SAGUS SPEAKS

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

REGULATORY AND POLICY UPDATES

SEBI has amended the SEBI LODR Regulations with significant changes in the RPT framework

The Securities and Exchange Board of India ("SEBI") *vide* notification No. SEBI/LAD-NRO/GN/2025/273 dated 18.11.2025 (published in the Official Gazette on 19.11.2025), has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 ("LODR Amendment Regulations")[1] to amend Regulations 2, 23, 12, 53 and 58 and Schedule I of the SEBI (Listing Obligations and Disclosure Requirements), 2015. Further, a new Schedule XII has been added.

While some of the provisions of the LODR Amendment Regulations have come into force on the date of publication, however, provisions related to related party transactions definitions and thresholds including the new Schedule XII shall come into force on the 30th day from the date of publication in the Official Gazette i.e., 18.12.2025.

The key updates introduced by the LODR Amendment Regulations are as follows:

(a) Related Party Transactions ("RPT") Definition:

With effect from 18.12.2025, the LODR Amendment Regulations amend Regulation 2(1)(zc) to expand the exclusion criteria for "retail purchases" (i.e., transactions not treated as RPTs) made by the listed entity or its subsidiary. The phrase "its directors or its

[1] Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025

employees" is replaced with "the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel". The list of beneficiaries for whom the terms are uniformly applicable is updated to include "employees, directors, key managerial personnel and relatives of directors or key managerial personnel".

(b) Materiality threshold and approval for Related Party Transactions:

(i) With effect from 18.12.2025, the existing materiality threshold under Regulation 23(1) (i.e., INR 1,000 Crores or ten percent of consolidated turnover, whichever is lower) shall be replaced with the thresholds now specified in the newly inserted Schedule XII. Schedule XII states that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceed the following:

S. No.	Consolidated Turnover of Listed Entity	Threshold
I.	Upto INR 20,000 Crores	10% of the annual consolidated turnover of the listed entity
II.	More than INR 20,000 Crores to upto INR 40,000 Crores	INR 2,000 Crores + 5% of the annual consolidated turnover
III.	More than INR 40,000 Crores	INR 3,000 Crores + 2.5% of the annual consolidated turnover or INR 5000 Crores, whichever is lower.

For computing the above thresholds, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

(ii) Materiality Threshold for Subsidiaries under Regulation 23(2) applicable with effect from 18.12.2025:

A. As per the LODR Amendment Regulations, prior approval of the audit committee of the listed entity will be required for a RPT above INR 1 Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction, exceeds the lower of the following:

(1) 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

(2) the threshold for material RPTs of listed entity as specified in Schedule XII.

B. However, where such subsidiary does not have audited financial statements for a period of at least 1 year, prior approval of the audit committee of the listed entity will be required if the if the value of such transaction, exceeds the lower of the following:

(1) 10% of the aggregate value of the paid up share capital and securities premium account of the subsidiary; or

(2) the threshold for material RPTs of listed entity as specified in Schedule XII.

The subsidiary's paid-up share capital and securities premium account is required to be calculated as of a date which is not older than three months prior to seeking approval of the audit committee.

(i) Two new provisos have been inserted under Regulation 23(4) clarifying that omnibus approval given by the shareholders of a listed entity for material RPTs shall be valid (a) in case of approvals granted at an Annual General Meeting ("AGM"), until the next AGM held within the timelines provided under the Companies Act, 2013 ("CA 2013"); and (b) in case of approvals granted at any Extraordinary General Meeting ("EGM"), for a period of not more than 1 year from the date of such approval.

(ii) It has further been clarified by way of an explanation that the reference to "holding company" in Regulation 23(5)(b) should be read as a reference to "listed holding company".

SEBI has amended the SEBI (Alternative Investment Funds) Regulations, 2012

SEBI *vide* notification No. SEBI/LAD-NRO/GN/2025/274 dated 18.11.2025, has notified the SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2025

("AIF Amendment Regulations")[2] to amend the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations").

The AIF Amendment Regulations introduce the following changes:

(a) A new definition of "Accredited Investors only fund" has been introduced which is defined as an Alternative Investment Fund ("AIF") or scheme where each investor (excluding the manager, sponsor, employees or directors) is an Accredited Investor. This term now includes what was previously known as "Large Value Fund For Accredited Investors".

(b) The minimum investment requirement for "Large Value Fund" has been reduced from INR 70 Crores to INR 25 Crores.

