April 2025

This Newsletter sets out some of the key legislative and regulatory updates in the banking and finance, and insolvency space for the months of February and March 2025.

Revision in the payment rules for cross border transactions

The Reserve Bank of India ("**RBI**"), *vide* notification dated February 10, 2025, has issued the Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025, amending the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023. Pursuant to the amendment, the payments from a resident in the territory of one participant country to a resident in the territory of another participant of the member countries of Asian Clearing Union ("**ACU**") (other than Nepal and Bhutan), has been mandated to be through ACU mechanism, or as per the directions issued by RBI to authorised dealers from time to time. For all other transactions, receipt and payment can be made in Indian Rupees or in any foreign currency.

Government securities

Amendment related to government securities and gold related securities

By way of gazette notification dated February 13, 2025, RBI amended the notification dated January 8, 2010, under Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), regarding contracts for the sale or purchase of government securities, gold-related securities, and money market instruments. In 2010, RBI had prohibited all forms of the sale and purchase contracts in government securities, gold related securities and money market securities other than: (a) spot delivery contracts; and (b) contracts traded on recognized stock exchanges. The RBI has now clarified that, in addition to the spot delivery contracts and contracts traded in stock exchange previously permitted, RBI will, from time to time, permit other forms of contracts which will be considered permissible sale and purchase contracts in government securities, gold related securities and money market securities.

RBI (Forward Contracts in Government Securities) Directions, 2025

In furtherance to the power granted to RBI under the gazette notification dated February 13, 2025, on February 21, 2025, RBI notified the RBI (Forward Contracts in Government Securities) Directions, 2025 ("**FC Directions**"). The FC Directions lays down the framework for forward contracts in government securities ("**Bond Forward**") to be undertaken in the over-the-counter market in India. These provisions of the FC Directions come into effect from May 2, 2025. Some of the key provisions are as follows:

1. **Eligibility**: A Resident is permitted to undertake bond forward transactions to the extent permitted under the FC Directions. Any non-resident authorised to invest in government securities under the Foreign Exchange Management (Debt Instruments) Regulations, 2019, are also permitted to engage in Bond Forward transactions, to the extent permitted under the FC Directions.
2. **Market makers**: The following entities are eligible to undertake Bond Forward tractions as market makers:
   a) scheduled commercial banks (except a Small Finance Bank, a Payment Bank, a Local Area Bank and a Regional Rural Bank); and
   b) a standalone primary dealer.
3. **Users**: Any entity, eligible to be classified as a non-retail user in terms of the Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, is eligible to undertake transactions in Bond Forwards as a user. An eligible user (resident and non-resident) may undertake covered short positions in Bond Forwards only for the purpose of hedging.
4. **Settlement and Payment**: A Bond Forward transaction may be physically settled or cash settled in the manner prescribed there.

Provisions are also made for market participant to exit its position through unwinding or novation under specified conditions. The FC Directions further outline mandatory reporting requirements, prudential norms, margining guidelines and compliance with applicable accounting standards. Finally, RBI reserves the right to call for information, impose penalties, or suspend trading in Bond Forwards for non-compliance of the FC Directions.

Government securities transactions in negotiated dealing system – order matching

Currently, the transactions between a between a Primary Member ("**PM**") and its own Gilt Account Holder ("**GAH**") or between two GAHs of the same PM are not permitted to be matched on Negotiated Dealing System – Order Matching ("**NDS-OM**") and are also not cleared and settled through Clearing Corporation of India Limited ("**CCIL**"). Basis review and stakeholder feedback, RBI, *vide* circular dated February 17, 2025, has decided to:

1. permit matching of transactions between a PM and its own GAH or between two GAHs of the same PM on both the anonymous Order Matching segment and the Request for Quote (RFQ) segment of NDS-OM. Transactions matched on NDS-OM will be cleared and settled through CCIL; and
2. extend the facility of clearing and settlement through CCIL for transactions between a PM and its own GAH or between 2 (two) GAHs of the same PM which are bilaterally negotiated and reported to NDS-OM, on an optional basis.

