Niti

Developments in Corporate Laws
September, 2025

"Krishna controls the Finite and the Infinite with inconceivable supernatural transcendental force. This is the power of inner energy."

……............Bhagavad Gita

SECTION I – CORPORATE LAWS

I. Ministry of Corporate Affairs ("MCA") Notifications, Circulars and Press Releases

A. Extension of time for filing e-form DIR-3-KYC and web-form DIR 3-KYC-WEB without fee upto October 15, 2025

https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/circulars.html

The Ministry of Corporate Affairs (MCA) through General Circular No.04/ 2025 dated September 29, 2025 extended last date of filing of e-Form DIR3-KYC and web-Form DIR-3-KYC-WEB without payment of filing fee upto October, 2025.

B. The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025.

https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NTYzMDg2MjY0&docCategory=Notifications&type=open

The Ministry of Corporate Affairs (MCA) issued a notification on September 4, 2025 amending the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The notification is titled "Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025".

Key highlights of the Amendments

- The scope of companies eligible for fast-track mergers or demergers has been expanded under Rule 25.
  - Fast-track merger route is now available to additional classes of companies. Now unlisted companies with aggregate outstanding loans/ deposits/ debentures ≤ Rs. 200 crore and no default in repayment (on a date not more than 30 days before notice and on date of filing) are not eligible.

  - Holding company and its subsidiary (where transferor is not listed).
  - Two or more subsidiaries of the same holding company (transferor not listed).
- New and revised forms introduced: CAA-9, CAA-10, CAA-10A, CAA-11, and CAA-12.
- Demerger/ division schemes under Section 232(1)(b) specifically included for fast-track route.
- Expanded filings and requirements to notify sectoral regulators and stock exchanges for listed companies.

These changes came into force from was September 8, 2025.

II. Securities and Exchange Board of India ("SEBI") Notifications, Circulars and Press Releases

A. Important announcements/ amendments in 211th Board Meeting of SEBI

https://www.sebi.gov.in/media-and-notifications/press-releases/sep-2025/sebi-board-meeting_96601.html

At the 211th SEBI Board Meeting held on September 12, 2025, the SEBI Board amongst other things approved following amendments:

Amendments to Securities Contracts (Regulation) Rules, 1957 relating to Minimum Public Offer and timelines to comply with Minimum Public Shareholding

Key highlights:

For very large issuers (MCap > Rs. 1,00,000 crore and above):

- Reduced minimum public offer at listing (lower initial float).
- Extended timelines for achieving MPS:
  - For some cases, 25% public shareholding to be achieved over 5–10 years instead of the earlier 3–5 years.

    - If public shareholding is less than 15% at listing, 15% MPS must be reached within 5 years, and 25% within 10 years.
    - If public shareholding is 15% or more, 25% MPS to be reached within 5 years.
- For issuers with MCap > Rs. 5,00,000 Cr: minimum float and MPS timelines are proportionately relaxed.

Amendment to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, to enhance the anchor investor framework

Key amendments include:

- Reservation in Anchor Portion:
    - The reserved portion for anchor investors has increased from 33% to 40% of the anchor book.
    - Out of this, 33% remains reserved for domestic mutual funds, and a new 7% reservation for life insurance companies (registered with IRDAI) and pension funds (registered with PFRDA) has been introduced. If there is undersubscription in the 7% reservation, it rolls over to mutual funds.
- Number of Anchor Investors:
    - The permissible number of anchor investor allottees has increased for allocations above Rs, 250 crore: minimum of 5 and maximum 15 investors for every Rs. 250 crore (or part thereof).
- Ease for Institutional Investors:
    - Certain redundant categories for anchor investors have been merged, in view of rising deal sizes (e.g., Category I for allocations up to Rs. 10 crore becomes obsolete with larger IPOs).
- Consideration for FPIs:
    - SEBI would analyse feasibility of extending aggregation mechanisms for FPIs (for multiple funds managed under single investment manager) analogous to mutual funds in anchor allocation.

Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, will introduce scale-based thresholds for determining material Related Party Transactions (RPTs)

Salient features of the amended RPT framework:

- Scale-Based Materiality Thresholds for RPTs by listed entities:
    - Up to Rs. 20,000 crore turnover: Material RPT threshold is 10% of annual consolidated turnover.
    - Over Rs. 20,001 crore and upto Rs. 40,000 crore: Rs. 2,000 crore + 5% of turnover exceeding Rs. 20,000 crore.
    - Above Rs. 40,000 crore: Rs. 3,000 crore + 2.5% of turnover exceeding Rs. 40,000 crore, subject to an absolute ceiling of Rs. 5,000 crore.