(c) AIFs or schemes launched prior to the AIF Amendment Regulations may be permitted to convert to "Accredited Investors only fund" or "Large Value Fund For Accredited Investors", subject to conditions specified by SEBI.

(d) Certain regulatory provisions related to diversification and concentration norms shall not apply to such funds. Further, Accredited Investors shall be excluded while computing the number of investors in an AIF scheme.

(e) For Accredited Investors only funds, the responsibilities and obligations typically assigned to trustees shall be carried out by the fund manager.

SEBI has issued the SEBI (Informal Guidance) Scheme, 2025

SEBI *vide* notification dated 18.11.2025, has introduced the SEBI (Informal Guidance) Scheme, 2025 ("Scheme")[3]. The Scheme, which comes into effect on 01.12.2025, replaces the SEBI (Informal Guidance) Scheme, 2003.

The key features of the Scheme are as follows:

(a) The Scheme permits certain categories of persons to apply for informal guidance, namely, intermediaries registered with SEBI, investment managers and trustees of pooled investment vehicles, listed companies, companies intending to list their securities, acquirers under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, recognized stock exchanges and clearing corporations, and depositories registered with SEBI.

(b) Informal guidance may be sought in two forms, namely, a No-action Letter and an Interpretive Letter. A No-action Letter indicates whether the relevant department would recommend enforcement action to SEBI for a proposed transaction. An Interpretive Letter provides the department's interpretation of specific legal provisions in the context of a proposed transaction or factual situation.

(c) All applications must be filed electronically at iguidance@sebi.gov.in in the prescribed format, accompanied by a fee of INR 50,000. The application must clearly state whether it seeks a No-action Letter or an Interpretive Letter and must detail all material facts, circumstances, and applicable legal provisions.

(d) The department is required to dispose of applications within 60 days of receipt, excluding the time taken by the applicant to respond to clarifications. If an applicant fails to respond to clarifications within 15 days, the application may be rejected, though a further 15-day extension may be granted at SEBI's discretion.

(e) The department may decline to respond to applications that are general or hypothetical in nature, where the applicant lacks direct interest, where similar guidance has already been issued, where enforcement action or litigation is ongoing, or where policy concerns warrant non-response.

(f) Applicants may request confidential treatment for up to 90 days from the date of response. They may also request redaction of specific facts on grounds of privacy or commercial secrecy before the guidance is published on SEBI's website. If confidentiality is denied, applicants may withdraw their application within 30 days and receive a full refund of the fee.

(g) Letters issued under the Scheme do not constitute conclusive determinations of law or fact and are not binding on SEBI. They are not orders under Section 15T of the SEBI Act, 1992 and are not appealable. The guidance is conditional upon the applicant acting in accordance with all facts and representations made in the application.

(h) Subject to confidentiality provisions, SEBI may upload the guidance letters along with the applications on its website for public access.

[2] SEBI Alternative Investment Funds (Third Amendment) Regulations, 2025.

[3] Securities and Exchange Board of India (Informal Guidance) Scheme, 2025.

SEBI has issued terms and conditions for DTs carrying out activities outside the purview of SEBI

SEBI *vide* Circular No. HO/17/11/12(3)2025-DDHS-POD1/I/146/2025 dated 25.11.2025 ("DT Circular")[4], has specified the terms and conditions for Debenture Trustees ("DTs") for carrying out activities outside the purview of SEBI. The DT Circular is issued in exercise of the powers conferred under Section 11(1) of the SEBI Act, 1992 and Regulation 2A of SEBI (Debenture Trustees) Regulations, 1993 ("DT Regulations") and follows the amendments to the DT Regulations notified on 27.10.2025, whereby Regulation 9C was incorporated.

SEBI has clarified that DTs may undertake activities outside SEBI's purview (including activities regulated by other financial sector regulators or fee-based, non-fund based financial services activities) only through separate business units ("SBUs") on an arms-length basis, segregated by chinese walls and ring fenced from the SEBI regulated activities. The key conditions stipulated by the DT Circular are that DTs are to (i) maintain separate grievance redressal mechanisms, records, and staff for non-SEBI regulated activities; (ii) making clear website disclosures that SEBI investor protection mechanisms will not be available for such activities; (iii) obtaining upfront written confirmation from stakeholders about the nature and risks of non-SEBI regulated activities; and (iv) submitting half-yearly compliance reports to SEBI. DTs currently undertaking such activities must comply with disclosure requirements within 30 days, while existing arrangements must be documented and reported within six months. DTs also regulated by the Reserve Bank of India must carry out all DT activities through SBUs.

