



This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY & POLICY UPDATES

SEBI issued the circular on reduction of time taken for credit of bonus shares and trading of such shares.

The Securities and Exchange Board of India (“SEBI”) through its circular dated 16.09.2024¹ (“Circular on Bonus Issue”), has reduced the time taken for credit of bonus equity shares and trading of such shares, from the record date of the bonus issue under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”). The Circular on Bonus Issue will be applicable on all bonus issues announced on or after 01.10.2024. Any non-compliance with the timelines as set out below will attract penalties as set out under Clause 4.1 of the SEBI circular dated 19.08.2019 titled Non-compliance with

certain provisions of SEBI ICDR Regulations, being a fine of INR 20,000 per day of non-compliance till date of completion. Key highlights of the Circular on Bonus Issue are as follows:

- (i) An issuer planning a bonus issue will have to apply for the in-principal approval to the stock exchange within five (5) working days from the date of board approval of such bonus issue. The issuer is required to fix and intimate the record date (T day) to the stock exchange and further take on record the deemed date of allotment as next working date of record date (i.e., T+1 day).
- (ii) The stock exchange will issue a notification accepting the record date and such notification will also include the record deemed date of allotment (T+1 day). Upon receipt

¹ [SEBI circular on reduction of time taken for credit of bonus shares and trading of such shares](#)

of the notification, the issuer is required to submit the requisite documents to the depositories for credit of bonus shares latest by 12 PM of next working day of the record date (i.e., T+1 day).

- (iii) The shares allotted under the bonus issue will be made available for trading on the next working date of allotment (i.e., T+2 day). As opposed to earlier practice of credit of bonus shares into temporary ISIN, now bonus shares can be credited into permanent ISIN.

SEBI issued the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024.

SEBI notified the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024² (“Amended NCS Regulations”) amending the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“SEBI NCS Regulations”). The Amended NCS Regulations came into force on 18.09.2024. Key highlights of the Amended NCS Regulations are as follows:

- (i) The draft offer document for public issue of debt securities and/or non-convertible redeemable preference shares is now required to be posted on the website of the stock exchange for seeking public comments for five (5) days as opposed to seven (7) working days. However, an issuer with listed specified securities on stock exchanges having nationwide trading terminals is required to post the draft offer document for one (1) day immediately after the date on which the draft offer document is filed with the stock exchange.
- (ii) An issuer may advertise the public issue through electronic modes such as online newspapers or website of the issuer or the stock exchange, on or before the issue opening date. However, where an issuer opts to advertise the public issue through electronic modes, the issuer must publish a notice in English national daily and regional daily newspapers including a QR Code and link to the complete advertisement.
- (iii) A public issue of debt securities or non-convertible redeemable preference shares must be kept open for a minimum of two (2) working days now as opposed to minimum of three (3) working days. In the event that there has been a revision in the price band or yield then the issuer is obligated to extend the bidding period disclosed in the offer document for a minimum period of

one (1) working day as opposed to the previous requirement of three (3) working days.

- (iv) Further, SEBI has simplified the disclosure requirements under Schedule I of the SEBI NCS Regulations including the removal for PAN and personal address disclosure for the promoters of the issuers. Further, where an issuer is a body corporate, now the persons authorised to attest disclosure documents, *inter alia* include executive chairperson and compliance officer, managing director, CEO etc. as opposed to director of the body corporate prior to the amendment.

SEBI issued the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024 to amend the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2021.

SEBI notified the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024 on 25.09.2024 (“Delisting Amendment Regulations”)³, amending the SEBI (Delisting of Equity Shares) Regulations, 2021 (“Delisting Regulations”). The Delisting Regulations came into effect on 25.09.2024. Key highlights of the Delisting Amendment Regulations are as follows:

- (i) Applicability of the Delisting Amendment Regulations shall only be on delisting offers whose initial public announcement is made on or after the date of the Delisting Amendment Regulations coming into force. An acquirer may make a delisting offer as stipulated under the unamended Delisting Regulations, till the 60th day from the date of the Delisting Amendment Regulations coming into force, i.e., till 24.11.2024.
- (ii) The following definitions have been inserted and/or modified:
 - (a) ‘Fixed Delisting Price’ has been defined to mean the fixed price offered by the acquirer for undertaking delisting of the equity shares of the company through fixed price process.
 - (b) ‘Floor Price’ has been amended to mean the minimum price offered by the acquirer for voluntary delisting of equity shares.
 - (c) ‘Investment Holding Company’ has defined to mean a company holding investments in listed/unlisted companies or holding assets other than such investments.