Amendment to the prudential regulations for All India Financial Institutions

RBI, *vide* circular dated February 17, 2025, has issued an amendment to the RBI (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation, and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 applicable to All India Financial Institutions ("**AIFIs**") regulated by RBI including EXIM Bank, NABARD, NaBFID, NHB and SIDBI. This amendment, effective April 1, 2025, provides that all investments made by AIFIs, as per their statutory mandates, in long-term bonds and debentures (i.e., having minimum residual maturity of 3 (three) years at the time of investment) issued by non-financial entities will not be accounted for the purpose of the ceiling of 25% applicable to investments included under 'Held to Maturity' category, specified under the said Directions.

Revised risk weights on microfinance loans and exposures

RBI, *vide* circular dated February 25, 2025, has revised the risk weights on microfinance loans and exposures of scheduled commercial banks ("**SCBs**") (excluding payments banks). Microfinance loans in the nature of consumer credit have been excluded from the purview of higher risk weights specified in the circular on 'Regulatory measures towards consumer credit and bank credit to Non-Banking Financial Companies' ("**NBFCs**") dated November 16, 2023, and accordingly, are subject to a risk weight of 100% instead of earlier risk weight of 125%. All microfinance loans extended by RRBs and LABs will attract risk weight of 100%. The revised risk weight provisions apply to both outstanding and new loans, effective immediately from the issuance of the circular.

On November 2023, RBI had increased the risk weights on exposures of SCBs to NBFCs (with external credit ratings), excluding core investment companies, by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. Now, by its notification dated February 25, 2025, RBI has restored the previous risk weights applicable to such exposures which are specified in the Master Circular – Basel III Capital Regulations dated April 1, 2024. These instructions have come into effect from April 1, 2025.

Amendments to the insolvency resolution process for corporate persons regulations

To streamline the Corporate Insolvency Resolution Process ("**CIRP**") relating to real estate projects, the Insolvency and Bankruptcy Board of India ("**IBBI**"), *vide* notification dated February 3, 2025, has amended the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. By way of this amendment, the following new provisions were added:

1. the Resolution Professional ("**RP**"), after obtaining the approval of the Committee of Creditors ("**CoC**"), with not less than 66% of total votes, can hand over the possession of the plot, apartment, or building or any instruments agreed to be transferred under the real estate project and facilitate registration, where the allottee has requested for the same and has performed his part under the agreement;
2. in cases where a creditor class exceeds 1,000 (one thousand) members, the CoC may direct the RP or the Interim Resolution Professional ("**IRP**") to appoint a facilitator for sub-classes within that group subject to certain conditions. The facilitators, who must be insolvency professionals other than the RP or IRP or authorised representative, are responsible for facilitating communication and providing information about the insolvency process to creditors;
3. where the corporate debtor has any real estate project, the RP is required to: (a) prepare a report detailing the status of development rights and permissions required for development of such project; (b) submit the report to the CoC for its comments; and (c) submit to the adjudicating authority, the report referred to in clause (a) above along with the comments of the CoC referred to in clause (b) above, on or before the 60th day from the insolvency commencement date;
4. where the corporate debtor has any real estate project, the CoC, for an association or group of allottees in such real estate project, representing not less than 10% or 100 (one hundred) creditors out of the total number of creditors in a class, whichever is lower, may relax the following conditions: (a) eligibility criteria for submission of expression of interest as provided under Regulation 36A (4) (a) of the principal regulations; and (b) conditions regarding the refundable deposit; and
5. where the corporate debtor has any real estate project, the CoC may relax the requirement to provide for performance security (which is required to be provided for approval of the resolution plan) for an association or group of allotees in such real estate project, representing not less than 10% or 100 (one hundred) creditors out of the total number of creditors in a class, whichever is lower.

Intimation to IBBI on the appointment of insolvency professional under various processes under the Insolvency and Bankruptcy Code, 2016

To streamline the process of appointment of an Insolvency Professional ("**IP**") and ensure thorough and proper record-keeping, IBBI, *vide* circular dated February 11, 2025, has refined the assignment module to mandate IPs to add assignments on the IBBI's electronic portal upon their appointment in the prescribed processes and capacities including as IRP under the CIRP, RP under the CIRP, liquidator under the liquidation process. All IPs must adhere to the prescribed timelines for filing of assignment.

