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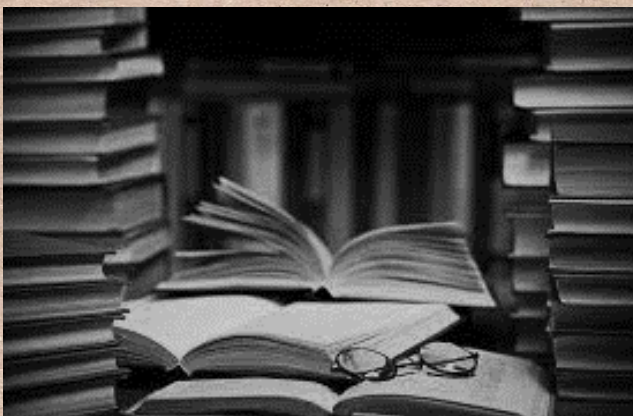
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Ultra Vires: "beyond the legal power or authority of the person performing an action"



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SEBI UPDATES

SEBI RELAXES TIMELINES FOR HOLDING AIFs' INVESTMENTS IN DEMATERIALISED FORM

Securities and Exchange Board of India ("SEBI"), *vide* its circular dated February 14, 2025, has relaxed the timelines for Alternative Investment Funds ("AIFs") holding their investments in dematerialised form.

In terms of Regulation 15(1)(i) of the SEBI (AIF) Regulations, 2012, AIFs are mandated to hold their investments in dematerialised form, subject to such conditions as may be specified by SEBI from time to time.

In this regard, SEBI has provided that any investment made by an AIF on or after July 1, 2025 (*erstwhile October 1, 2024*) shall be held in dematerialised form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity.

The investments made by an AIF prior to July 1, 2025 are exempted from the requirement of being held in dematerialised form, except where: (a) investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities; or (b) the AIF, on its own, or along with other SEBI registered intermediaries/ entities which are mandated to hold their investments in dematerialised form, exercises control over the investee company. Such investments as mentioned in point (a) and (b) which are made prior to July 1, 2025 shall be held in dematerialised form by the AIF on or before October 31, 2025 (*erstwhile January 31, 2025*).

Further, the aforesaid requirement of holding investments in dematerialised form shall 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 (*erstwhile January 12, 2024*).

To read the circular [click here](#)



SEBI MANDATES COMPLIANCE OF INDUSTRY STANDARDS BY LISTED ENTITIES

SEBI, *vide* its circular dated February 14, 2025 ("RPT Circular"), circular dated February 25, 2025 ("Disclosure Circular") and circular dated February 28, 2025 ("KPI Circular") has notified mandatory compliance of industry standards that has been formulated and notified by the Industry Standards Forum ("ISF") comprising of representatives from 3 industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges.

- (a) Regulations 23(2), (3) and (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") requires the listed entities to obtain audit committee's and shareholders' approval prior to entering into material related party transactions ("RPTs") and Parts A and B of Section III – B of the SEBI Master Circular dated

November 11, 2024, specify the information to be placed before the audit committee and shareholders, respectively, for consideration of RPTs.

In order to facilitate uniform approach and assist listed entities in complying with the above-mentioned requirements, ISF has formulated industry standards, in consultation with SEBI, for minimum information to be provided for review of the audit committee and shareholders for approval of RPTs. In order to maintain uniformity, the listed entities have been mandated to provide the minimum information prescribed in the Industry Standards ("IS-1") to the audit committee and shareholders prior to obtaining their approval. The information provided in the standardized format shall be incorporated into the agenda of the Audit Committee meeting. The comments of the Audit Committee, where applicable, shall be recorded in the minutes of the meeting. For material RPTs, the information as prescribed in these standards shall be included in the Explanatory Statement to the notice sent to shareholders.

- (b) ISF has also formulated industry standards, in consultation with SEBI, for effective implementation of the requirements to disclose material events or information under Regulation 30 of the LODR Regulations ("**Industry Standards Note**").

