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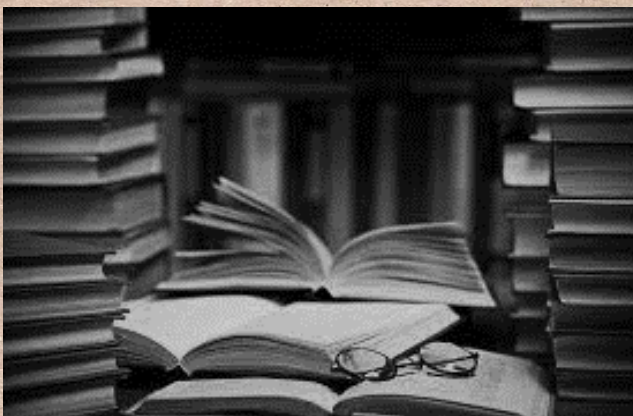
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SEBI UPDATES

SEBI AMENDS THE PIT REGULATIONS TO EXPAND THE DEFINITION OF 'UPSI'

Securities and Exchange Board of India ("SEBI"), *vide* its notification dated March 11, 2025 (*published on March 12, 2025*), has notified the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025 ("**PIT Amendment Regulations**"), thereby amending the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**"). The PIT Amendment Regulations shall come into force on the 90th day from the date of its publication in the e-gazette.

By way of the PIT Amendment Regulations, SEBI has expanded the definition of 'unpublished price sensitive information' ("**UPSI**"). The following information have been added in the definition of UPSI: (a) award or termination of order/ contracts not in the normal course of business; (b) change in rating(s), other than ESG rating(s); (c) fund raising proposed to be undertaken; (d) agreements, by whatever name called, which may impact the management or control of the company; (e) fraud or defaults by the company, its promoter, director, key managerial personnel ("**KMP**") or subsidiary or arrest of KMP, promoter or director of the company, whether occurred within India or abroad; (f) resolution plan/ restructuring or one time settlement in relation to loans/ borrowings from banks/ financial institutions; (g) admission of winding up petitions (*filed by any party/ creditors*) and admission of application by the National Company Law Tribunal for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval/ rejection of resolution plan; (h) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report; (i) actions initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, KMP, promoter or subsidiary, in relation to the company; (j) outcome of any litigation or dispute which may have an impact on the company; (k) giving of guarantee or indemnity or becoming a surety, by whatever name called, for any third party, by the company not in the normal course of business; and (l) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Following are certain other amendments introduced by the PIT Amendment Regulations:

- (a) Any information related to changes in KMP is deemed to be UPSI. However, pursuant to the PIT Amendment Regulations, such change shall not be considered UPSI in case of superannuation or term completion;
- (b) The entry of information, originating from outside the organization, in the structured digital database must be completed within 2 calendar days of receiving such information; and
- (c) Trading window may not be closed for UPSI emanating outside the concerned listed company.

To read the PIT Amendment Regulations [click here](#)



IPOs & RIGHTS ISSUE: NAVIGATING THE POST-ICDR AMENDMENT LANDSCAPE

SEBI, *vide* its notification dated March 3, 2025 (*published on March 8, 2025*), has notified the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 ("**ICDR Amendment Regulations**"), thereby amending the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The ICDR Amendment Regulations, *inter alia*, introduces significant changes in the initial public offer ("**IPO**") mechanism, compliance and disclosure requirements. The provisions of ICDR Amendment Regulations shall be effective from the date of its publication in the e-gazette, except the provisions pertaining to the rights issue by a listed company which shall come into force on the 31st day of publication of the ICDR Amendment Regulations in the e-gazette and shall be applicable to the rights issues that are approved by the board of the directors of the Issuer after the said amendments come into force.

The ICDR Amendment Regulations has, *inter-alia*, introduced key changes as outlined hereinbelow:

(a) IPO related amendments:

- (i) The companies (hereinafter referred to as "**Company**" or "**Issuers**") having outstanding stock appreciation rights granted to employees, pursuant to a stock appreciation right scheme which would entitle any person with any option to receive equity shares of the Company, shall now be eligible to make an IPO, provided that the disclosures in this regard have been made in the offer document or red herring prospectus.
- (ii) For issues where draft offer document is filed for offer for sale, the limits set out in (a) and (b) of Regulation 8A (*Additional conditions for an offer for sale for issues under sub-regulation (2) of regulation 6*) shall be calculated with reference to the shareholding as on the date of filing of the draft offer document and shall apply cumulatively to the total number of shares offered for sale to the public and any secondary sale transactions prior to the issue.
- (iii) The calculation of minimum promoter shareholding post-IPO shall also include stock appreciation rights assumed to be exercised post issuance.
- (iv) The lock-in period of 1 year from the date of allotment in the IPO shall also apply if the issue is proposed to be utilized for repayment of loan taken for the purpose of such capital expenditure.
- (v) The following categories of equity shares shall not be subject to lock-in period of 6 months in the event of an IPO: (I) equity shares allotted to employees, whether currently an employee or not, under a stock appreciation right scheme of the Issuer, and (II) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with stock appreciation right scheme.