Disclosure of information relating to carry forward of losses in information memorandum

IBBI, *vide* circular dated March 17, 2025, has directed insolvency professionals to enhance the disclosure of information related to carry forward of losses, as per the Income-tax Act, 1961, in the information memorandum. This section must prominently highlight, but is not limited to, the following aspects:

1. the quantum of carry forward losses available to the corporate debtor;
2. a breakdown of these losses under specific heads as per the Income Tax Act,1961;
3. the applicable time limits for utilising these losses; and
4. if there are no carry forward of losses available to the corporate debtor, the information memorandum should explicitly specify the fact.

This enhanced disclosure framework is intended to provide potential resolution applicants with a more comprehensive understanding of the corporate debtor's financial position, enabling them to develop more informed and viable resolution plans while considering the benefits of carry forward losses.

Remote Trading Participants on the stock exchanges in International Financial Services Centres

In April 2024, International Financial Services Centres Authority ("**IFSCA**") had permitted foreign entities not having a physical presence in International Financial Services Centres ("**IFSC**s"), to trade directly on the stock exchanges in the IFSC, on a proprietary basis, as Remote Trading Participants ("**RTP**"). On February 11, 2025, IFSCA issued a circular revising the eligibility criteria of RTPs. Now, foreign entities regulated by their home jurisdiction's securities market regulator are required to fulfil the below mentioned conditions (("**Regulated RTP Conditions**"), which were earlier required to be complied by all RTPs):

1. their country is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding ("**MoU**") with IFSCA or has a bilateral MoU with IFSCA;
2. entities from countries flagged by the Financial Action Task Force for anti-money laundering concerns are excluded;
3. RTPs are permitted to trade only on proprietary basis (and not permitted to onboard clients) and such trading must only be transacted in cash-settled derivatives; and
4. RTPs are required to partner with an IFSCA-registered clearing member for clearing and settlement of transactions executed on the stock exchanges.

If a foreign entity is not regulated their home jurisdiction's securities market regulator, then in addition to the Regulated RTP Conditions, such RTP will have to be a member of any of the stock exchanges mentioned in the said circular.

This circular allows flexibility to a foreign entity regulated by its securities market regulator in its home jurisdiction to be a RTP without being a member of the notified stock exchanges.

It may be noted that the other conditions as mentioned under the circular of IFSCA in April 2024 for onboarding a RPT will continue to apply. These include:

1. an entity incorporated in India will not qualify to be onboarded by the stock exchanges as an RTP;
2. the RTP must be onboarded by the stock exchange in accordance with the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022;
3. the stock exchanges will be responsible for specifying the terms and conditions for onboarding a RTP, *inter alia* including the risk management measures and code of conduct in relation to the RTP; and
4. the stock exchanges will have the operational flexibility to specify the net- worth criteria, security deposit, application fee, annual fee and any other additional conditions for onboarding an RTP.

Fund Management Entities

IFSCA (Fund Management) Regulations, 2025

IFSCA, *vide* notification dated February 10, 2025, has notified a new IFSCA (Fund Management) Regulations, 2025 which has replaced the earlier IFSCA (Fund Management) Regulations, 2022. The new regulations will continue to govern the Fund Management Entities ("**FMEs**") operating in IFSCs and have incorporated few changes in the Regulations including but not limited to:

1. revision of minimum corpus for retail and non- retail schemes;
2. allowing FMEs and its associates to hold up to 100% in the non-retail venture capital funds provided the investors and Ultimate Beneficial Owners (UBOs) are persons residents outside Indian and such fund has not invested more than 1/3rd of the corpus in a investee company;
3. revision of time period for validity of private placement memorandum of venture capital funds from 6 months to 12 months, IFSCA (Fund Management) Regulations, 2025; and
4. Appointment of key managerial personnel ("**KMP**") of FMEs will not require prior approval of IFSCA and the manner of appointment of the KMP will have to be in the manner specified by IFSCA.