² [SEBI circular amending the SEBI \(Issue and Listing of Non-Convertible Securities\) Regulations, 2021](#)

³ [SEBI \(Delisting of Equity Shares\) \(Amendment\) Regulations, 2024](#)

- (iii) Regulation 19A has been inserted to state that the floor price of the equity shares proposed to be delisted shall be highest of the following:
- volume weighted average price paid/ payable for acquisitions during the 52 (fifty-two) weeks immediately preceding the relevant reference date;
 - highest price paid or payable for any acquisition in the last 26 (twenty-six) weeks immediately preceding the relevant reference date;
 - adjusted book value determined by an independent registered valuer;
 - volume weighted average of market price for a period of 60 (sixty) trading days immediately preceding the relevant reference date for frequently traded shares;
 - price determined by an independent valuer taking into account valuation parameters such as book value, comparable trading multiples and other customary valuation metrics for infrequently traded shares.
- (iv) Regulation 20A has been inserted to lay down the procedure for Fixed Delisting Price and the process of delisting of equity shares through the fixed price process. For delisting through the fixed price process, the fixed delisting price must be 15% (fifteen percent) more than the floor price. An acquirer can undertake delisting through the fixed price process only if the shares are frequently traded. The acquirer shall be bound to accept the equity shares tendered or offered in the delisting offer if the post offer shareholding of the acquirer along with shares tendered by the public shareholders reaches 90% (ninety percent) at the fixed delisting price.
- (v) As per Sub-regulation (4) of Regulation 22, a counter-offer can be made by the acquirer in case of delisting through reverse book building process, provided that the post-offer shareholding of the acquirer along with shares tendered by public shareholders exceeds 75% (seventy-five percent), and that not less than 50% (fifty percent) of the public shareholders have tendered their shares. The counter-offer price shall not be less than the higher of the volume weighted average price of the shares tendered/ offered, and the indicative price, if any, offered by the acquirer.
- (vi) Part E has been inserted in the Delisting Regulations to provide for detailed special provisions applicable to delisting of investment holding company. These provisions specify the timelines and applicable requirements for undertaking delisting of investment holding companies. An investment holding company

with at least 75% of its fair value comprising direct investments in equity share of other listed companies can delist through a scheme of arrangement approved by the National Company Law Tribunal, after complying with the applicable requirements under the Delisting Amendment Regulations.

SEBI issued a circular on reduction of timeline for listing of debt securities and non-convertible redeemable preference shares.

SEBI through its circular dated 26.09.2024⁴ reduced the timeline for listing of debt securities and non-convertible redeemable preference shares (“Circular on Listing of Securities”). Key highlights of the Circular on Listing of Securities are as follows:

- The listing of debt securities and non-convertible redeemable preference shares from date of closure of issue is reduced to T+3 working days from T+6 working days. The listing timeline of T+3 working days has been introduced as an option to issuers for a period of one (1) year for securities issued on or after 01.11.2024. However, on or after 01.11.2025 it will be mandatory for the issuers to list the debt securities and non-convertible redeemable preference shares within T+3 working days.
- In the event that securities are not listed in the prescribed timeline, all application moneys received or blocked are required to be refunded or unblocked within two (2) working days from the scheduled listing date. However, where an issuer, voluntarily opts for T+3 working days and fails to meet such timeline, the aforesaid provision of refund will become applicable only after T+6 working day for the period of one (1) year starting from 01.11.2024.
- The revised timelines for activities for listing of debt securities and non-convertible redeemable preference shares through public issues are specified in the annexure to the Circular on Listing of Securities. An issuer must appropriately disclose the T+3 timeline in the offer documents of public issue.

GOVERNMENT NOTIFICATIONS

The MNRE issued Scheme Guidelines for Offshore Wind Energy Projects and Competitive Bidding for 1000 MW under Viability Gap Funding Scheme.