- (vi) ICDR Amendment Regulations have provided further clarification on the voluntary inclusion of proforma financial information. The updated regulations specify that an Issuer can choose to voluntarily include proforma financial statements for acquisitions or divestments in two scenarios: (I) when they fall below the prescribed materiality threshold, or (II) when the acquisitions or divestments were completed before the most recent period for which financial information is disclosed in the draft offer document or offer document. Additionally, the Issuer has the flexibility to disclose proforma financial statements for any financial period they deem appropriate.
 - (vii) Additional requirement to disclose all the proposed pre-IPO placement disclosed in the draft offer document to be reported to the stock exchange(s), within 24 hours of such pre-IPO transactions (*in part or in entirety*).
- (b) IPO by Small and Medium Enterprises ("SME"):
- (i) The Companies having outstanding stock option rights granted to employees and fully paid up outstanding convertible securities, which would entitle any person with any option to receive equity shares of the Company, shall now be eligible to make an IPO, provided the disclosures in that regard have been made in the offer document or red herring prospectus.
 - (ii) New eligibility norms have been introduced for IPO by the following SME:
 - (I) An Issuer that had been a proprietorship or a partnership firm or a limited liability partnership before conversion to a company or body corporate, such Issuer may make an IPO only if the Issuer has been in existence for at least 1 full financial year before filing of draft offer document provided their financial statements has been prepared post conversion as per Schedule III of the Companies Act, 2013.
 - (II) If there is a complete change of promoter of the Issuer or new promoter(s) of the Issuer acquired more than 50% of the shareholding of the Issuer, the Issuer shall file draft offer document only after a period of 1 year from the date of such final change(s).
 - (III) An Issuer may make an IPO, only if the Issuer had minimum operating profits (*earnings before interest, depreciation and tax*) of INR 1 crore from operations for at least 2 out of 3 previous financial years.
 - (iii) Offer for Sale restrictions:
 - (I) The size of offer for sale by selling shareholders shall not exceed 20% of the total issue size;
 - (II) The shares offered for sale by selling shareholders shall not exceed 50% of such selling shareholders' pre-issue shareholding on a fully diluted basis;

- (III) The objects of the issue should not consist of the usage of issue proceeds (*directly or indirectly*) for repayment of loans taken from promoters, promoter groups, or related parties.
 - (iv) The lock-in period for promoters' shareholding has also been revised:
 - (I) 50% of promoters' holding in excess of the minimum promoters' contribution shall be locked in for 2 years from the date of allotment in the IPO; and
 - (II) The remaining 50% shall be locked in for 1 year from the date of allotment in the IPO.
 - (v) The draft offer document filed with the SME exchange shall be made public for comments, if any, for a period at least 21 days by hosting it on the websites of the Issuer, SME exchange where specified securities are proposed to be listed and lead manager associated with the issue, and within 2 working days of filing the draft offer document with the SME exchange, a public announcement shall be made in widely circulated English, Hindi, and regional newspapers.
 - (vi) New provisions regarding per share price, ensuring that prices are adjusted for corporate actions such as share splits and bonus issues, etc., when determining securities ineligible for minimum promoters' contribution.
 - (vii) Additional requirement to disclose all the proposed pre-IPO placement disclosed in the draft offer document to be reported to the stock exchange(s), within 24 hours of such pre-IPO transactions (*in part or in entirety*).
 - (viii) Additional requirements for fund monitoring have been introduced – (I) where a monitoring agency is not required to be appointed by the Issuer, the Issuer shall submit a statutory auditor's certificate for utilization of money raised through the public issue (*excluding offer for sale by selling shareholders*) to SME exchange(s); and (II) for working capital funding above INR 5 crores, the Issuer shall submit a statutory auditor's certificate confirming utilization of funds as working capital in the same format as disclosed in the offer document.
 - (ix) In case of change in objects or variation in the terms of contract related to objects referred to in the offer document, an exit offer shall be provided by the promoters or shareholders in control of an Issuer to the dissenting shareholders as provided for in the Companies Act, 2013.
- (c) Rights Issue related amendments:
- (i) The amendment has done away with the minimum aggregate value of the offer size of INR 50 crores or more for the applicability of the regulations. It would now be applicable for rights issues of specified securities irrespective of offer size.