SEBI has specified timelines for submission of information by the Issuer to the DTs

SEBI *vide* Circular No. HO/17/11/12(3)2025-DDHS-POD1/I/144/2025 dated 25.11.2025 ("Circular")[5], has prescribed timelines for submission of information by issuers to DTs. This Circular is issued in exercise of the powers conferred under Section 11(1) of the SEBI Act, 1992, Regulation 2A of DT Regulations, Regulation 101 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Regulation 55 of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and follows the Master Circular for Debenture Trustees dated 13.08.2025.

SEBI has mandated specific timelines for issuers to submit various reports and certificates to DTs to enable them to perform their due diligence functions efficiently. The key submissions include:

(a) Security Cover Certificate: quarterly within 60 days, except last quarter within 75 days;

(b) statements of value of pledged securities and Debt Service Reserve Account: half-yearly within 60 days from the end of each half-year;

(c) net worth certificate of guarantor for personal guarantees: half-yearly within 60 days from the end of each half-year;

(d) financials/value of guarantor for corporate guarantees: annually within 60 days from end of each financial year; and

(e) valuation and title search reports for immovable/movable assets: once in three years within 60 days from financial year end.

These provisions shall come into effect from the quarter ended December 31, 2025.

GOVERNMENT NOTIFICATIONS

Ministry of Labour and Employment notifies and enforces four new labour codes

The Ministry of Labour and Employment, Government of India *vide* Gazette Notifications dated 21.11.2025, has notified and enforced all four labour codes, i.e., the Occupational Safety, Health and Working Conditions Code, 2020[6], the Code on Social Security, 2020[7], the Industrial Relations Code, 2020[8], and the Code on Wages, 2019[9] (collectively, the "Codes"). These Codes consolidate 29 central labour laws into a unified compliance framework.

The key highlights of the Codes, *inter-alia*, are as follows:

(a) Definition of audio-visual workers has been expanded to include dubbing artists and stunt performers and the definition of working journalists now cover electronic and digital media. The coverage has been extended to gig workers, platform workers, and fixed-term employees.

[4] Terms and conditions for Debenture Trustees for carrying out activities outside the purview of SEBI.
[5] Timelines for submission of information by issuers to Debenture Trustees.
[6] The Occupational Safety, Health and Working Conditions Code, 2020.
[7] The Code on Social Security, 2020.
[8] The Industrial Relations Code, 2020.
[9] The Code on Wages, 2019.

(b) An establishment with 10 or more employees is required to obtain single electronic registration.

(c) A higher threshold has been introduced for factory registrations (with and without power).

(d) Appointment letters are mandatory for all employees and any existing staff without such letters must receive them within 3 months.

(e) Women may work before 6 A.M. and after 7 P.M. with consent and safety measures.

(f) Overtime is allowed only with the worker's consent, and the employee should be paid at twice the normal wages.

(g) Contract labourers are allowed in core activities if ordinarily outsourced, not requiring full-time staff, or during temporary workload spikes.

(h) The definition of worker now includes sales promotion staff and supervisors earning up to INR 18,000/month.

(i) Any fixed-term employees are to get proportionate benefits and gratuity after 1 year as against the previous 5 years threshold.

(j) Establishments with 20+ workers must form a 10-member grievance committee with equal employer–worker representation and adequate women representation.

(k) The threshold for standing orders and layoff/retrenchment/closure permissions has been raised from 100 to 300 workers.

(l) Any mass casual leave by at least 50% workers in a day is to be treated as a strike. Strikes/lockouts require 60 days' notice.

JUDICIAL PRONOUNCEMENTS

Supreme Court allows practice of post-facto environmental clearance

The Supreme Court through its judgement dated 18.11.2025 in *Confederation of Real Estate Developers of India (CREDAI) v. Vanashakti and Anr*[10] recalled its earlier verdict in *Vanashakti v. Union of India*[11] dated 16.05.2025 and held that Environmental Clearance ("EC") can be granted in case of permissible activities as defined under the applicable regulatory framework.

The Supreme Court while placing reliance on Section 15 of the Environment Protection Act, 1986 ("EPA") the provision neither authorizes nor prohibits regularisation of projects and the understanding that the projects must be stopped and demolished after penalties are paid is an incorrect interpretation of statute.