- For subsidiaries:
    - If audited standalone financials are available, the threshold is 10% of standalone turnover or the listed entity's materiality threshold, whichever is lower.
    - If subsidiary is less than 1 year old (no audited figures), threshold is 10% of paid-up capital plus securities premium, or the listed entity's materiality threshold, whichever is lower.
- Relaxed disclosures for small RPTs: Minimal disclosure required for transactions not exceeding 1% of consolidated turnover or Rs. 10 crore (whichever is lower).
- Omnibus approvals: Formal validity provisions for shareholder omnibus approvals incorporated in main Regulations.
- Retail transactions exemption: Retail purchases by directors/ KMPs/ relatives from the listed entity/ subsidiary (on same terms as employees, no business relationship) exempt from RPT rules.
- Clarification for holding company transactions: Explicit exemption for transactions between listed holding companies and their wholly owned subsidiaries.

SEBI approved the introduction of the SWAGAT-FI framework (Single Window Automatic and Generalized Access for Trusted Foreign Investors)

Key features of the SWAGAT-FI framework:

- Single window onboarding for eligible "trusted" foreign investors, easing simultaneous registration as FPI and FVCI, and eliminating duplicative approvals and documentation.
- Applies to low-risk, appropriately regulated investors, including:
  - Government-related investors (central banks, sovereign wealth funds, multilateral entities)
  - Appropriately regulated public retail funds (mutual funds, insurance companies, pension funds)
- Removes the minimum 66.67% unlisted allocation requirement for FVCIs under the consolidated framework, allowing greater portfolio flexibility between listed and unlisted securities.
- Launch of the India Market Access Portal, a centralised information/facilitation platform for foreign investors.
- Aligned FPI/ FVCI regulatory processes and disclosure requirements.
- Eligible FPIs may opt for SWAGAT-FI status at first registration or convert later if requirements are met.
- Jurisdiction-wise lists of approved fund structures will be published using "trust but verify" principles.

Amendments to the SEBI (Mutual Funds) Regulations, 1996 to reclassify Real Estate Investment Trusts (REITs) as "equity" for mutual fund investments

Key impact of the amendment:

- Equity mutual funds can now count their investments in REITs towards the equity allocation (previously, REITs and InvITs were "hybrid").
- This allows for:
  - Higher REIT exposure in equity mutual fund schemes

- Inclusion of REITs in major equity indices, boosting liquidity and visibility
- More institutional inflows from pension funds, MFs, and potentially global funds

- The previous joint cap for REITs + InvITs is now only applicable for InvITs

This amendment places Indian REITs on par with global practice (e.g., S&P, MSCI indices include REITs as equity), expands diversification for investors, and makes REITs a "core" asset in portfolios.

Certain other amendments to the SEBI (Mutual Funds) Regulations, 1996

- Maximum exit load cap reduced from 5% to 3%
  - Mutual fund schemes can no longer levy more than 3% exit load (previously capped at 5%).
  - Most funds already charge 1–2%; the new cap formalizes prevailing practice and strengthens investor protection.

- Distributor incentives for expanding financial inclusion
  - Distributors will get incentives only for inflows from new individual investors (new PANs) in B-30 cities (beyond top 30 metropolitan areas).
  - Incentive: capped at 1% of first investment (lumpsum/ SIP) during the first year, subject to a maximum of Rs.2,000 per investor
  - A separate incentive structure for new women investors (new PAN) is introduced, computed on similar lines as the B-30 incentive.

Amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to allow entities with listed non-convertible securities (such as debentures and non-convertible redeemable preference shares) to send annual reports by providing a web-link (and optionally, a QR code) to holders who have not registered their email addresses, instead of sending physical copies .

Key points:

- A letter containing the exact web-link to the annual report will be sent to security holders who lack a registered email address.
- A QR code for accessing the report may also be included but is optional.
- This aligns procedures for non-convertible securities with those for specified equity securities.
- The change reduces costs, supports sustainability, and improves operational efficiency for listed entities.
- Investors without internet access can still request physical copies via alternative channels.