Ministry of New and Renewable Energy (“MNRE”) on 11.09.2024 issued Scheme Guidelines for Implementation of

⁴ [SEBI circular on reduction of timeline for listing of debt securities and non-convertible redeemable preference shares](#)

Viability Gap Funding Scheme for Offshore Wind Energy Projects (“Guidelines for Implementation of OWE Projects”) for 1000 MW Capacity for the period till financial year 2031-32 with a financial outlay of INR 6853 Crores. Further, MNRE has also issued Competitive Bidding Guidelines Process for award of Offshore Wind Power Projects (“Bidding Guidelines for OWE Projects”) under Viability Gap Funding Scheme (“VGF Scheme”)⁵. The key highlights are as follows:

- (i) **Implementation:** The Solar Energy Corporation of India Limited (“SECI”) will implement the scheme and manage administrative tasks, submitting quarterly progress reports to MNRE.
- (ii) **Project Details:** SECI will initiate bids for a 500 MW offshore project in Gujarat, with a second 500 MW project in Tamil Nadu pending site data verification from the National Institute of Wind Energy (“NIWE”).
- (iii) **Technical Support:** NIWE will provide necessary technical assistance for project installation.
- (iv) **Power Purchase Agreements (“PPAs”):** SECI will sign long-term PPAs with Offshore Wind Power Developers (“OWPDs”) and Distribution Companies (“DISCOMs”).
- (v) **Bidding Process:** The bidding will be conducted through international competitive bidding, where bidders must specify their required VGF per MW.
- (vi) **Payment Structure:** Milestone-based payments will be made at various stages of project completion, with a portion retained for successful operation after one year.
- (vii) **Monitoring and Governance:** A Scheme Monitoring Committee will oversee project implementation, comprising representatives from multiple government agencies.
- (viii) **Bidding Guidelines:** These guidelines promote renewable energy growth and competitive bidding, detailing bid structures, penalties for underperformance, and shareholding requirements for successful bidders.
- (ix) **Dispute Resolution:** Disputes will be handled by the Central Electricity Regulatory Commission (“CERC”) or state bodies, which will be on case-to-case basis.

MCA notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024.

The Ministry of Corporate Affairs through a notification dated 20.09.2024 notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024 (“PAS Amended Rules”)⁶ for amending Section 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2024 (“PAS Rules”). The Amended Rules have come into force from 20.09.2024.

The existing rule 9B (2) of the PAS Rules stated that a private company which is not a small company as of the financial year ending on or after 31.03.2023, must dematerialise its securities within eighteen (18) months of the closure of such financial year.

The PAS Amended Rules have inserted proviso to Rule 9B (2), which provides that a producer company, as defined in the Companies Act, 2013 must issue securities only in dematerialised form and ensure dematerialisation of its securities within a period of five (5) years from the closure of financial year on 31.03.2023.

JUDICIAL PRONOUNCEMENTS

Supreme Court held that application for seeking extension of arbitral proceedings can be filed even after the expiry of the mandated period.

The Supreme Court through its judgment dated 12.09.2024 in the matter of *Rohan Builders (India) Private Limited v. Berger Paints India Limited*⁷ held that applications for extension of time to make arbitral awards under Section 29A(4) of the Arbitration and Conciliation Act, 1996 (“A&C Act”) can be filed even after the expiry of the mandated period under the A&C Act.

The Supreme Court interpreted Section 29A of the A&C Act, particularly the meaning of “terminate” in sub-section (4) of Section 29A of the A&C Act. Supreme Court observed that the word “terminate” is conditional rather than absolute, allowing for flexibility in filing extension applications. The Supreme Court reasoned that a restrictive interpretation would impede the arbitration process and go against legislative intent. It emphasized that judicial discretion to grant extensions only for “sufficient cause” serves as a safeguard against abuse.

The Supreme Court further observed that a restrictive view would compel parties to seek court intervention prematurely, disregarding the possibility of consent-based extensions. Addressing concerns about potential abuse, the Supreme Court emphasized that the “sufficient cause” requirement and judicial discretion to impose terms and costs serve as safeguards against frivolous applications. This balanced approach would maintain

⁵ [VGF Scheme](#)

⁶ [Companies \(Prospectus and Allotment of Securities\) Amendment Rules, 2024](#)

⁷ Civil Appeal a/o. SLP (C) No. 23320 of 2023 & Ors.

efficiency in arbitration while providing necessary flexibility for genuine delays.

Supreme Court held that a Sale Agreement leading to Sale Deed does not relieve primary liability for stamp duty when it is a principal document.

