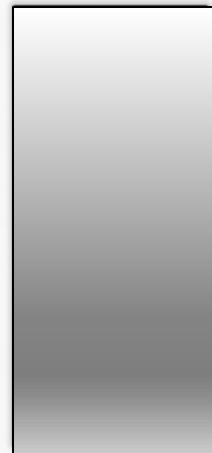


# **LEGALITE** ADVISORS

IMPORTANT LEGAL UPDATES FOR APRIL, 2025



# Ministry of Corporate Affairs

## ❑ Public Notice.

❑ **Release Date of Public Notice.** April 04, 2025

❑ **Public Notice Subject.** Public comments on the proposed amendment to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

## ❑ Analysis.

The Ministry of Corporate Affairs has further looked to simplify the process of mergers and amalgamation by adding more classes of companies that can undergo the process of mergers and amalgamation on a fast track basis. Accordingly, public comments have been invited on the proposed amendments in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Having already rolled out the note, capturing our analysis earlier, we have appended the same in the below link for ready reference.

❑ **Link of the LA update.** [LA Update Fast Track Meger provisions further relaxed](#)

❑ **Link to Public Notice.** [Public Notice for Rule 25 of Companies \(Compromises, Arrangements and Amalgamations\) Rules, 2016](#)

# Securities Laws

❑ **Subject.** FAQs on SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated December 12, 2024 (“**LODR Regulations**”), and SEBI Circular dated December 31, 2024, on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities.

❑ **Date.** April 23, 2025

❑ **Analysis.**

- ✓ The Securities and Exchange Board of India (“**SEBI**”) has issued FAQs to provide guidance on SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated December 12, 2024, and SEBI Circular dated December 31, 2024, on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities.
- ✓ **The FAQs *interalia* provide clarity on the following points:**
  - The inclusion and exclusion of details in the financial results to be submitted by the listed entities in terms of the LODR Regulations;
  - Applicability of LODR Regulations for the Secretarial Auditor in terms of the eligibility of appointment, term of appointment, services to be rendered by Secretarial Auditor to listed entities as per LODR Regulations;

## Securities Laws (Contd...)

- Calculation of minimum shareholding;
  - Definition of associate company and related party, disclosure of events and information separately by the holding and material subsidiary company under the LODR Regulations;
  - Disclosures to be made in the shareholding pattern to be filed by the listed entities under the LODR Regulations; and
  - Disclosure of Information Related to Forensic Audit of Listed Entities.
- 
- ❑ **Link to the FAQs.** [FAQs on SEBI \(Listing Obligations and Disclosure Requirements\) \(Third Amendment\) Regulations, 2024 dated December 12, 2024, and SEBI Circular dated December 31, 2024, on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities](#)
  - ❑ **Link to the LODR Regulations.** [Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Third Amendment\) Regulations, 2024](#)
  - ❑ **Link to the SEBI Circular.** [Circular for implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities](#)

## Securities Laws (Contd...)

- ❑ **Circular No.** SEBI/HO/ISD/ISD-PoD-2/P/CIR/2025/55 (“**Circular**”)
- ❑ **Circular Date.** April 21, 2025
- ❑ **Circular Effective Date.** April 21, 2025
- ❑ **Circular Subject.** Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”) – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results.
- ❑ **Background.**
  - ✓ In accordance with Regulation 9 of PIT Regulations read with Clause 4 of Schedule B, the trading window for dealing in securities of the listed entity shall be closed for the designated persons or class of designated persons of the listed entity where the Compliance Officer expects that they may be in possession of Unpublished Price Sensitive Information (“**UPSI**”) thereby restriction them from trading the securities of the listed entity due the trading window closure period.
  - ✓ In accordance with clause 4(2) of Schedule B of the PIT Regulations, trading window apart from the above mentioned circumstance is usually closed after the end of every quarter till the end of 48 hours from the declaration of unaudited/audited financial results every quarter.

## Securities Laws (Contd...)

- ✓ Further, the Securities and Exchange Board of India (“SEBI”) vide the Master Circular on Surveillance of Securities Market dated September 23, 2024, had directed the stock exchanges and depositories to develop a system to restrict trading by the designated persons of the listed entities during trading window closure period by freezing of PAN of DPs at security level. This would prevent inadvertent non-compliances of provisions of PIT Regulations. The Circular also provides the flow chart of the implementation process as ‘Annexure-B’ to the Circular.
- ✓ Since stock exchanges and depositories have successfully implemented this framework for designated persons, SEBI vide this Circular presently intends to extend the framework of freezing PAN at security level to **immediate relatives** of the designated persons.