Appointment and change of KMP by an FME

IFSCA, *vide* circular dated February 20, 2025, has specified the manner and procedure to be followed by an FME for effecting the appointment of or change to the KMPs subsequent to the grant of registration by IFSCA to the FME. This circular aligns with Regulation 7 of the IFSCA (Fund Management) Regulations, 2025, which mandates that FMEs appoint KMPs based in IFSCs who meet specific eligibility criteria, including educational qualifications and work experience. Some of the key provisions of the circular are as follows:

1. **Intimation to IFSCA**: FMEs must notify the IFSCA about proposed appointments of or changes to KMPs using the prescribed format, accompanied by the applicable fee. Pending applications as of the circular's date should be refiled as prescribed under this circular, providing proof of any fees already paid.
2. **Regulatory review process**: Upon receiving the intimation, the IFSCA will review and communicate any observations within 7 (seven) working days. FMEs are expected to consider these comments before proceeding with the appointment or change.
3. **Compliance responsibility**: FMEs and their controlling persons will be responsible for ensuring that KMPs meet the eligibility criteria prescribed by the IFSCA, including being based out of an IFSC.

4. **Succession planning and timelines**: FMEs should have a structured succession plan to maintain operational continuity. A vacant KMP position will be filled within 3 (three) months of its occurrence and such position cannot remain vacant for more than 6 (six) months.

Amendment to the framework for aircraft lease for person(s) resident in India

IFSCA, *vide* circular dated February 26, 2025, issued an amendment to the framework for aircraft lease regarding transactions with person(s) resident in India. To enable purchase of assets covered by the aircraft lease framework by a lessor in IFSCs from the manufacturers of such assets in India, the following key amendments are made in the aircraft lease framework:

1. lessor is prohibited to purchase, lease or otherwise acquire any asset(s) covered under this framework, where post-acquisition, the asset will be operated or used solely by person(s) resident in India or provide services to person(s) resident in India; and
2. the abovementioned restriction will not apply if: (a) the acquisition is made from such a person(s) who is not a 'Group Entity' of the lessor or; (b) the acquisition by a lessor is a part of sale and leaseback arrangement of such assets which are being imported into India for the first time, or; (c) such asset(s) is acquired by the lessor from a manufacturer of such asset(s) in India.

This has replaced the earlier restrictions and conditionalities placed on Indian residents to sell, transfer, lease or otherwise dispose-off the assets to a finance company undertaking aircraft leasing activities in IFSC.

Relaxation in timelines for holding Alternative Investment Fund's investments in dematerialised form

The Securities and Exchange Board of India ("**SEBI**"), *vide* circular dated February 14, 2025, has modified the timelines with respect to Alternative Investment Funds ("**AIFs**") holding their investments in dematerialised form. Some of the relaxations are as follows:

1. any investment made by an AIF on or after July 1, 2025, will be held in dematerialised form only;
2. the investments made by an AIF prior to July 1, 2025, are exempted from the requirement of being held in dematerialised form, except in the prescribed cases (and in such prescribed cases the investments must be held in dematerialised form on or before October 31, 2025); and
3. the requirement of holding investments in dematerialised form will not be applicable to:
   a) scheme of an AIF whose tenure (not including permissible extension of tenure) ends on or before October 31, 2025; and
   b) scheme of an AIF which is in extended tenure as on February 14, 2025.

Mutual Funds

SEBI (Mutual Funds) (Amendment) Regulations, 2025

SEBI, *vide* notification dated February 14, 2025, has amended the SEBI (Mutual Funds) Regulations, 1996. Some of the key amendments are as follows:

1. the Asset Management Company ("**AMC**") must invest a percentage of the remuneration of such employees as specified by SEBI in units of mutual fund schemes based on the designation or roles of the designated employees in the manner as may be specified by SEBI;

2. the AMC must conduct stress testing for such schemes as specified by SEBI and disclose the results of the stress testing in the form and manner, as may be specified by SEBI; and
3. the AMC must pay charges or commission, or fees related to distribution of mutual fund schemes, and in the manner as may be specified by SEBI from time to time.