The Industry Standards Note is formulated for the ease of reporting and providing uniformity in disclosures under the LODR Regulations. The Industry Standards Note sets out standard operating procedures and provides a consistent approach for disclosures to be made by listed entities under Regulation 30 and Schedule III of the LODR Regulations.

- (c) Further, in order to maintain uniformity in disclosure relating to Key Performance Indicators ("**KPIs**") in the draft offer document and offer document as per the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI has mandated compliance with the Industry Standards ("**IS-2**"). The IS-2 has to be complied for all draft offer documents/ offer documents to be filed with SEBI/ stock exchanges on or after April 1, 2025.

To read the RPT Circular [click here](#), to read the IS-1 [click here](#), to read the Disclosure Circular [click here](#), to read the Industry Standards Note [click here](#), to read the KPI Circular [click here](#) & to read the IS-2 [click here](#)



RBI UPDATES

RBI ISSUES MASTER DIRECTION ON ACCESS CRITERIA FOR NDS-OM

Reserve Bank of India ("RBI"), *vide* its notification dated February 7, 2025, has notified the Master Direction - RBI (Access Criteria for NDS-OM) Directions, 2025 ("NDS-OM Master Direction"), thereby superseding the earlier directions issued on October 18, 2024. The revised directions aim to facilitate greater participation in the government securities market through the Negotiated Dealing System - Order Matching platform ("NDS-OM").

The key takeaways from the NDS-OM Master Direction are as follows:

- (a) Inclusion of SEBI-registered non-bank brokers: Non-bank brokers registered with SEBI are now permitted access to the NDS-OM to facilitate trading for retail investors.
- (b) Eligibility for access: Entities eligible for direct access to NDS-OM are: (i) banks, (ii) standalone primary dealers (*entities authorized to deal in government securities*), (iii) Non-Banking Financial Companies, including Housing Finance Companies, (iv) All India Financial Institutions, such as the National Bank for Agriculture and Rural Development, Export-Import Bank of India, National Housing Bank, Small Industries Development Bank of India, and National Bank for Financing Infrastructure and Development, (v) mutual funds (*investment funds that pool money to buy securities*), (vi) provident funds (*retirement savings schemes*), (vii) pension funds (*funds that provide retirement income*), (viii) insurance companies (*companies providing risk coverage*), (ix) regulated Market Infrastructure Institutions for investment purposes, and (x) any other entity permitted by RBI.
- (c) Direct and indirect access: Any person/ entity seeking direct access to NDS-OM must fulfil the following requirements: (i) maintain a subsidiary general ledger ("SGL") account with RBI, (ii) hold a current account with RBI or a designated settlement bank, and (iii) be a member of the securities settlement segment of the Clearing Corporation of India Limited ("CCIL"). Further, any person/ entity eligible to invest in Government securities may avail indirect access to NDS-OM if: (i) it is not an entity eligible for direct access; (ii) it does not meet the direct access criteria; or (iii) it is not granted direct access. Such person/ entity can avail indirect access through a direct access holder, which assumes responsibility for settlement of transactions. Additionally, entities permitted to maintain both SGL and constituent account may opt for indirect access.
- (d) Stock Broker Connect Mechanism: To facilitate retail investor participation, SEBI-registered stock brokers can provide access to NDS-OM to its individual constituents/ clients maintaining demat accounts with depositories registered with SEBI, subject to: (i) SEBI approval, and (ii) an agreement with a CCIL member to handle settlement obligations of a transaction.
- (e) Conditions for approval and revocation: RBI reserves the right to suspend/ terminate the direct access based on compliance with regulatory requirements, prevention of market abuse,

and public interest considerations. The access may be revoked in lieu of: (i) the entity ceasing to be eligible for providing access to its constituents/ clients to NDS-OM; (ii) violation of statutory provisions or rules, (iii) engagement in market abuse as defined under the RBI (Prevention of Market Abuse) Directions, 2019, (iv) breach of terms and conditions stipulated while granting access, or (v) the continuance of access is prejudicial to public interest or financial system of the country.