- (ii) Additional disqualification notified for rights issue if the equity shares of the Issuer are suspended from trading as a disciplinary measure as on the reference date.
- (iii) The mandatory appointment of lead managers has now been eliminated and consequently necessary amendments in the said regard has been made under the regulations, thereby enhancing the obligations upon the Issuer under the said regulations.
- (iv) Elimination of filing of draft letter of offer with SEBI, thereby bringing uniformity with fast-track rights issue process.
- (v) Elimination of making a public announcement in 1 English national daily newspaper, 1 Hindi national daily newspaper and 1 regional language newspaper at the place where the registered office of the Issuer is situated, all with a wide circulation.
- (vi) Elimination of issuance of abridged letter of offer and consequent regulations thereof.
- (vii) Introduction of concept of 'Specific Investor' which shall mean:
 - (I) any investor who is eligible to participate in rights issue of the Issuer;
 - (II) any investor whose name has been disclosed by the Issuer in the issue related advertisement as a person to whom the promoter(s) or promoter group has renounced their rights entitlement along with the details of such promoter(s) or promoter group and rights entitlement.
- (viii) Subject to the compliance with the provisions of the Companies Act, 2013, a rights issue may be opened within such period as may be specified by SEBI from time to time.
- (ix) Mandatory requirement to report transactions of promoters and promoter group and pre-issue transactions that were disclosed in the draft offer document, to the stock exchange(s), within 24 hours of such pre-issue transactions (*in part or in entirety*).
- (x) The public announcement of the draft offer document shall be for a period of at least 21 days from the date of publication of such announcement (*erstwhile 21 days from the filing of draft offer document*).
- (xi) The Issuer shall announce the floor price or the price band at least 2 working days before the opening of the bid in the pre-issue and price band advertisement in the format specified under Part A of Schedule X of the regulation in the same newspapers in which the public announcement was published.

SEBI NOTIFIES DETAILED PROCEDURE AND TIMELINES FOR FASTER RIGHTS ISSUE TO SPECIFIC INVESTORS

SEBI, *vide* its notification dated March 3, 2025 (*published on March 8, 2025*), had notified new framework for rights issue process ("**Rights Issue**"). Pursuant to this, SEBI, *vide* its circular dated March 11, 2025, has notified a detailed procedure and timeline for faster Rights Issue to specific investors. The circular shall come into force from April 7, 2025 and shall be applicable to the Rights Issues that are approved by the board of directors of the Issuer on or after the said date.

The key procedures and timelines have been outlined hereinbelow:

- (a) Timeline for completion of Rights Issue: The Rights Issue shall be completed within 23 working days from the date of approval of the Rights Issue by the board of directors of the Issuer.
- (b) Subscription Period: The Rights Issue shall be kept open for subscription for a minimum period of 7 days and a maximum period of 30 days.
- (c) Automated Validation System: A new system for the automated validation of investor applications will be developed by stock exchanges and depositories within 6 months from April 7, 2025.
- (d) Revised Procedures: Several consequential changes to the Master Circular on SEBI ICDR Regulations dated November 11, 2024 are outlined in the circular regarding the offer letter, bid correction, Application Supported by Blocked Amount (ASBA) process, etc.
- (e) Timeline for completion of various activities involved in Rights Issue: Detailed timelines for activities involved in the Rights Issue process are outlined in the circular, with timelines for various stages from the date of approval of board of directors of the Issuer till the date of closure of the Rights Issue.
- (f) Recognized stock exchanges and depositories are required to put in place necessary systems and infrastructure for implementation of the circular.

To read the circular [click here](#)



SEBI TACKLES COMPLIANCE CHALLENGES FOR CATEGORY II AIFs UNDER THE SEBI AIF REGULATIONS, 2012

SEBI, in its 209th board meeting dated March 24, 2025 ("**SEBI Board Meeting**"), has addressed the compliance challenges faced by Category II Alternative Investment Funds ("**Category II AIFs**") due to recent amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**").

Currently, Category II AIFs are required to invest primarily in unlisted companies, in accordance with Regulation 17(a) of the SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**"). However, after the introduction of Regulation 62A of the SEBI LODR Regulations, any entity that had issued listed non-convertible debt securities ("**NCDs**") on or before January 1, 2024, which continued to be listed, is not permitted to issue unlisted NCDs. Additionally, in case an entity proposes to issue any listed NCDs on or after January 1, 2024, then its unlisted NCDs which were previously issued, are mandatorily required to be listed. With these changes, there is a likelihood that debt securities that could have been issued in unlisted form, will now have to be listed. The resultant drop in availability of unlisted debt securities can create hindrance for the AIFs in complying with the minimum investment norms in unlisted securities.

In order to address this issue, SEBI has allowed Category II AIFs to treat their investment in listed debt securities with a credit rating of 'A' or below equivalent to investment in unlisted securities, to meet the minimum investment requirement in unlisted securities under the AIF Regulations.