B. Framework on Social Stock Exchange

https://www.sebi.gov.in/legal/circulars/sep-2025/framework-on-social-stock-exchange_96702.html

The SEBI vide its circular dated September 19, 2025 has laid down a comprehensive regulatory framework for the Social Stock Exchange (SSE) in India. The SSE is designed as a marketplace for social enterprises to raise funds via public issuance and/ or private placement of equity, debt, or units.

Key highlights of the circular:

- **Eligibility:** Only Not-for-Profit Organizations (NPOs) and For-Profit Social Enterprises (FPEs) categorized as "social enterprises" per SEBI's guidelines can access the SSE.
- **Instruments: Fund-raising can be done through:**
  - Zero Coupon Zero Principal (ZCZP) instruments
  - Equity shares or debt securities (for FPEs)
  - Mutual funds dedicated to social investments
- **Listing requirements:**

  - NPOs must register and comply with disclosure norms.
  - FPEs must meet standard exchange listing requirements, with added impact reporting obligations.
- **Fund utilization and reporting:** Detailed norms for end-use, annual impact assessment, utilization certificate, and financial disclosures.
- **Due diligence:** Exchanges must conduct due diligence before listing and periodically thereafter.
- **Minimum fund size:** ZCZP issuance by NPOs requires a minimum fund raise threshold.
- **Ongoing compliance:** Social enterprises must submit annual impact reports and maintain transparency on the utilization of funds.
- **Investor protection:** Provisions to ensure that donations and investments are tracked and used solely for listed social impact activities.

C. Ease of doing investment - Smooth transmission of securities from Nominee to Legal Heir

https://www.sebi.gov.in/legal/circulars/sep-2025/ease-of-doing-investment-smooth-transmission-of-securities-from-nominee-to-legal-heir_96711.html

SEBI, through its Circular dated September 19, 2025 (SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130), has simplified the process of smooth transmission of securities from nominee to legal heir. Currently, nominees transferring securities to legal heirs may face capital gains tax assessments, despite such transmissions being exempt under Section 47(iii) of the Income Tax Act, 1961. Although refunds could be claimed, the process caused unnecessary inconvenience. To address this, SEBI, in consultation with CBDT, has introduced a new reporting mechanism.

Accordingly, a standard reason code “TLH” (Transmission to Legal Heirs) shall be used by RTAs, Depositories, Issuers, and Depository Participants while reporting such transactions to CBDT. This will ensure correct application of tax provisions and prevent inappropriate tax demands. Procedural requirements for transmission will continue as per SEBI (LODR) Regulations, 2015 and the Master Circular for RTAs. The new framework becomes effective from January 1, 2026.

Section II – Some Reminders for October, 2025

Particulars		Due Date
Payment of	Tax Deducted at Source for the month of September, 2025	7th October, 2025
	Provident Fund (includes EDLI) for the month of September, 2025	15th October, 2025
	ESIC for the month of September, 2025	15th October, 2025
Filing of	GSTR- 1 for September, 2025 (turnover of more than or less than Rs. 5 crores)	11th October, 2025
	GSTR-8 for September, 2025 [return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST]	10th October, 2025
	GSTR-7 for September, 2025 [return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST]	10th October, 2025
	GSTR - 3B for September, 2025 (turnover of more than Rs. 5 crores)	20th October, 2025
	GSTR - 3B for September, 2025 (turnover up to Rs. 5 crores, depending on the state)	22nd October, 2025
	Income tax returns for the assesse to whom tax audit is applicable	30th October, 2025
	Tax Audit Report with Income Tax Department	31st October, 2025
	Filing of Form DIR -3 KYC	15th October, 2025
	Filing of Form ADT-1	Within 15 days of AGM
	Filing of Form AOC – 4	Within 30 days of AGM
	Filing of Form LLP – 8	30th October, 2025
	Filing of Form MSME (April -September)	30th October, 2025

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Compiled by: Ms. Chaitali Shirodkar and Mr. Kiran Mankodi

For more information, please feel free to write to us at:

Innergize Solutions Private Limited,

A-2, 1st Floor, A Wing, Barodawala Mansion,

81, Dr. Annie Besant Road,

Worli, Mumbai 400025, India.

Tel: +91-22-6662 1392

Email: chaitali.shirodkar@innergize.in , kiran.mankodi@innergize.in

Or visit www.innergize.in