### □ Analysis.

- ✓ The framework shall be extended to the immediate relatives of the designated persons in a phase wise manner as detailed below:

Phase	Companies to be covered	PAN-ISIN freeze start date
Phase 1	Top 500 companies based on BSE market capitalization as of March 31, 2025, listed on BSE, NSE and MSEI.	July 01, 2025
Phase 2	All the remaining companies listed on BSE, NSE and MSEI, as well as companies that get listed on stock exchanges after the issuance of this circular.	October 01, 2025

## Securities Laws (Contd...)

- ✓ The procedure for implementation of the framework to the immediate relative is provided in 'Annexure-A' to the Circular.
- ✓ The depositories are required to submit the quarterly report to SEBI as per format provided in 'Annexure-C' to the Circular.
- ❑ **Link to the Circular.** [Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results](#)

## Securities Laws (Contd...)

- ❑ **Circular No.** SEBI/HO/CFD/PoD2/CIR/P/2025/47 (“**Circular**”)
- ❑ **Circular Date.** April 01, 2025
- ❑ **Circular Effective Date.** April 01, 2025
- ❑ **Circular Subject.** Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reg. (“**LODR Regulations**”).
- ❑ **Analysis.**
  - ✓ As per Regulation 6(1) of the LODR Regulations, a listed entity shall appoint a qualified Company Secretary as its Compliance Officer (“**CO**”). The Securities and Exchange Board of India (“**SEBI**”) *vide* LODR (Third Amendment Regulations), 2024 dated December 12, 2024, further clarified that the CO (*designated as Key Managerial Personnel of the listed entity*) shall be:
    - a. an officer who is in the whole-time employment of the listed entity; and
    - b. is not more than one **level** below the Board of Directors.
  - ✓ SEBI *vide* this Circular intends to provide clarification on the term ‘**level**’ used in regulation 6(1) of the LODR Regulations.



## Securities Laws (Contd...)

- ✓ As per the clarification the term '**level**' at which the CO shall be designated is segregated as follows:

**a. In case a listed entity has managing director or whole-time director:**

where a listed entity has a managing director or whole-time director on its board of directors, the CO shall be one-level below them.

**b. In case a listed entity does not have managing director or whole-time director:**

where a listed entity does not have a managing director or whole-time director on its board of directors, the CO shall be one-level below chief executive officer or manager or any other person heading the day-to-day affairs of the listed entity.

- **Link to the Circular.** [Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI \(Listing Obligations and Disclosure Requirements\) Regulations, 2015](#)

# Reserve Bank of India

- ❑ **Circular No.** RBI/FED/2025-26/32 A.P. (DIR Series) Circular. No 04/2025-26 (“**Circular**”)
- ❑ **Circular Date.** April 24, 2025
- ❑ **Circular Effective Date.** April 24, 2025
- ❑ **Circular Subject.** Amendments to Directions - Compounding of Contraventions under FEMA, 1999.
- ❑ **Analysis.**
  - ✓ In a welcome move, the Reserve Bank of India (“**RBI**”) *vide* the Circular has issued amendments to [Master Directions - Compounding of Contraventions under FEMA, 1999](#), (“**Master Directions**”) which empowers the compounding authority, based on its discretion and satisfaction to cap the maximum compounding amount at INR 2,00,000 (Indian Rupees Two Lakhs only) for contravention of each regulation / rule (applied in a compounding application) with respect to contraventions under row 5 of the computation matrix provided in the Master Directions (*viz. all other non-reporting contraventions*), after considering the following parameters:
    - nature of the contravention - whether the contravention is procedural, technical or of a frivolous/trivial nature;

## Reserve Bank of India (Contd...)

- existence of exceptional facts or circumstances - for instance, an inadvertent error, a first-time offence or genuine hardship; and
  - wider public interest - whether granting such relief would be in the public interest.
- ✓ This move by RBI reflects its intention to promote a more facilitative approach to compliance under FEMA, particularly in cases where the contravention(s) occurred does not result in material non-compliance(s) with the applicable rule(s) / regulation(s) or may be procedural lapses. However, there has not been a proper demarcation of the instance(s) which could be considered by the compounding authority and it has been left at the discretion of the compounding authority, which may vary from case to case.
- **Link to the Circular.** [Amendments to Directions - Compounding of Contraventions under FEMA, 1999](#)

## Reserve Bank of India (Contd...)

- ❑ **Circular No.** RBI/FED/2025-26/29 A.P. (DIR Series) Circular. No 02/2025-26 (“**Circular**”)
- ❑ **Circular Date.** April 22, 2025
- ❑ **Circular Effective Date.** April 22, 2025
- ❑ **Circular Subject.** Amendments to Directions - Compounding of Contraventions under FEMA, 1999.
- ❑ **Analysis.**
  - ✓ The Reserve Bank of India (“**RBI**”) vide the Circular has issued the following amendments to [Directions - Compounding of Contraventions under FEMA, 1999](#), (“**Directions**”):