Supreme Court held that EPF dues have priority over secured creditors under SARFAESI Act

The Supreme Court through its judgement dated 20.11.2025 in *Jalgaon District Central Coop. Bank Ltd. v. State of Maharashtra and Ors.*[12] held that dues payable under the EPF Act hold priority over the debts due to a secured creditor under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act").

The Supreme Court held that when there are two enactments conferring priority in satisfaction of a debt coming under the respective enactments, by the virtue of a non-obstante clause overriding the provisions of any law in force at that time, the time in which the statute was enacted or the provision was incorporated, assumes significance and the provision latter in time would prevail. However, if there is a first charge statutorily created, *dehors* the non-obstante clause conferring priority over other debts, the statutory charge would prevail.

The Supreme Court observed that Section 11(2) of the EPF Act which creates a statutory first charge over the assets of establishment in the event of any amount remaining due from the employer, be it the employers' or employees' contribution, takes precedence over Section 26E of the SARFAESI Act which provides for priority in payment to secured creditors for the debts due.

Madras High Court held that de novo remand under Section 37 of the Arbitration and Conciliation Act, 1996 cannot be done in the absence of reversal of findings on merits

The High Court of Madras through its judgment dated 17.11.2025 in *Electronics Corporation of Tamil Nadu Ltd. v. ICMC Corporation Ltd.*[13] affirmed that the multiple *de novo* remand orders passed by division benches under Section 37 of the Arbitration and Conciliation Act, 1996 ("A&C Act") were unsustainable since the High Court did not dealt with the findings on merits recorded by the court at time of passing of order under Section 34 of the A&C Act.

The High Court emphasized that Order XLI, Rules 23, 23-A and 25 of the Code of Civil Procedure, 1908 ("CPC") are attracted to intra-court appeals by the virtue of Rule 9(v) of the Madras High Court (Arbitration) Rules, 2020 which permit a wholesale remand only when the appellate court

[10] Diary No. 41929 of 2025.
[11] WP (C) No. 1394 of 2023.
[12] SLP (C) No. 27740 of 2011.
[13] OP No. 821 of 2019.

overturns the judgment on merits and there exists no inherent power of remand thereunder.

The High Court noted that *de-novo* drills directed by the division benches were incapable of implementation and granted liberty to the parties to seek review before the division benches.

Allahabad High Court held that sleeping partners in a partnership firm are jointly and severally liable under the NI Act

The High Court of Allahabad, through its judgment dated 19.11.2025 in *Sonali Verma and Another v. State of U.P. and Others*[14], held that proceedings under Sections 138 and 141 of the Negotiable Instruments Act, 1881 ("NI Act") cannot be quashed merely on the ground that the accused partners were sleeping partners of a partnership firm and were not signatories to the cheques.

The High Court held that a partnership firm is not a distinct legal entity and can have a legal persona only when the partnership firm is considered along with its partners. Further, it was noted that when the offence is committed by such a firm, the offence is committed by the partners of the firm and not just the firm per se, and that the partners are personally, jointly and severally liable with the firm even when the offence is committed in the name of the partnership firm.

The High Court, placing reliance on Section 25 of the Partnership Act, 1932 held that the sleeping partners cannot escape liability merely by designating themselves as sleeping partners or delegating authority through a power of attorney.

Delhi High Court held that power of ED under Section 17 of PMLA extend to any person in possession of proceeds of crime or related records

The High Court of Delhi through its judgment dated 21.11.2025 in *Deputy Director, Directorate of Enforcement v. Amlendu Pandey (D) through LR*[15] held that Section 17 of The Prevention of Money Laundering Act, 2002 ("PMLA") does not restrict Enforcement Directorate ("ED") to conduct searches only at the premises of a person against whom a complaint or report has been filed.

The High Court held that the statutory precondition under Section 17 is merely restricted to prior institution of a complaint or the forwarding of a report under Section 157 of Code of Criminal Procedure, 1973. in relation to the scheduled offence.

The High Court further observed that the possession of proceeds of crime or records relating to money laundering is not necessarily co-extensive and a person may possess such material without having been earlier charged. Further, the Court noted that the absence of prior accusation or demonstration of criminal intent does not preclude ED to carry out search under Section 17 of the PMLA, once the statutory pre-condition is satisfied.

