**") i.e. the existing header of column X as "No. of Shares Underlying Outstanding convertible securities (including Warrants, ESOPs, etc.); and
    c) one additional column is added in the existing shareholding pattern format to capture the details of total number of shares on fully diluted basis (including warrants, ESOP, convertible securities etc.).
2. Table II of the shareholding pattern has been amended to include a footnote providing the details of promoter and promoter group with shareholding "NIL".

Relaxation in the 'skin in the game requirements' for mutual funds

SEBI, *vide* circular dated March 21, 2025 effective April 1, 2025, has modified the Master Circular for Mutual Funds, dated June 27, 2024, pursuant to the amendment to the SEBI (Mutual Funds) Regulations, 1996 (*vide* notifications dated February 14, 2025 and March 4, 2025), which relaxed the regulatory framework relating to alignment of interest of the designated employees of the Asset Management Companies ("**AMCs**"), with the interest of the unit holders (also known as the 'skin in the game requirements'). Some of the key changes are as follows:

1. minimum slab wise percentage of the gross annual cost to company, net of income tax and any statutory contributions of the designated employees of the AMCs must be mandatorily invested in units of mutual fund schemes in which they have a role/oversight, in the prescribed manner;
2. designated employees (associated with liquid fund scheme and other schemes, with respect to the quantum required to be invested in liquid fund schemes) managing liquid fund schemes, up to 75% of the minimum investment amount required to be invested in liquid fund schemes may be invested in schemes, managed by the AMC, with higher risk as compared to liquid fund schemes. The risk value based on the risk-o-meter of the preceding month will be considered;
3. in case of retirement on attaining the superannuation age, the units must be released from the lock-in and the designated employee will be free to redeem the units, except for the units in close ended schemes where the units will remain locked in till the tenure of the scheme is over;
4. on resignation or retirement of the designated employee from the AMC before attaining the age of superannuation, the lock-in period, for the investments made will be reduced to 1 (one) year from the end of the employment or

completion date of 3 (three) year lock-in period, whichever is earlier, except for the units in close ended schemes where the units will remain locked in till the tenure of the scheme is over; and

5. in case of fraud or gross negligence by the designated employees, the nomination and remuneration committee of AMC will undertake the preliminary examination and provide recommendations to SEBI for consideration, after approval of the trustees.

Corporate governance for listed entities having non-convertible debt securities

SEBI, vide notification dated March 27, 2025, has issued the SEBI (LODR) Amendment Regulations, 2025 amending the LODR Regulations. Some of the key amendments are as follows:

1. Regulations 15 to 27 (i.e. provisions relating to corporate governance and disclosure requirements for listed entities, particularly those with high-value debt securities) of the LODR Regulations will apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of INR 1,000 crore (Indian Rupees one thousand crore) (*earlier this was INR 500 crore (Indian Rupees five hundred crore)*) and above. In case, an entity that has listed its non-convertible debt securities, triggers the specified threshold of INR 1,000 crore (Indian Rupees one thousand crore) during the course of the year, must ensure compliance with the provisions of Regulations 15 to 27 within 6 (six) months from the date of such trigger;
2. where a 'high value debt listed entity' has its specified securities listed, it must comply with the provisions of Regulations 15 to 27 of the LODR Regulations. Further, these regulations will continue to apply till the value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of 3 (three) consecutive financial years;
3. the provisions of Regulation 23 of the LODR Regulations relating to 'related party transactions' are applicable in respect of a listed entity which has listed its specified securities on the small and medium enterprises exchange and which has either paid up equity share capital exceeding INR 10,00,00,000 (Indian Rupees ten crore) or net worth exceeding INR 25,00,00,000 (Indian Rupees twenty-five crore), as on the last day of the previous financial year: and
4. Chapter VA is inserted dealing with corporate governance norms for high-value debt listed entities i.e. entities that only have non-convertible debt securities, with an outstanding value of INR 1,000 crore (Indian Rupees one thousand crore) and above and does not have any listed specified securities. The key provisions of Chapter V A include appointment at least 1 (one) independent director and 1 (one) woman director. Further, the entities must constitute certain key committees such:

   a) audit committee;

   b) nomination and remuneration committee; and

   c) where applicable, a risk management committee.

   High value debt listed entities must also make timely disclosures on financial and material events to stock exchanges.