### i. Deletion of Para 5.4.II.v in the Directions:

The RBI has deleted Para 5.4.II.v in the Directions, which previously reads as under –

*“v. If an applicant against whom a compounding order had been passed earlier and applicant didn’t pay the compounding amount as mentioned in such order and reapplies for compounding of contravention relating to the same transaction, the amount calculated as above may be enhanced by 50% of earlier compounding amount subject to sub-para (i) above.”*

## Reserve Bank of India (Contd...)

As a result of this deletion, the earlier provision that allowed the compounding authority to link the compounding amount to a prior compounding order (*in relation to the same transaction*) stands withdrawn. Going forward, each compounding application will be considered as a fresh application and processed independently. The compounding amount will be determined without reference to any prior compounding orders or past contraventions. This revision aims to simplify the compounding process and promote consistency in penalty determination.

- ii. **Enhanced payment reconciliation requirements:** The RBI has also introduced additional procedural requirements to address operational inefficiencies related to payment reconciliation and processing of the compounding applications.

As per the existing instructions, applicants making the payments *via* electronic mode are required to send an email to the relevant RBI office (*as per the format prescribed in Part B of Annexure I of the Directions*), to facilitate reconciliation of the application fee or compounding amount with the corresponding compounding application.

However, the RBI has observed that applicants occasionally remit payments to an incorrect RBI office and, in some instances, delay the submission of the compounding application after making the payment. These procedural lapses have led to difficulties in reconciling payments with the corresponding applications and have contributed to delays in the overall processing of compounding cases.

## Reserve Bank of India (Contd...)

To combat these operational challenges and reduce the processing time of the application(s), the RBI has now mandated the inclusion of the following additional information in the email (*as per the format prescribed in Part B of Annexure I of the Directions*):

- Mobile number of the applicant/authorised representative.
- Office of the RBI (i.e. Central Office, Regional Office or FED CO Cell) to which the payment was made.
- Mode of submission of application (through PRAVAAH/Physical).

□ **Link to the Circular.** [Amendments to Directions - Compounding of Contraventions under FEMA, 1999](#)

## Reserve Bank of India (Contd...)

- ❑ **Master Direction No.** RBI/FED/2025-26/135 FED Master Direction No.04/2025-26 (“**Master Directions**”)
- ❑ **Master Direction Date.** April 22, 2025
- ❑ **Master Direction Effective Date.** April 22, 2025
- ❑ **Master Direction Subject.** Master Directions - Compounding of Contraventions under FEMA, 1999 (“**Master Directions**”).
- ❑ **Evaluation.**
  - ✓ The Reserve Bank of India (“**RBI**”) has consolidated/compiled the instructions issued on “Compounding of Contraventions under FEMA, 1999” in these Master Directions which supersedes the existing master directions updated as on May 24, 2022. The list of such notifications/circulars which have been complied herein have been specified in Appendix of the Master Directions.
  - ✓ The amendment(s)/alteration(s) made in the existing master directions are pursuant to the [Circular 1](#) dated April 22, 2025 and [Circular 2](#) dated April 24, 2025, which have been issued to bring into effect the changes covered in detail in other updates included hereinabove.
- ❑ **Link to the Master Direction.** [Master Directions - Compounding of Contraventions under FEMA, 1999](#)

## Reserve Bank of India (Contd...)

- ❑ **Circular No.** RBI/2025-26/15 DOR.CRE.REC.No.05/21.04.172/2025-26 (“**Circular**”)
- ❑ **Circular Date.** April 01, 2025
- ❑ **Circular Effective Date.** April 01, 2025
- ❑ **Circular Subject.** Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs) (“**Master Circular**”).
- ❑ **Evaluation.**
  - ✓ The Master Circular issued by the Reserve Bank of India (RBI) consolidates and updates all existing guidelines for banks extending credit to Non-Banking Financial Companies (“**NBFCs**”). It incorporates amendments made up to March 31, 2025, and builds upon the previous master circular dated April 24, 2024, which had consolidated circulars issued up to April 23, 2024.
  - ✓ The Master Circular is a compilation of existing instructions and does not introduce any new instructions/guidelines. Accordingly, the Master Circular dated April 01, 2025, now serves as the most current and comprehensive source of regulatory guidance for bank finance to NBFCs.
  - ✓ Further, all circulars issued up to March 31, 2025, have been consolidated and are listed in the Annexure to the Master Circular.
- ❑ **Link to the Circular.** [Master Circular - Bank Finance to Non-Banking Financial Companies \(NBFCs\)](#)