To read the SEBI Board Meeting press release [click here](#)



SEBI INCREASES FPI INVESTMENT THRESHOLD FOR GRANULAR DISCLOSURE

SEBI, in its SEBI Board Meeting, has increased the investment threshold for Foreign Portfolio Investors ("**FPIs**") which mandates granular ownership disclosure.

Previously, FPIs (*individually or as an investor group*) holding more than INR 25,000 crores in equity Asset Under Management ("**AUM**") in the Indian markets were mandated to disclose details of all entities (*up to the level of natural person*) holding any ownership, economic interest, or control, on a full look through basis, without any thresholds. This requirement is to guard against any potential circumvention of Press Note 3 stipulations by large-sized FPIs.

Due to doubling of cash equity market trading volumes between financial year 2022-23 and financial year 2024-25, SEBI has now increased the threshold from INR 25,000 crores to INR 50,000 crores of equity AUM in the Indian markets, for FPIs to make granular ownership disclosures as required in the SEBI circular dated August 24, 2023.

It is to be noted that there has been no change in the ownership threshold, i.e., FPIs holding more than 50% of its equity AUM in a single corporate group shall make granular disclosures under the additional disclosure framework. In addition, all FPIs shall continue to comply with the norms under the Prevention of Money Laundering Act, 2002, as applicable.

To read the SEBI Board Meeting press release [click here](#) & to read the SEBI circular [click here](#)



SEBI UPDATES GUIDELINES ON ADVANCE FEE STRUCTURE FOR IAs AND RAs

SEBI, in its SEBI Board Meeting, has made observations in relation to the advance fee to be charged by Investment Advisers ("IAs") and Research Analysts ("RAs"). Accordingly, IAs and RAs may now charge fees in advance up to a period of 1 year (*previously, the advance fee was 2 quarters for IAs and 1 quarter for RAs*) if agreed by the client. SEBI further clarified that the fee related provisions like fee limit, modes of payment of fees, advance fee, etc., shall only be applicable in case of individual and Hindu Undivided Family clients (*not being accredited investors*). These conditions do not apply to non-individual clients, accredited investors and in case of institutional investors seeking recommendation of proxy adviser and in such cases, fee related terms and conditions will be governed through bilateral negotiated contractual terms.

To read the SEBI Board Meeting press release [click here](#)



SEBI INTRODUCES AMENDMENTS TO MASTER CIRCULAR FOR InvITs AND REITs

SEBI, *vide* its circulars dated March 28, 2025, has introduced certain amendments to the Master Circular for Infrastructure Investment Trusts ("InvITs") dated May 15, 2024 ("InvIT Master Circular") and the Master Circular for Real Estate Investment Trusts ("REITs") dated May 15, 2024 ("REIT Master Circular").

- (a) Review of lock-in provisions for preferential issue of units for InvITs/ REITs: (i) the SEBI (InvITs) Regulations, 2014 ("InvIT Regulations") and the SEBI (REITs) Regulations, 2014 ("REIT Regulations") require sponsors and sponsor groups to hold a minimum 15% of the total units for 3 years from the listing date of units of the InvIT/ REIT. If the sponsor or its associate is not the project manager, they must hold 25% of the units for 3 years; (ii) both Master Circulars have been amended to state that 15% of the units allotted to sponsors and sponsor groups will be locked-in for 3 years from the trading approval date of the units, provided the project manager of InvITs is the sponsor or an associate who shall continue to act in such capacity for a period of minimum 3 years from the date of trading approval granted for the units unless suitable replacement is appointed by the unitholders through the trustee. If this condition is not met, 25% of the units will be locked-in for 3 years. The remaining units will be locked-in for 1 year from the trading approval date of the units, in case of both InvITs and REITs; (iii) sponsors and sponsor groups must comply with the minimum unitholding requirements specified in the InvIT Regulations and the REIT Regulations, at all times.
- (b) Inter-se transfer of locked-in units among sponsor and sponsor groups: (i) A new provision has been inserted which allows the units allotted under a preferential issue to a sponsor or its sponsor group entities, which are subject to lock-in, to be transferred among them. The lock-in period will continue with the transferee, who cannot transfer the units until the original lock-in period expires; (ii) for InvITs/ REITs with multiple sponsors, locked-in units can only be transferred within the same sponsor group, and not to any other sponsor or their sponsor group entities. In case of a change in sponsor, locked-in units held by the outgoing sponsor

its sponsor group entities, may be transferred to the incoming sponsor or its sponsor group entities, provided they continue to comply with the minimum unitholding requirements as specified under the InvIT Regulations/ REIT Regulations after such transfer; (iii) in case of conversion to a self-sponsored investment manager, the locked-in units held by the outgoing sponsor or its sponsor group entities may be transferred to the self-sponsored manager or its shareholders/group entities, ensuring compliance with the minimum unitholding requirements by them as specified under the InvIT Regulations/ REIT Regulations after such transfer.