Environmental, Social, and Governance disclosures for value chain, and introduction of voluntary disclosure on green credits

SEBI, *vide* circular dated March 28, 2025, has modified the Master Circular for Compliance with the Provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enhance the ease of doing business for listed entities. It focuses on revising Environmental, Social, and Governance ("**ESG**") disclosures, particularly

concerning the value chain, and offer options for either assessment or assurance of Business Responsibility and Sustainability Reporting ("**BRSR**") core. Some of the key changes are as follows:

1. green credits have been included in BRSR, requiring listed entities to disclose the number of green credits generated or procured by the entity and their top 10 (ten) value chain partners, based on the value of purchases and sales;
2. it is specified that 'assessment' refers to third-party assessment undertaken as per the standards developed by the Industry Standards Forum in consultation with SEBI and listed entities can choose between 'assessment' or 'assurance' for BRSR core and value chain ESG disclosures;
3. listed entities can make the ESG disclosures for value chain as per BRSR core in their annual report. For this purpose, value chain must encompass the top upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases and sales (by value) respectively. However, the listed entity may limit disclosure of value chain to cover 75% of its purchases and sales (by value) respectively;
4. ESG disclosures for the value chain will be applicable to the top 250 (two hundred and fifty) listed entities on a voluntary basis from financial year 2025-26; and
5. if a listed entity provides ESG disclosures for value chain, then it must disclose the percentage of total sales and purchases covered by the value chain partners, respectively, for which ESG disclosure are provided.

Extension of the timeline for implementation of Industry Standards on 'Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction'

SEBI, vide circular dated February 14, 2025, has mandated the list entities to follow the Industry Standards on 'Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction' ("**Industry Standards**") with effect from April 1, 2025. By virtue of the circular dated March 21, 2025 issued by SEBI, it has been decided that the Industry Standards will be applicable from July 1, 2025.

MINISTRY OF LAW AND JUSTICE (MoLJ)

The Disaster Management (Amendment) Act, 2025

MoLJ, *vide* notification dated March 29, 2025, has amended the Disaster Management Act, 2005 to strengthen the national and state disaster management authorities. Some of the key changes are as follows:

1. it is clarified that the 'man-made causes' of disasters do not include any law-and-order related matter or situation;
2. the definition of 'disaster database' is introduced which will include information related to disaster assessment, fund allocation details, expenditure, preparedness, mitigation plans, and risk registers;
3. disaster management is inclusive of disaster risk reduction. It is the practice of reducing disaster risk through systematic effort to analyse and manage the causal facts of disaster through:
   a) reduced exposure to hazard;
   b) reduced vulnerability of people, property, infrastructure, economic activity, environmental and natural resource; and
   c) improved preparedness, resilience and capacity to manage and respond to adverse event;
4. the 'National Crisis Management Committee' which was constituted prior to the commencement of the Act, will act as the nodal body to deal with the major disasters which have serious or national ramifications; and

5. the State Government may constitute a separate 'Urban Disaster Management Authority' for their state capitals and all cities having a municipal corporation, except for the National Capital Territory of Delhi and Union territory of Chandigarh.

MINISTRY OF HOME AFFAIRS (MHA) - FOREIGN CONTRIBUTION (REGULATION) ACT (FCRA)

Extension of the validity of FCRA registration certificates

MHA, *vide* public notice dated March 28, 2025, has decided to extend the validity of FCRA registration certificates of the certain categories of FCRA registered entities. Accordingly, FCRA registered entities whose validity was extended till March 31, 2025 and whose renewal application is pending and/or entities whose 5 (five) years validity period is expiring during April 1, 2025 to June 30, 2025 and who have applied/will apply for renewal before expiry of 5 (five) years validity period, will stand extended till June 30, 2025, or till the date of disposal of renewal application, whichever is earlier.