# Insolvency & Bankruptcy Code

- ❑ **Notification No.** F. No. IBBI/2025-26/GN/REG124 (“**Notification**”)
- ❑ **Notification Date.** April 03, 2025
- ❑ **Notification Effective Date.** April 04, 2025
- ❑ **Notification Subject.** Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025 (“**Amendment Regulations**”).
- ❑ **Background and Analysis.**
  - ✓ The Insolvency and Bankruptcy Board of India (“**IBBI**”) has amended the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“**Principal Regulations**”), revising the format of Compliance Certificate (*as prescribed under Schedule I - Form H of Principal Regulations*) (“**Form H**” / “**Compliance Certificate**”), which is attached to the resolution plan approved by the Committee of Creditors (“**CoC**”) and submitted by the Resolution Professionals (“**RP**”) to the adjudicating authority within the timeline specified under Regulation 39(4) of the Principal Regulations. The Compliance Certificate aims to standardize the reporting process, ensuring consistency and transparency while submitting the resolution plan to the adjudicating authority.
  - ✓ The key highlights prescribed in Form H of the Amendment Regulations are as specified below:

## Insolvency & Bankruptcy Code (Contd...)

- Point 1A of the Form H now encapsulates additional reporting elements related to the Corporate Insolvency Resolution Process (“**CIRP**”), aiming to ensure comprehensive documentation of all such events and relevant information by the RP. A comparison of such changes are briefed hereunder:

Sl. No.	As per Principal Regulations	As per Amendment Regulations
1.	Date of Issue of Invitation for expression of interest (“ <b>EoI</b> ”)	Date of Issue of Invitation for EoI (In case of multiple issuances of EoI, all dates should be specified)
2.	NA	Date of submission of resolution plan to the RP
3.	NA	Date of placing the resolution plan before the CoC
4.	Date of order extending the period of CIRP	Date of each order extending/ excluding the period of CIRP on request filed by RP

- To enable formal tracking of the timelines within which the application for approval of the resolution plan is filed, it is now mandatory for the RP to explicitly disclose the following in the Compliance Certificate:

## Insolvency & Bankruptcy Code (Contd...)

- i. Whether Application for approval of resolution plan filed within 180 days of CIRP initiation -  
**Y/N**
  - ii. Number of days beyond 180 days taken for filing application for resolution plan
  - iii. Reasons for delay
- o The Form H now has been amended with the revised and/or additional disclosures to be provided by the RP which are summarized below:
    - a) The details and documents related to the successful resolution applicant ("**SRA**").
    - b) It further requires specific information regarding the CIRP and the resolution plan, particularly distinguishing whether the Corporate Debtor ("**CD**") qualifies as an MSME or not, along with disclosure of the nature of business of CD, total admitted claims, resolution plan value, voting percentage of CoC in favour of resolution plan & attaching the minutes approving resolution plan.
    - c) Details of implementation of resolution plan such as the amount and validity of the performance guarantee furnished by the SRA (along with the supporting document), its source of funds, proposed capital restructuring, implementation timeline and terms, details of the monitoring committee, and the effective date of implementation of resolution plan.

# Insolvency & Bankruptcy Code (Contd...)

- d) Details of the realisable amount shall also be included in the Compliance Certificate, in addition to the existing requirements, to provide a clear account of the payments being made to various stakeholders of the CD against their claims.
- e) Detailed steps to be taken by the concerned parties post approval of resolution plan by the adjudicating authority.
- f) Details of Income Tax losses carry forward under Section 79(2)(c) of the Income-tax Act, 1961, if any.
- g) Stating the amount of regulatory fee payable to the Board.
- h) In addition to the disclosure of status of preferential, undervalued, fraudulent, and extortionate (“**PUFE**”) transactions, the reporting in Compliance Certificate shall also show how these transactions are addressed in the resolution plan. Further, if resolution plan is submitted by a suspended director/promoter of CD, then the details of PUFE applications pending against such suspended directors shall also be provided.
- i) Details of other insolvency application(s), if any, pending against the CD.
- j) Number of days shall now be mentioned within which resolution plan has been filed after the commencement of CIRP.

# Insolvency & Bankruptcy Code (Contd...)

k) In place of outlining the details of compliance status of provisions of the Principal Regulations and Insolvency and Bankruptcy Code, 2016 (“**Code**”) within the Compliance Certificate itself, the same shall now be forming part as an ‘Annexure’ to Form H.

- Further, details regarding alteration of existing shareholders interests by the resolution plan, as well as the detailed timelines for conducting the CIRP, are now not required to be reported in the Compliance Certificate.

□ **Link to the Notification.** [IBBI \(Insolvency Resolution Process for Corporate Persons\) \(Second Amendment\) Regulations, 2025](#)

# Thank You



***There is no wealth like knowledge and no poverty like ignorance - Buddha***