- (c) Guidelines for follow-on offer by publicly offered InvITs/ REITs: The InvIT Regulations and the REIT Regulations, allow follow-on offers for raising funds subsequent to issue of units after IPO, as specified by SEBI. SEBI has amended both Master Circulars to provide that the guidelines for public issues also apply to follow-on offers by InvITs/ REITs. InvITs/ REITs shall pay fees to SEBI as per Schedule II of the InvIT Regulations/ REIT Regulations along with follow-on offer document/ draft follow-on offer document, as applicable:
- (i) InvITs/ REITs must apply for in-principle approval from all stock exchanges where units are listed and choose a designated stock exchange. Units must be issued in dematerialized form. The investment manager and merchant banker(s) are responsible for obtaining approvals. Minimum public unitholding must be 25% post-issue. Regulation 15 of the InvIT Regulations/ REIT Regulations shall be applicable to follow-on offer documents and advertisements.
 - (ii) Allotment and listing of units of InvIT/ REIT timelines shall be as per the timelines specified in Chapter 2 of the InvIT Master Circular/ REIT Master Circular.
 - (iii) Regulations 14(4)(t) and (u) of the InvIT Regulations and Regulations 14(20) and (21) of the REIT Regulations, as applicable, shall apply mutatis mutandis pertaining to, payment of interest in relation to a follow-on offer in case of failure to allot or list units.
 - (iv) No further issue of units in any manner (*whether by way of public issue, rights issue, preferential issue, institutional placement or otherwise*) is allowed during the period between the filing date of the draft follow-on offer document/ follow-on offer document and listing of the units or refund of application monies, except for unit-based employee benefit schemes. The provisions of Chapter 3 of the InvIT Master Circular/ REIT Master Circular shall apply to financial disclosures in the follow-on offer document except Section (B) (*provisions pertaining to disclosure of projections of InvITs/ REITs Revenues and Operating Cash flows*) and Section (G) (*principles for preparation of combined financial statements*).
 - (v) The draft follow-on offer document must be filed by the InvIT/ REIT with SEBI and recognized stock exchange, through the merchant banker for SEBI's observations. The timelines for issuance of observations shall be as specified under Chapter 2 of the InvIT Master Circular/ REIT Master Circular. SEBI's observations must be incorporated in the follow-on offer document before its final filing with SEBI and recognized stock exchanges.
 - (vi) The merchant banker must submit a due diligence certificate (*as per Form A and Form B of Annexure 1 of the InvIT Master Circular/ REIT Master Circular*) to SEBI with the draft follow-on offer document.

RBI & IFSC UPDATES

IFSCA NOTIFIES GUIDELINES ON CYBER SECURITY AND CYBER RESILIENCE FOR REGULATED ENTITIES IN IFSCs

The International Financial Services Centres Authority ("IFSCA"), *vide* its circular dated March 10, 2025, has notified guidelines on cyber security and cyber resilience for regulated entities in the International Financial Services Centres ("IFSC"). Regulated entities shall include any entity which is licensed, recognised, registered or authorised by IFSCA such as a fund management entity, market infrastructure institution, etc. ("REs").

The key components of the guidelines are as follows:

(a) Governance:

The REs must establish adequate governance mechanisms with clear roles and responsibilities for managing cyber risk. The oversight body may consist of one or more of: (i) the governing board; (ii) senior management personnel (*e.g., MD, CEO, CISO, CTO, principal officer, compliance officer*); or (iii) committee(s) involving/ designated by any of the above for the purpose of technology or cyber risk management of the RE. The governing board and senior management should have the necessary expertise and knowledge to effectively manage cyber risks. REs are also required to appoint a chief information security officer (CISO) or designate a senior employee/ management personnel (*the 'Designated Officer'*) to: (i) assess, identify and mitigate cyber security risks; (ii) respond to incidents and set standards and controls; and (iii) direct the establishment and implementation of relevant processes and procedures.

(b) Cyber security and cyber resilience framework:

The REs shall formulate a cyber security and resilience framework to maintain confidentiality, integrity, and availability of information technology assets. This framework should address cyber threats, including third-party risks, define the RE's cyber risk appetite and resilience objectives, etc. The oversight body shall ensure alignment of the aforementioned framework with the overall risk management framework. Additionally, the REs shall formulate an Information Security Policy as part of this framework with the basic principles as laid down in the circular.