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

Revised criteria for MSME classification of enterprises

With effect from April 1, 2025, an enterprise will be classified as a micro, small or medium enterprise based on the following criteria:

1. a micro enterprise - where the investment in plant and machinery or equipment does not exceed INR 2,50,00,000 (Indian Rupees two crore and fifty lakh) (*previously it was INR 1,00,00,000 (Indian Rupees one crore))* and turnover does not exceed INR 10,00,00,000 (Indian Rupees ten crore) (*previously it was INR 5,00,00,000 (Indian Rupees five crore)*;
2. a small enterprise - where the investment in plant and machinery or equipment does not exceed INR 25,00,00,000 (Indian Rupees twenty-five crore) (*previously it was INR 10,00,00,000 (Indian Rupees ten crore*)) and turnover does not exceed INR 100,00,00,000 (Indian Rupees one hundred crore) (*previously it was INR 50,00,00,000 (Indian Rupees fifty crore))*; and
3. a medium enterprise - where the investment in plant and machinery or equipment does not exceed INR 125,00,00,000 (Indian Rupees one hundred and twenty-five crore) (*previously it was INR 50,00,00,000 (Indian Rupees fifty crore))* and turnover does not exceed INR 500,00,00,000 (Indian Rupees five hundred crore) (*previously it was INR 250,00,00,000 (Indian Rupees two hundred and fifty crore).*

JSA UPDATES

Forfeiture of earnest money, if 'reasonable', does not amount to imposing a penalty and therefore does not fall under Section 74 of the Indian Contract Act, 1872

The Supreme Court of India ("**Supreme Court**"), in ***Godrej Projects Development Limited vs. Anil Karlekar and Ors.,*** has held that forfeiture of a reasonable amount of earnest money is permissible and does not constitute a penalty under Section 74 of the Indian Contract Act, 1872 ("**Contract Act**"), provided it is not excessive.

The Supreme Court has reaffirmed that the forfeiture of earnest money is permissible, provided it is reasonable and proportionate. It upheld the validity of forfeiture of earnest money observing that such clauses should not be one-sided or excessively punitive and that such an amount must be just and fair not qualifying as a penalty under Section 74 of the Contract Act. Any forfeiture that is excessive, punitive, or one-sided amounts to a penalty.

While earnest money serves as security for contractual performance, its forfeiture should not be excessive to the extent that it qualifies as a penalty. If a forfeiture is deemed unreasonable or oppressive, the court has the authority to intervene and reduce the amount, ensuring that contractual terms remain equitable and enforceable.

For a detailed analysis, please refer to the JSA Prism of March 31, 2025.

A Division Bench of the Delhi High Court in an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 sets aside a Section 34 order as well as the arbitral award

A Division Bench of the Hon'ble Delhi High Court ("**Delhi HC**") has in the matter of the ***Union of India (through the Ministry of Petroleum & Natural Gas) vs. Reliance India Limited and Ors.,*** allowed an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") ("**Appeal**") and set aside: (a) an arbitral award dated July 24, 2018 ("**Award**"); and (b) an order dated May 9, 2023 passed by a single judge of the Delhi HC under Section 34 of the Arbitration Act ("**S.34 Order**")

The Appeal was filed by the Union of India against the Award and S.34 Order, both of which were passed in favour of Reliance Industries Limited ("**RIL**") and arose from arbitration proceedings invoked by RIL against the Union of India under a production sharing contract, *inter alia* for exploration of natural gas in the Krishna-Godavari Basin.

For a detailed analysis, please refer to the JSA Prism of March 18, 2025.

Delhi HC upholds exemption granted to Delhi International Airport Limited from payment of annual fee

On March 7, 2025, the single judge of the Delhi HC in the case of ***Airports Authority of India vs. Delhi International Airport Limited and Anr.***, granted relief to Delhi International Airport Limited ("**DIAL**") in proceedings filed by Airport Authority of India ("**AAI**") under Section 34 of the Arbitration Act by upholding an arbitral award dated 21 December 2023 (as corrected under Section 33 of the Act *vide* order dated 16 January 2024) decided in favour of DIAL ("**Arbitral Award**").

The issue before the Arbitral Tribunal ("**AT**") was whether during the period of the pandemic, the general provisions of the contract between AAI and DIAL, which mandates DIAL to pay an Annual Fee ("**AF**") at a certain percentage, will continue to operate if DIAL had sought benefit of the *force majeure* clause. The case of DIAL was that though they continued to run the operation, their revenues had fallen down so much that they were unable to meet even the expenses. On the other hand, the case of the AAI was that firstly, it cannot be said that the DIAL was unable to pay the AF and secondly, the conditions as provided in the *force majeure* clause never existed in entirety. The AT agreed with the contentions of DIAL and passed an award against AAI. AAI filed a petition under Section 34 of the Arbitration Act challenging the Arbitral Award on the grounds that it is perverse, contrary to law and fundamentally alters the contractual framework between the parties, which has been dismissed by the Delhi HC.