These provisions have come into force from April 1, 2025.

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

SEBI, *vide* circular dated March 21, 2025, has modified the Master Circular for Mutual Funds, dated June 27, 2024, for aligning with the amendments to the SEBI (Mutual Funds) Regulations, 1996 which were carried out *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 AMC, with the interest of the unitholders (also known as the 'skin in the game requirements'). Some of the key changes under the said Master Circular for Mutual Funds are as follows:

1. minimum slab wise percentage of the gross annual cost to company, net of income tax and any statutory contributions under the said Master Circular for Mutual Funds 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. for designated employees managing liquid fund schemes and associate with other schemes in addition to the liquid fund scheme, 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;
5. in case of violation of the Code of Conduct under the Master Circular for Mutual Funds for 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; and
6. Every scheme will disclose the 'compensation in aggregate, mandatorily invested in units for the Designated Employees', under the provisions of the Master Circular on the website of the relevant stock exchanges. The disclosure will be at quarterly aggregate level showing the total investment across all relevant employees and will be within 15 (fifteen) calendar days from the end of each quarter.

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 NBFCs, including housing finance companies, regulated by the 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.

Report on framework for recognising Self-Regulatory Organisations for the Account Aggregator ecosystem

On March 12, 2025, RBI introduced a framework for recognising Self-Regulatory Organisations for the Account Aggregator ("**SRO-AA**") ecosystem. The framework is to enhance governance and operational efficiency among entities involved in the secure exchange of financial information. In terms of the framework the SRO-AA is expected to achieve the following objectives:

1. the SRO-AA, through comprehensive membership agreements, should adopt objective, well-defined and consultative processes to make rules relating to conduct of its members and be able to monitor the compliance of these rules;
2. the SRO-AA should promote a culture of compliance of regulatory compliance and public good by the participants of the AA ecosystem;
3. the SRO-AA should act as the collective voice of its members in providing suggestions to/ engagements with RBI, other financial sector regulators and other stakeholders. The SRO-AA should aim to represent and address broader ecosystem concerns and play a pivotal role in the functioning of the AA ecosystem;
4. the SRO-AA should collect and share relevant information with RBI to aid in policy making;
5. the SRO-AA should undertake/ encourage a culture of research and development within the AA ecosystem to encourage innovation while ensuring highest standards of compliance and self-governance;
6. the SRO-AA must function independently, without undue influence from any single participant or group, to ensure credibility and impartial decision-making; and
7. a transparent and consistent dispute resolution mechanism will be established to handle any grievances that may arise among participants, ensuring that the ecosystem operates smoothly.

The framework also lays down the eligibility criteria for an applicant who wants to function as an SRO-AA as well as the standards of governance and management to be adopted by an SRO-AA.

SEBI modifies the formats for disclosure of holding of specified securities and in dematerialised form

1. SEBI, *vide* circular dated March 20, 2025, has modified the formats for disclosure of holding specified securities and shareholding pattern under the Master Circular for compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated November 11, 2024. Some of the key amendments are as follows:

    a) 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 the 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.); and

    b) Table II of the shareholding pattern has been amended to include a footnote providing the details of promoter and promoter group with shareholding 'NIL'.

    This circular will come into force with effect from the quarter ending June 30, 2025.

Amendment to Master Circular for Infrastructure Investment Trusts and Real Estate Investment Trusts

SEBI, *vide* circulars dated March 28, 2025, has amended the Master Circulars for Infrastructure Investment Trusts and Real Estate Investment Trusts, both dated May 15, 2024. Pursuant to the amendment, 25% (in the case of the Infrastructure Investment Trusts ("**InvITs**")) and 15% (in the case of the Real Estate Investment Trusts ("**REITs**")) of the units allotted to sponsor(s) and sponsor groups will be locked in for a period of 3 (three) years from the date of trading approval granted for the units. It is further provided that units allotted in excess of 25% (in the case of InvIT) and 15% (in the case of REIT) of the total unit capital of the InvIT/REIT will be locked in for 1 (one) year from the date of trading approval. Inter-se transfer is permitted among the sponsor groups subject to the condition that the lock-in period will continue for the remaining period with the transferee.