(c) Third party risk management:

The REs shall adopt a collaborative security approach with their third party vendors/ external partners, by clearly outlining shared expectations for data security, incident reporting and adherence to relevant security standards. The REs shall also adopt a risk-based approach for periodic review of third party vendors/ external partners. Further, third party service providers on which the REs are dependent for core operations or to whom access has been granted to critical systems, must be identified and the REs shall carry out an assessment for detecting

vulnerabilities or compliance gaps every 6 months. For other third parties, the REs shall have the flexibility to determine the appropriate frequency for periodic review.

(d) Communication and awareness:

The REs shall provide regular training to its employees on topics pertaining to cyber security, including but not limited to, phishing awareness, social engineering, password hygiene and incident reporting procedures. Further, the REs shall establish clear and accessible channels for employees to report suspicious activity, vulnerabilities and potential cyber incidents.

(e) Audit:

The REs shall have their cyber risk governance, systems, and processes audited on a periodic basis by (i) an Indian Computer Emergency Response Team empanelled auditor, (ii) an independent auditor with relevant certifications, or (iii) an auditor with experience in conducting cybersecurity audit of entities with similar business activity. The auditor shall certify that the security controls implemented by the entity align with the risks faced by the RE. The audit report shall be submitted to IFSCA within 90 days from the end of the financial year.

(f) Incident reporting:

In case of occurrence of any cyber incident, the REs shall report the same on cyber-incidents@ifsc.gov.in not later than 6 hours from the detection of the incident. Additionally, the REs shall submit the interim report within 3 days followed by a detailed root cause analysis report within 30 days. The REs shall take mitigation measures within 7 days.

(g) Exemptions:

Certain categories of REs such as (i) the REs operating in the form of a branch of a regulated Indian or foreign entity; (ii) the REs providing services to their group entities only, e.g., Global In-House Centres; (iii) the REs which have less than 10 employees; and (iv) foreign universities set up in IFSCs are exempted from the requirements under the guidelines for a period of 3 years. The exemptions are subject to fulfilment of the conditions laid down in the circular.

To read the circular [click here](#)



IFSCA APPROVES CHANGES TO VARIOUS IFSCA REGULATIONS

IFSCA, in its 23rd meeting held on March 26, 2025, has approved various changes to the IFSCA regulations, which are as follows:

(a) The IFSCA (Capital Market Intermediaries) Regulations, 2025:

The new IFSCA (Capital Market Intermediaries) Regulations, 2025 ("**New CMI Regulations**") will replace the extant IFSCA (Capital Market Intermediaries) Regulations, 2021 providing revised regulatory framework for registration, regulation and supervision of capital market intermediaries set up in IFSC (*based on experience gained, stakeholder consultation and benchmarking with global standards*). The key changes in the New CMI Regulations include: (i) introduction of 'Research Entity' as a new category of intermediary and removal of 'Account Aggregator' category; (ii) incorporation of regulatory framework for 'Distributors' and 'ESG Ratings and Data Products Providers'; (iii) minimum qualification and experience requirements for principal officer and compliance officer for all categories of intermediaries has been specified; (iv) in case an entity has multiple registrations, principal officer shall be appointed for each such activity separately; (v) rationalisation of minimum net worth requirements; (vi) submission of annual compliance audit by the intermediaries with IFSCA by 30th of September every year, etc.

(b) The IFSCA (KYC Registration Agency) Regulations, 2025:

To register and regulate the KYC Registration Agencies ("**KRAs**") in IFSC, IFSCA has approved the IFSCA (KYC Registration Agency) Regulations, 2025 ("**KRA Regulations**"). The KRA Regulations, *inter alia*, provide for (i) eligibility requirement; (ii) registration requirements; (iii) qualification and experience; (iv) functions and obligations of a KRA to be set-up in IFSC. While it shall be mandatory for all IFSCA regulated entities to upload the KYC records of their clients to the KRA, the KRA Regulations empower IFSCA to exempt certain classes of regulated entities from the applicability of the KRA Regulations.

(c) Transition to the IFSCA (Fund Management) Regulations, 2025:

IFSCA has approved the proposal towards providing a one-time opportunity to extend the validity of the private placement memorandum whose validity expired subject to certain conditions and a clarification towards the filing of the updated private placement memorandum consequent to the changes in the regulations.

To read the press release of IFSCA meeting [click here](#)



RBI AMENDS THE MASTER DIRECTIONS ON PRIORITY SECTOR LENDING

Reserve Bank of India ("**RBI**"), *vide* its notification dated March 24, 2025, has notified the Master Directions on RBI (Priority Sector Lending – Targets and Classification) Directions, 2025 ("**PSL MD**"). The provisions of the PSL MD are applicable to every commercial bank including regional rural bank, small finance bank, local area bank and Primary (Urban) Co-operative Bank ("**UCB**") other than salary earners' bank.