- (f) Compliance and Enforcement: RBI retains the authority to monitor compliance and enforce penalties and impose additional conditions in case of any violations of this NDS-OM Master Direction. Any entity found to be non-compliant may face suspension or permanent revocation of access rights.

The issuance of this NDS-OM Master Direction underscores RBI's commitment to fostering a well-regulated and inclusive Government securities market, promoting financial stability, and enhancing market accessibility for a diverse range of participants.

To read the NDS-OM Master Direction [click here](#)



RBI ISSUES MASTER DIRECTION FOR FORWARD CONTRACTS IN RELATION TO GOVERNMENT SECURITIES

RBI, *vide* its notification dated February 21, 2025, has issued the Master Direction - RBI (Forward Contracts in Government Securities) Directions, 2025 ("**Forward Contracts Master Direction**").

The key takeaways from the Forward Contracts Master Direction are as follows:

- (a) Definition of Bond Forwards: A bond forward is a rupee interest rate derivative contract where 1 counterparty (buyer) agrees to purchase a specific government security from another counterparty (seller) at a predetermined price on a future date. These contracts can be settled either physically or in cash, providing flexibility in risk management and investment strategies.
- (b) Eligibility Criteria for Participation: Entities eligible to participate in bond forward transactions include market-makers and users. Market-makers include scheduled commercial banks (*excluding small finance banks, payment banks, local area banks, and regional rural banks*) and standalone primary dealers. Non-resident investors can also engage in these transactions, subject to compliance with the Foreign Exchange Management (Debt Instruments) Regulations, 2019.
- (c) Transaction and Settlement Mechanisms: Transactions in bond forwards may be conducted over-the-counter or through electronic trading platforms. Physical settlement transactions will be cleared *via* the CCIL or other RBI-approved clearing agencies, ensuring a structured and transparent settlement process. Cash settlements may take place bilaterally or through RBI-approved clearing arrangements. A market participant may exit its position in a bond forward by unwinding the position with the original counterparty or assigning the position to any other eligible market participant(s) through novation.

- (d) Reporting and Compliance Obligations: Market-makers are required to report all daily bond forward transactions to the trade repository maintained by the CCIL. In addition to the aforesaid, information related to unwinding, novation, bilateral settlement and defaults must also be reported to ensure market integrity and regulatory oversight.

- (e) Regulatory and Prudential Requirements: All market participants must adhere to all applicable prudential norms including those related to capital adequacy, exposure limits, related party transactions, etc., prescribed by their respective regulators. A market-maker shall put in place appropriate and robust methodologies for marking to market its positions in bond forwards. The accounting treatment of these transactions must align with regulatory instructions and applicable financial reporting frameworks.

- (f) Penalties for Non-Compliance: Any violation of this Forward Contracts Master Direction may result in penalties imposed by RBI.

To read the Forward Contracts Master Direction [click here](#)



LABOUR UPDATES

MEGHALAYA MANDATES ONLINE SUBMISSION OF APPLICATIONS AND LABOUR LAW COMPLIANCE SERVICES

Department of Labour, Employment & Skill Development, Government of Meghalaya, *vide* its notification dated February 5, 2025, has mandated that all applications in relation to labour law compliance are to be submitted online through the [Invest Meghalaya Portal](#) with no requirement for submission of physical copy of documents/ application.

According to the notification, no applications for the following services would be accepted offline:

- (a) License/ renewal of license for contractors and registration of principal employer's establishment under the Contract Labour (Regulation and Abolition) Act, 1970;
- (b) Registration of establishments under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- (c) License/ renewal of license for contractors and registration of establishments under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- (d) Certificate of registration/ renewal for a motor transport undertaking under the Motor Transport Workers Act, 1961;
- (e) Registration/ renewal of certificate for shops and establishments under the Meghalaya Shops and Establishment Act, 2003; and
- (f) Registration/ renewal of migrant workers under the Meghalaya Identification, Registration (Safety & Security) of Migrant Workers Act, 2020.

The portal shall have other facilities such as payment, tracking and monitoring, downloading the final signed documents and third-party verification. The dashboard of the portal has been created with the information as mandated by the Department for Promotion of Industry and Internal Trade and the same shall be updated on a real-time basis.