Guidelines are provided for follow-on offers by publicly offered InvITs/REITs including application processes, public unitholding requirements and filing procedures.

Revised norms for government guaranteed Security Receipts

RBI, *vide* circular dated March 29, 2025, has revised the prudential treatment of government-guaranteed Security Receipts ("**SRs**") under the Master Direction on Transfer of Loan Exposures, 2021, by introducing a differentiated approach to valuing SRs. Some of the key revisions are as follows:

1. if a loan is transferred to an Asset Reconstruction Company ("**ARC**") for a value higher than its net book value, the excess provision can be reversed to the profit and loss account in the year of transfer if the sale consideration comprises only of cash and SRs guaranteed by the Government of India. However, the non-cash component in SRs must be deducted from Common Equity Tier 1 capital, and no dividends will be paid out of this component;
2. any SRs outstanding after the final settlement of the government guarantee or the expiry of the guarantee period, whichever is earlier, will be valued at INR 1 (Indian Rupees one);
3. in the event of the SRs being converted to any other form of instruments as part of resolution, then the valuation and provisioning thereof, for such instruments will be governed by the provisions as laid down under the Prudential Framework for Resolution of Stressed Assets dated June 7, 2019; and
4. periodic valuation of these SRs will be based on the net asset value declared by ARCs, based on recovery ratings received for such instruments.

Revised criteria for micro, small or medium enterprise classification of enterprises

The Ministry of Micro, Small and Medium Enterprise, *vide* its notification dated March 21, 2025, has further modified the monetary thresholds for classification of an enterprise as micro, small or medium. 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 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).*

The notification has come into force from April 1, 2025.

JSA Updates

For resolution plans involving combinations, resolution plan can be tabled for committee of creditors' approval only after obtaining the requisite approval by the Competition Commission of Inda

The Hon'ble Supreme Court of India ("**Supreme Court**"), *vide* its recent ruling, has held that prior approval by the Competition Commission of India for resolution plans involving combinations (i.e. mergers or amalgamations) is a necessary pre-requisite before placing such resolution plan for consideration before the committee of creditors or the adjudicating authority. The judgment sheds light on the delicate balance between ensuring effective debt resolution and maintaining competitive market conditions and attempts to harmonise the timelines prescribed under the Competition Act, 2002 and the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). While the majority judgment (by Hrishikesh Roy, J. and Sudhanashu Dhulia, J.) upheld a literal interpretation of the statute, the dissenting judgment (by S.V.N. Bhatti, J.) called for a purposive interpretation to preserve the legislative effort and intent.

For a detailed analysis, please refer to the JSA Prism of March 7, 2025.

Key updates for equity capital markets under the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025

SEBI has introduced the SEBI (Issue of Capital and Disclosure Requirements ("**ICDR**")) (Amendment) Regulations, 2025, amending the SEBI (ICDR) Regulations, 2018 ("**SEBI ICDR Regulations**"). The amendment came into effect on March 8, 2025, 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 the issuer post this amendment. These amendments aim to enhance procedural efficiency and align regulatory frameworks with contemporary market practices. Key changes include the integration of Stock Appreciation Rights into the ICDR framework, faster rights issue timelines, providing clarity on the price determination of securities for promoters' contributions, and reporting of pre-initial public offering ("**IPO**") transactions amongst others. The amendments also take care of some of the recurring SEBI observations on the draft offer documents filed by companies eyeing for an IPO and harmonises some of the provisions under the SEBI ICDR Regulations and LODR Regulations. It also resonates with the views taken by expert committees through their consultation papers in relation 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.

Demand notice under Rule 7 of personal guarantors rules does not constitute invocation of guarantee

In a recent judgment, the National Company Law Appellate Tribunal ("**NCLAT**") has clarified that a statutory demand notice issued under Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 ("**PG Rules**") does not amount to a valid invocation of the personal guarantee to initiate insolvency resolution proceedings under Section 95 of the IBC.