The key amendments under the PSL MD are as under:

- (a) The Priority Sector Lending ("PSL") target for UCBs for total priority sector has been revised to 60% of Adjusted Net Bank Credit or Credit Equivalent of Off-Balance Sheet Exposures, whichever is higher.
- (b) With respect to housing loans, loans to individuals for purchase/ construction of a dwelling unit per family will be subject to the following limits: (i) loans up to INR 50 lakhs for centers with population of 50 lakh and above provided the maximum cost of dwelling unit is INR 63 lakhs; (ii) loans up to INR 45 lakhs for centers with population of 10 lakhs and above but below 50 lakhs provided the maximum cost of dwelling unit is INR 57 lakhs; (iii) loans up to INR 35 lakhs for centres with population below 10 lakhs provided the maximum cost of dwelling unit is INR 44 lakhs.
- (c) With respect to renewable energy, bank loans up to a limit of INR 35 crores (*erstwhile INR 30 crores*) to borrowers for renewable energy-based power generators and for renewable energy based public utilities, viz., street lighting systems, remote village electrification, etc., will be eligible for priority sector classification. For individual households, the loan limit will be INR 10 lakhs per borrower.
- (d) With respect to PSL to weaker sections, RBI has expanded the list of borrowers under the weaker section category. In addition to the previous eligible borrowers, the list of eligible borrowers includes (i) artisans, village and cottage industries where individual credit limits do not exceed INR 2 lakhs (*erstwhile INR 1 lakh*); (ii) self-help groups/ joint liability groups; (iii) individuals and individual members of self-help groups/ joint liability groups; (iv) individual women beneficiaries up to INR 2 lakhs (*erstwhile INR 1 lakh*) per borrower (*the limit of 'INR 2 lakhs per borrower' is not applicable to UCBs*); and (v) transgenders.
- (e) No loan related and *ad hoc* service charges/ inspection charges shall be levied on priority sector loans up to INR 50,000 (*erstwhile INR 25,000*).

All loans eligible to be categorised as PSL under the erstwhile Master Directions on PSL dated September 4, 2020, shall continue to be eligible for such categorisation under these directions, till maturity.

To read the PSL MD [click here](#)



LABOUR UPDATES

HARYANA REVISES RATE OF LABOUR WELFARE FUND CONTRIBUTION

Haryana Labour Welfare Board, Government of Haryana, *vide* its notification dated March 7, 2025, has revised the labour welfare fund contribution for both employers and employees. The notification is effective retrospectively from January 1, 2025.

The said notification states that each employee shall to contribute to the fund, every month, an amount equal to 0.2% of his salary or wages or any remuneration subject to a limit of INR 34 (*previously INR 31*) and each employer in respect of each such employee has to contribute twice the amount contributed by such employee. Provided that the limit specified above shall be indexed annually to the consumer price index beginning from first of January each year.

To read the notification [click here](#)



KERALA INTRODUCES NEW PROVISIONS FOR WELFARE AND SAFETY OF WORKERS

Government of Kerala, *vide* its circular dated March 10, 2025, has amended the Kerala Shops and Commercial Establishments Act, 1960 and the Kerala Shops and Commercial Establishments Rules, 1961 to enhance the welfare and safety of workers employed in shops and commercial establishments throughout the State of Kerala. The circular highlights several critical areas where security staff, especially those working outdoors, have experienced neglect.

Newly introduced Section 21B provides for requirement of seating facilities. It mandates that in every shop and establishment suitable arrangements for sitting shall be provided for all workers so as to avoid 'on their toes' situation throughout the duty time, so that they may take advantage of any opportunity to sit which may occur in the course of their work. Further, the newly added Rule 6(4)(a) mandates that the employer shall provide to the employees protective equipment and clothing in conformity with the quality prescribed by the Bureau of Indian Standards wherever there is likelihood of bodily injury or exposure to physical or chemical hazards.

By way of this circular, it is now mandatory for employers to provide seating, drinking water, and protection against adverse weather conditions for security personnel working both within establishments and outside in open spaces.

The District Labor Officers are required to ensure the implementation of these provisions by publicizing the circular through both print and electronic media.

To read the circular [click here](#)



EXEMPTIONS EXTENDED FOR IT-ITES ESTABLISHMENTS IN ANDHRA PRADESH

Government of Andhra Pradesh, *vide* its notification dated March 25, 2025, has exempted all information technology and information technology enabled services establishments ("IT-ITES Establishments") from the provisions of Sections 15 (*opening and closing hours*), Section 16 (*daily and Weekly hours of work*), Section 21 (*special provision for young persons*), Section 23 (*special provision for women*), Section 31 (*other holidays*) and sub-sections (1) (2) (3) and (4) of Section 47 (*Conditions for terminating the services of an employee, payment of service compensation for termination, disablement, etc., and payment of subsistence allowance for the period of suspension*) of the Andhra Pradesh Shops and Establishments Act, 1988 for a further period of 5 years from March 25, 2025.