The Supreme Court through its judgment dated 24.09.2024, in the matter of *Shyamsundar Radheshyam Agrawal & Anr. v. Pushpabai Nilkanth Patil & Ors.*⁸, held that sale agreements leading to a sale deed do not relieve the primary liability for paying the appropriate stamp duty upon execution of the sale agreement as the principal document.

In the present case, the Supreme Court dismissed the challenge to the Bombay High Court's decision, which upheld the trial court's order to impound the sale agreements for stamp duty and penalty adjudication under Sections 33, 34, and 37 under the Maharashtra Stamp Act, 1958 ("Stamp Act"). Mr. Shyamsundar Radheshyam Agrawal ("Mr. Agarwal") produced six agreements, executed concerning the sale and development of properties, which included clauses transferring physical possession to purchasers. Following a petition by Pushpabai Neelkanth Patil, the trial court ordered the impounding of these agreements. Mr. Agrawal challenged this decision in the High Court, however, where the trial court's ruling was upheld. Thus, Mr. Agrawal has filed the present writ petition.

The Supreme Court noted that the documents were not part of a single transaction between the same parties but rather involved different transactions between various vendors and purchasers. The Supreme Court explained that for multiple documents to constitute a single transaction, they must be executed to complete that transaction, necessitating stamp duty on the principal document. The Court clarified that Section 4 of the Stamp Act specifies that stamp duty applies only to the instrument, not the transaction. Referring to its decision in *Veena Hasmukh Jain v. State of Maharashtra*⁹, the Court stated that if an agreement to sell immovable property results in the transfer of possession before or during execution without a conveyance, it is deemed a conveyance. The Supreme Court affirmed the trial court's conclusion that the sale deed was not the principal transaction, treating the sale agreement as the principal conveyance under Article 25 of the Stamp Act, and ordered their impounding for stamp duty adjudication. Consequently, the appeal was dismissed.

High Court held that the MSME Act does not bar Independent Arbitration under the Arbitration and Conciliation Act.

The High Court of Calcutta through its order dated 10.09.2024 in the matter of *Gita Refractories Private Limited. v. Tuaman Engineering Limited*¹⁰ held that Section 18 of Micro Small and Medium Enterprises Development Act, 2006 ("MSME Act"), does not bar Independent Arbitration under the A&C Act.

High Court observed that only when the party raising the dispute has chosen to submit to the jurisdiction of the Facilitation Council under Section 18 of the MSME Act, the process envisaged under the MSME Act, becomes mandatorily applicable to the parties.

The High Court further opined that Section 18(1) of the MSME Act envisages reference only of disputes under Section 17 of the MSME Act, which deals with recovery of amount due for any goods supplied or services rendered by the supplier. In the present case, since the claim related to the damages/compensation for the goods which were not accepted by the buyer, the said dispute was beyond the scope of Section 17 of the MSME Act.

High Court held that inability to repay a loan alone does not constitute cheating without evidence of fraudulent or dishonest intent from the outset.

High Court of Rajasthan through its judgment dated 18.09.2024 in the matter of *Madanlal Pareek v. State of Rajasthan & Anr.*¹¹ held that mere inability to repay the loan amount does not warrant a criminal prosecution for cheating, unless fraudulent or dishonest intent is demonstrated at the inception of the transaction.

The High Court observed that before there can be a criminal breach of trust, there must be entrustment. It was observed that the law differentiates between the advancement of money and its entrustment. A mere breach of a promise, agreement, or contract does not amount to criminal breach of trust under Section 405 of Indian Penal Code, 1860 ("IPC") without clear proof of entrustment.

The High Court also clarified that no offense under Section 406 of IPC is made out when money is loaned for interest, as there is no element of entrustment, and thus, there cannot be any criminal breach of trust. In relation to the charge under Section 415 of IPC punishable under Section 420 of IPC, the High Court noted that the distinction between breach of contract and cheating in contractual matters depends on fraudulent inducement and *mens rea*. Mere inability to repay the loan does not justify a criminal prosecution for cheating unless fraudulent or dishonest intent existed at the inception of the transaction.

⁸ Civil Appeal No. 10804 of 2024

⁹ (1999) 5 SCC 725

¹⁰ AP-COM/707/2024

¹¹ S.B. Criminal Misc. (Pet.) No. 776/2018

ABOUT SAGUS LEGAL

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