The judgment clarifies the distinction between a statutory demand and the invocation of a guarantee. It establishes that a mere demand notice under Rule 7 of the PG Rules does not automatically trigger the guarantor's liability, reinforcing the principle that a formal invocation of the guarantee is essential for enforcement. This ruling provides much-needed certainty for creditors and guarantors, shaping the interpretation of personal guarantee provisions under the IBC.

For a detailed analysis, please refer to the JSA Prism of March 17, 2025.

Acknowledgement of debt cannot revive the defaults that occurred during the pre-Section 10A period under the IBC, particularly when the acknowledged debt is partially paid

The NCLAT, in a recent judgement, has held that defaults occurring during the pre-Section 10A period under the IBC, do not continue to constitute a default thereafter once the corporate debtor has made partial payments toward the (acknowledged) debt accumulated during the period excluded under Section 10A of the IBC.

This judgement is a significant development for both creditors and corporate debtors, reinforcing that the protective shield of Section 10A of the IBC cannot be circumvented. For creditors, it underscores the need to track default timelines carefully, while corporate debtors must understand that acknowledging debts post-exclusion does not resurrect defaults for initiating insolvency proceedings. The judgment strengthens the legislative intent behind Section 10A of the IBC, ensuring that the exclusion period remains an effective safeguard against insolvency actions during the specified timeframe.

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

Interim moratorium under the IBC does not bar execution of regulatory penalties against the personal guarantor

The Supreme Court, in a recent judgment, held that the interim moratorium under Section 96 of the IBC does not extend to regulatory penalties imposed under consumer protection laws. The Supreme Court reaffirmed that such penalties remain enforceable despite the pendency of insolvency proceedings.

The judgment clarifies the scope of the IBC's moratorium provisions, ensuring that personal guarantors cannot exploit insolvency mechanisms to evade regulatory penalties. It upholds the primacy of consumer protection laws by affirming that penalties imposed in the public interest are not subject to the moratorium under the IBC. The judgement further reinforces the judiciary's commitment to preventing the misuse of insolvency laws, thereby maintaining a balance between corporate debt resolution and consumer rights.

For a detailed analysis, please refer to the JSA Prism of March 29, 2025.

SEBI redefines High Value Debt Listed Companies

SEBI, *vide* notification dated March 27, 2025, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 ("**LODR Amendment**").

The LODR Amendment has redefined High Value Debt Listed Entities ("**HVDLEs**") to mean entities with outstanding listed debt securities of a minimum value of INR 1,000 crore (Indian Rupees one thousand crore). Further, as a key change, HVDLEs (which do not have their specified securities listed) are required to obtain prior consent from the debenture holders for undertaking any material related party transactions.

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

Finance Practice

JSA has a widely recognised market leading banking & finance practice in India. Our practice is partner led and is committed to providing quality professional service combining domain knowledge with a constructive, consistent, comprehensive and commercial approach to issues. Clients trust our banking lawyers to take a practical and business-oriented approach to achieving their objectives. Our lawyers have a clear understanding of the expectations and requirements of both sides to a financing transaction and provide tailored advice to each client's needs. The practice is especially praised for its accessibility and responsiveness and its ability to work well with international firms and clients. We represent a variety of clients including domestic and global banks, non-banking finance companies, institutional lenders, multi-lateral, developmental finance and export credit institutions, asset managers, funds, arrangers and corporate borrowers in different sectors on a wide range of financing transactions.

Our full spectrum of services includes advising clients on corporate debt transactions (including term and working capital debt), acquisition finance, structured finance, project finance, asset finance, real estate finance, trade finance, securitisation, debt capital markets and restructuring and insolvency assignments.

Our practice has been consistently ranked in the top-tier for several years, and several of our partners are regarded highly, by international publications such as Chambers and Partners, IFLR, Asia Law, Legal 500, Asia Legal Business, IBLJ and Leaders League.

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18 Practices and
41 Ranked Lawyers

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21 Ranked Lawyers

12 Practices and 50 Ranked Lawyers

14 Practices and
12 Ranked Lawyers

20 Practices and
22 Ranked Lawyers

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