The aforesaid exemption is subject to certain conditions such as:

- (a) Weekly working hours for an employee shall be 48 hours, beyond which the employee would be entitled to overtime;
- (b) Employees shall be given weekly off;
- (c) Women employees may be engaged during night shift subject to provision of adequate security and transportation from and to their respective residences;
- (d) Employees shall be given a compensatory holiday, in lieu of notified holidays, with wages;
- (e) In relation to the travel, the companies must comply with multiple conditions, including: (i) obtain biodata of each driver and conduct pre-employment screening of the antecedents of all drivers employed on their own or through outsourcing; (ii) the schedule and route of the pick-up and drop shall be decided by the supervisory officer; (iii) careful selection of the route in accordance with the notification; and (iv) provide security guards for night shift vehicles.

IT-ITES Establishments are also exempt from maintaining various statutory registers in hard copy; maintaining these records in soft copy will be recognized as compliance. The exemption issued may be revoked by the Government at any time for contravention of the conditions mentioned in the notification or any other reason without assigning any prior notice.

To read the notification [click here](#)



OTHER UPDATES

CDSCO INTRODUCES SUGAM PORTAL FOR FACILITATING ONLINE REGISTRATION OF CROs

The Central Drugs Standard Control Organization ("CDSCO"), *vide* its public notice dated March 4, 2025, has announced that the 'SUGAM portal' (www.cdsoonline.gov.in) for online registration of Clinical Research Organizations ("CROs") is now functional. The set up of the said SUGAM portal is in line with the New Drugs and Clinical Trials (Amendment) Rules, 2024, dated September 19, 2024, issued by the Ministry of Health and Family Welfare ([covered in the earlier edition of Legalaxy](#)) wherein all CROs operating in India were required to register with the CDSCO effective April 1, 2025, for conducting any clinical trial or bioavailability or bioequivalence study of new drug or investigational new drug in human subject, by submitting an application in Form CT-07B along with the prescribed checklist of documents to the Central Licensing Authority accompanied by a fee of INR 5 lakhs.

To read the public notice [click here](#)



MINISTRY OF MSME REVISES THE CRITERIA FOR CLASSIFYING ENTERPRISES UNDER THE MSME ACT

The Ministry of Micro, Small and Medium Enterprises ("M/o MSME"), *vide* its notification dated March 21, 2025, has amended paragraph 1 of its notification (*S.O. 2119 (E)*) dated June 26, 2020, which provides thresholds for the classification of enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSME Act") and has thereby raised the investment in plant and machinery or equipment and turnover limits for Micro, Small and Medium Enterprises ("MSME") classification to help businesses expand, to ensure that such MSMEs do not lose their MSME status as they expand and that a greater number of business are included under the purview of the MSME Act, and to improve efficiency. The investment in plant and machinery or equipment and turnover limits for the said classification have been increased by 2.5 times and 2 times, respectively, as provided below:

Category	Investment (INR crores)		Turnover (INR crores)	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

As entailed above, this amendment would increase the number of businesses that can come under the purview of the MSME Act, and can thereby claim the incentives that are associated with MSMEs such as lower interest rates on loans and tax incentives. The changes are also aligned towards allowing businesses to invest more in technological advancement and innovation which can help them to enhance their products, and expand in domestic and global markets.

To read the notification [click here](#)



MINISTRY OF MSME MANDATES HALF-YEARLY REPORTING OF DELAYED PAYMENTS MADE TO MICRO AND SMALL ENTERPRISES

M/o MSME, *vide* its notification dated March 25, 2025, has mandated half-yearly reporting of delayed payments made to micro and small enterprises. By way of the said notification, the Central Government has now directed that all companies which get supply of goods or services from micro and small enterprises and whose payments to such micro and small enterprises exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of the MSME Act, shall submit a half-yearly return to the Ministry of Corporate Affairs stating the following:

- (a) the amounts of payments due; and
- (b) the reasons of the delay.

This notification highlights on the issue of delayed payments being made to micro and small enterprises, wherein many micro and small enterprises struggle to maintain their cash flows due to such delayed payments being made to them, thereby affecting their businesses and defeating the entire purpose of promoting micro and small enterprises. By notifying such a directive, the government aims to ensure that timely payments are made to micro and small enterprises and that there is a greater accountability being put on large companies to pay their outstanding dues to them, thereby strengthening the foundation of micro and small enterprises in India.

To read the notification [click here](#)



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