LKS | CORPORATE PRACTICE

Quarterly Update

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FOREWORD

We are pleased to present the latest edition of our quarterly newsletter, where we have covered significant amendments under banking laws, securities laws and environmental laws.

On the banking law front, there have been numerous regulatory updates. The Reserve Bank of India ("**RBI**") has introduced significant changes in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, which require payments between residents of the Asian Clearing Union ("**ACU**") to be made in accordance with the ACU mechanism. RBI has also amended the Foreign Exchange Management (Deposit) Regulations, 2016, now permitting the opening of SNRR accounts for all permissible current and capital account transactions. Other major updates under Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 include allowing exporters who are residents of India to open, hold, and maintain Foreign Currency Accounts ("**FCA**") with banks situated outside India and which can be used to receive full export payments and advance remittances for goods or services.

The Securities and Exchange Board of India ("**SEBI**") has also introduced several amendments. Key changes include amendments to the SEBI (Mutual Funds) Regulations, 1996, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, and SEBI (Prohibition of Insider Trading) Regulations, 2015.

Under environmental laws, the Ministry of Environment, Forest and Climate Change ("**Ministry**") has issued the Environment Protection (End-of-Life Vehicles) Rules, 2025 which prescribe procedures and compliances for environmentally sound scrapping of end-of-life vehicles, aiming to encourage recycling and reuse of vehicle components and materials to reduce the demand for new raw materials. The Ministry has also amended the Battery Waste Management Rules 2022, and the Plastic Waste Management Rules 2016. Both now require marking or labelling via printing of EPR registration numbers and bar codes on the imported and produced products.

In addition to the above, the Ministry has introduced the Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025, and Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025. These guidelines prescribe a harmonized consent application and approval mechanism for obtaining consent to operate and consent to establish.

Our team has curated this publication to provide an overview of the key amendments that have a bearing on Indian businesses, investors and other stakeholders.

Do reach out to us with your feedback and/or suggestions.

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Key Updates under Companies Law

1. **MCA extends the timeline for Mandatory Dematerialisation of Securities for Private Companies**

   The Ministry of Corporate Affairs ("**MCA**") through a notification dated 27 October 2023, had issued the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023 ("**2023 Rules**"). Pursuant to the 2023 Rules, Rule 9B was inserted in the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("**PAS Rules**") mandating every private limited company (other than a small company) to facilitate dematerialisation of its securities.

   On 12 February 2025, the MCA issued the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025 ("**Amendment Rules**"), to further amend the PAS Rules.

   Under the Amendment Rules, MCA has extended the deadline for mandatory dematerialisation of securities of private limited companies from 30 September 2024 to 30 June 2025.

LKS Comment

The Amendment Rules eases the compliance timeline and provides relief to several private companies who are still in the process of fulfilling the dematerialisation requirements and other stakeholders such as National Securities Depository Limited (NSDL) and Central Depositories Services India Limited (CDSL). It will now be possible to issue or transfer securities of private limited companies in physical form up to 30 June 2025 instead of the earlier deadline of 30 September 2024.

Key Updates under Banking Laws

1. RBI amends the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023

The Reserve Bank of India ("**RBI**") vide notification dated 4 February 2025 issued the Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025 ("**Amended Payment Regulations**") to amend the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 ("**Payment Regulations**").

The Amended Payment Regulations have revised Regulation 3(2)(I)(a)(ii) of the Payment Regulations which requires payments between residents of the Asian Clearing Union ("**ACU**") to be made in accordance with the ACU mechanism.

Prior to the amendment, for transactions concerning import of goods shipped from ACU member countries but where the Supplier was resident of a non-ACU member country, the payment could be made in Indian Rupees or any foreign currency

The Amended Payment Regulations have simplified the process as set out below:

a. all payments between countries which are members of the ACU (excluding Nepal and Bhutan) to be in accordance with the ACU mechanism, or the directions issued by RBI from time to time, in this regard; and

b. receipt and payments for all other transactions will be made through INR or any foreign currency.

LKS Comment

The Amended Payment Regulations mark a significant development by bringing clarity in relation to permitted payment channels in trade transactions. The revised framework facilitates smoother transactions between ACU member nations, while continuing to allow payments in Indian rupees or foreign currency for other trade transactions.