CERC affirms that 'non-tariff' disputes have to be mandatorily referred to arbitration

The Central Electricity Regulatory Commission ("CERC"), through its order dated 19.11.2025 in *GUVNL v. TPCL & Ors.*[16] affirmed and held that non-tariff disputes between the parties must mandatorily be referred to arbitration.

CERC, in its judgment placed reliance on the judgment of the Appellate Tribunal for Electricity's ("APTEL") judgement dated 28.04.2024 in *MPPMCL vs. DVC* ("DVC Judgement")[17] and the Supreme Court's order dated 23.09.2024 in *Damodar Valley Corporation v. Madhya Pradesh Power Management Company Limited & Anr.*[18] wherein it was held that non-tariff disputes must be referred to arbitration.

CERC noted that the main dispute between the procurers and generating company pertains to breach of contractual obligations. Further, it was observed that while there is no doubt that tariff would have a nexus with the obligations of the generating company under the PPA, the same alone may not be sufficient to claim that breach of each of the obligation has a bearing on the tariff or has an impact on the tariff.

CERC thus held that since the disputes primarily pertained to the breach of contractual obligations, the same cannot be said to be related to the tariff or the regulation of tariff.

NCLT held that a petition under Section 7 is not maintainable against a corporate guarantor in the absence of a valid invocation of the guarantee

The National Company Law Tribunal, Kochi Bench ("NCLT") through its judgement dated 21.11.2025 in *Arthan Finance Private Limited vs Inditrade Capital Limited*[19], held that a financial creditor cannot initiate proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC") against a corporate guarantor without invoking the guarantee in accordance with law and in terms of the contract.

NCLT Kochi held that reliance on an earlier demand notice issued prior to the execution of a restructured guarantee cannot be considered for the purposes of invocation of bank guarantee and that invocation of the guarantee is *sine qua non* for enforcing obligations thereunder. Further, it

[14] Application u/s 482 No. 8942 of 2025.
[15] MISC. APPEAL (PMLA) 8/2022.
[16] Petition Nos. 85/MP/2022 & batch.
[17] Appeal No. 309 of 2019.
[18] Civil Appeal No. 10480/2023.
[19] CP (IB)/27/KOB/2025.

was noted that that since no valid invocation was made after the restructuring, no crystallized liability or default existed against the guarantor, and therefore the petition under Section 7 was not maintainable and liable to be dismissed.

NCLT further held that while Section 128 of the Indian Contract Act, 1872 makes the guarantor's liability co-extensive, the guarantee deed itself required a written demand by the lender, and therefore any liability would crystalize only upon such demand.

CCI holds actions of Basketball Federation of India as prima facie in violation of Section 3 and 4 of the Competition Act

The Competition Commission of India ("CCI"), through its order dated 25.11.2025, in the matter of *Elite Pro Basketball Private Limited v. Basketball Federation of India*[20], held that the actions of the Basketball Federation of India ("BFI") threatening players from joining leagues not recognized by BFI and denying a prospective organizer permission to hold a basketball league *prima facie* constitute as violations of Section 3 and Section 4 of the Competition Act, 2002 ("Competition Act").

CCI observed that BFI is an enterprise under Section 2(h) of the Competition Act, as its activities are economic in nature including income from various sources like admission charges levied on member units, registration fees from players, charges for organizing national-level tournaments, and contributions from donors and sponsors.

CCI further held that BFI's conduct of issuing warnings to registered players against participating in non-BFI-authorized leagues, preventing the launch of other league through affiliated state associations, and denying permission to organize a basketball league *prima facie* amount to abuse of dominant position under Section 4(2) of the Competition Act, including limiting the provision of services of players under Section 4(2)(b)(i) and denial of market access under Section 4(2)(c) of the Competition Act.

Further, the CCI held that BFI's mandate under its constitution requiring all players to be registered with it, coupled with its directions that players, referees, and coaches participate only in tournaments officially sanctioned by it, and its refusal to recognize third-party events without any transparent criteria or policy, constitutes exclusive distribution arrangements and refusal to deal under Section 3(4)(c) and Section 3(4)(d) of the Competition Act.

CCI accordingly directed an investigation under Section 26(1) of the Competition Act and submission of investigation report within sixty (60) days from the receipt of the order. The Directorate General has been authorised to examine the role of responsible office-bearers of BFI under Section 48 of the Competition Act and to investigate any further additional anti-competitive conduct discovered during the inquiry.

[20] Case No. 10 of 2024.

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.

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