For a detailed analysis, please refer to the JSA Prism of March 25, 2025.

A limited liability partnership is bound by the arbitration clause in a limited liability partnership agreement despite not being a signatory to it

A single judge of the Bombay High Court ("**Bombay HC**") has in ***Kartik Radia vs. M/s. BDO India LLP and Anr.,*** held that disputes between the partners of a Limited Liability Partnership ("**LLP**") and the LLP are covered by the arbitration clause contained in the LLP agreement, to which the LLP itself is not a signatory.

The Bombay HC has held that an LLP cannot avoid arbitration proceedings on the basis that the LLP itself is not a signatory to the LLP Agreement. A non-signatory LLP to the LLP Agreement may be impleaded in arbitration proceedings *inter alia* on the ground that an LLP is not a third party to the LLP Agreement and there is privity between a partner of the LLP and the LLP under the document that governs it, i.e., the LLP Agreement to which the LLP is albeit not a signatory.

For a detailed analysis, please refer to the JSA Prism of March 18, 2025.

JSA secures relief for Brahmani Thermal Power Private Limited, as Appellate Tribunal for Electricity upholds force majeure-based relinquishment of Long-Term Access sans any liability

In a significant judgment, the Appellate Tribunal for Electricity (**"APTEL**") in the case of **M*/s Brahmani Thermal Power Private Limited vs. Central Electricity Regulatory Commission,*** held that Brahmani Thermal Power Private Limited (**"BTPPL"**), was entitled to relinquish its Long-Term Access ("**LTA**") without any liability, due to force majeure events. By doing so, APTEL set aside Ld. Central Electricity Regulatory Commission's (**"CERC**") findings, by emphasising that the delay in land acquisition by the concerned State Government was a force majeure event beyond BTPPL's control. APTEL returned these findings after considering Regulation 18 of the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009.

For a detailed analysis, please refer to the JSA Prism of March 28, 2025.

Corporate Practice

JSA's corporate practice is centered around transactional and legal advisory services including day-to-day business, regulatory issues, corporate and governance affair We have an expert team of attorneys who advise on legal issues concerning inbound and outbound investments, strategic alliances, collaborations and corporate restructurings. We advise clients through all stages of complex and marquee assignments including restructuring, mergers and acquisitions (including those in the public space) to private equity and joint ventures. Our vast clientele includes multinational corporations and large Indian businesses in private, public and joint sector. We work closely with in-house counsel teams, investment banks, consulting and accounting firms along with multilateral agencies and policy making institutions on development of policy and legal frameworks. We provide assistance and counsel to start-ups and venture backed companies by drawing upon our in-depth understanding of how companies are incorporated, financed and grown. With an in-depth understanding of the industry combined with years of expertise, our attorneys provide innovative and constructive solutions to clients in complex transactional engagements. We emphasise teamwork across our wide network of offices across India. This allows us to benefit from the various specialisations available for the ultimate benefit of our clients. We also provide assistance in dealing with diverse corporate governance and compliance issues including FCPA /Anti-Bribery/Anti-Corruption matters and investigations.

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18 Practices and 41 Ranked Lawyers	7 Ranked Practices, 21 Ranked Lawyers	12 Practices and 50 Ranked Lawyers	14 Practices and 12 Ranked Lawyers
20 Practices and 22 Ranked Lawyers	Ranked Among Top 5 Law Firms in India for ESG Practice	Recognised in World's 100 best competition practices of 2025	
Among Top 7 Best Overall Law Firms in India and 11 Ranked Practices --- 11 winning Deals in IBLJ Deals of the Year --- 11 A List Lawyers in IBLJ A-List - 2024	Asia M&A Ranking 2024 – Tier 1 --- Employer of Choice 2024 --- Energy and Resources Law Firm of the Year 2024 --- Litigation Law Firm of the Year 2024 --- Innovative Technologies Law Firm of the Year 2023 --- Banking & Financial Services Law Firm of the Year 2022	**Ranked #1** **The Vahura Best Law Firms to Work** **Report, 2022** --- Top 10 Best Law Firms for Women in 2022	
			7 Practices and 3 Ranked Lawyers

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