The notification provides that there shall be no physical touch points between the applicant and the department from the time of making the application till the final decision, except where inspection/ site visit is required.

To read the notification [click here](#)



ENVIRONMENTAL UPDATES

CERTAIN PRODUCERS EXEMPTED FROM MARKING THEIR EPR REGISTRATION NUMBER ON PRODUCTS

Ministry of Environment, Forest and Climate Change, *vide* its notification dated February 24, 2025, has notified the Battery Waste Management Amendment Rules, 2025 ("**Battery Waste Amendment Rules**"), thereby amending the Battery Waste Management Rules, 2022 ("**Battery Waste Rules**").

As per the Battery Waste Rules, producers of batteries and battery packs are required to ensure that all batteries and battery packs are marked with their Extended Producer Responsibility registration number ("**EPRRN**"). The Battery Waste Amendment Rules has omitted the requirement to mention the EPRRN in respect to the packaging covered under Rule 26 of the Legal Metrology (Packaged Commodities) Rules, 2011, i.e., loose commodities ordered through e-commerce, where consumers are aware about the commodity, its type, and quantity and such commodities must have specific details like the manufacturer's information, consumer care e-mail id and phone number, retail sale price, and net quantity.

Such producers may mark the batteries or battery packs with their EPRRN, provided that the information in this relation is to be submitted to the Central Pollution Control Board ("**CPCB**"):

- (a) print a barcode or Quick Response code containing the EPRRN on one of the following: (i) battery or battery pack; or (ii) equipment having battery or battery pack; or (iii) packaging of battery or battery pack; or (iv) packaging of the equipment having battery or battery pack; or (v) bulk packaging of batteries or battery packs, not intended for retail sale.
- (b) print the EPRRN on the product information brochure.

CPCB shall publish a consolidated list of such producers, who have provided the information to it on the centralised online portal and update their details every quarter.

To read the Battery Waste Amendment Rules [click here](#)



OTHER UPDATES

TIMELINE FOR IMPLEMENTATION OF REVISED GOOD MANUFACTURING PRACTICES EXTENDED FOR SMEs

Department of Health and Family Welfare, Ministry of Health and Family Welfare, *vide* its notification dated February 11, 2025, has notified the Drugs Amendment Rules, 2025 (“**Drugs Amendment Rules**”) thereby further amending the Drugs (Amendment) Rules, 2023. The Drugs (Amendment) Rules, 2023 had replaced Schedule M of the Drug and Cosmetics Rules, 1945 which deals with the Good Manufacturing Practices and Requirements of Premises, Plant and Equipment for Pharmaceutical Products, which was also covered in our [earlier edition of Legalaxy](#).

Earlier under the Drugs (Amendment) Rules, 2023, the timeline for implementation of the amended Rules for small and medium manufacturers (*Turnover* ≤ 250 crores) (“**SMEs**”) was 12 months from the date of publication of the amendment Rules. The Drugs Amendment Rules has provided relaxation to the SMEs for the implementation by providing that the SMEs may seek extension of the timeline for implementation and for that purpose shall make an application to the Central Licence Approving Authority in Form ‘A’ (*annexed to the notification*), within a period of 3 months from the date of publication of the Drugs Amendment Rules, along with a plan of upgradation and for such SMEs, the timeline for implementation shall be extended till December 31, 2025.

To read the Drugs Amendment Rules [click here](#)



MCA EXTENDS DEADLINE FOR PRIVATE NON-SMALL COMPANY TO ISSUE AND FACILITATE DEMATERIALISATION OF ALL ITS EXISTING SECURITIES

Ministry of Corporate Affairs (“**MCA**”), *vide* its notification dated February 12, 2025, has notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025, thereby inserting a proviso under Rule 9B(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, pursuant to which the deadline to comply with the said rule for a private company, other than a producer company, which is not a small company as on March 31, 2023, has been extended up to June 30, 2025.

To read the MCA notification [click here](#)



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