2. RBI issues Master Directions on Credit Information Reporting

RBI *vide* notification dated 6 January 2025 has issued the 'Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025' ("**CIR Master Directions**") consolidating existing guidelines under the Credit Information Companies (Regulation) Act, 2005 and laying down uniform standards for credit reporting by regulated entities, including credit institutions ("**CIs**") such as banks, financial institutions; non-banking financial companies ("**NBFCs**"), and credit information companies ("**CICs**").

Key compliances introduced under the CIR Master Directions are set out below:

a. **Mandatory CIC Membership:** The CIR Master Directions now require all CIs including banks and NBFCs to obtain membership with all CICs registered with RBI. This will facilitate comprehensive collection of credit data.

b. **Standardised Data Format:** RBI has mandated CICs to adopt uniform data formats for credit information reporting. Segmented formats for different types of credit data such as commercial, consumer and microfinance credit data will ensure clarity and interoperability in credit reporting and credit assessment process.

c. **Data Security:** RBI has set a stringent framework to ensure credit data is processed, stored and protected within India, preventing unauthorised access and transfer. For instance, CICs are required to put in place robust due diligence and control mechanism for sharing of credit information.

d. **Consumer Alerts:** RBI has mandated CICs to send alerts to consumers via SMS or email in the event that their credit report is accessed on a real-time basis, enhancing transparency and empowering consumers to monitor their credit data.

e. **Credit Data Dissemination:** CIs are required to submit updated credit data to CIs by the 7th (seventh) day of subsequent reporting period, ensuring credit reports remain updated and accurate.

f. **Data Retention:** The CIR Master Directions prohibit CICs and CIs to store credit information for more than 6 (six) months, unless explicit consent is obtained from individuals for extended retention. Regulated entities will be required to obtain a fresh consent if the purpose for which the data was retained is not achieved within the timeline.

g. **Protection of Credit Information:** RBI has implemented stringent measures to prevent unauthorised use of credit data by third parties, including affiliates and subsidiaries. Access to credit information is restricted to a 'need-to-know' basis, with confidentiality agreements in place for all authorised personnel.

h. **Adherence to Best Practices:** The CIR Master Directions require CIs, excluding asset reconstruction companies, to adopt board-approved best practices to ensure secure handling of credit information. Further, CICs are required to develop and publicly disclose board-approved policies for consumer grievance redressal.

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LKS Comment

The CIR Master Directions aim to make the Indian credit information system more robust and transparent, by consolidating existing rules, promoting accuracy, security and accountability in credit reporting. Standardised reporting and strict data quality measures will ensure reliable credit information, benefiting lenders, borrowers and the broader financial sector. As India's financial landscape evolves, these directions will underpin efficient, secure and stakeholder-friendly credit information reporting and management.

3. RBI issues Master Directions on Non-resident Investment in Debt Instruments

The RBI through a notification dated 7 January 2025 has issued the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions ("**DI Master Directions**"), to regulate investment in debt instruments by non-residents, including foreign exchange investments. The DI Master Directions consolidates 3 (three) regulations: (a) the Foreign Exchange Management (Permissible Capital Accounts Transactions) Regulations, 2000; (b) the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018; and (c) the Foreign Exchange Management (Debt Instruments) Regulations, 2019.

Key provisions of the DI Master Directions are set out below:

a. **Applicability:** The DI Master Directions are applicable to all transactions in debt instruments undertaken by eligible non-residents. The eligibility requirements for each investment route are set out in the table below.

b. **Investment Routes:**

i. *General route:* Under this route, non-residents are permitted to invest in central and state government securities and corporate debt securities within the prescribed limits.

ii. *Voluntary Retention Route ("**VRR**"):* This route is for investments in government securities ("**Gsecs**") and corporate debt securities, free of certain macro-prudential limits applicable to FPI investments in debt markets under the general route. This route allows additional flexibility, such as reinvestment of coupons without constraints.

iii. *Fully Accessible Route ("**FAR**"):* Under this route, non-residents can make in certain specified categories of government securities without any restriction.

iv. *Sovereign Green Bonds ("**SGrBs**")* in International Financial Services Centre ("IFSCs"): This route permits eligible non-resident investors to participate in the trading and settlement of SGrBs in IFSCs in India in accordance with the Scheme for Trading and Settlement of Sovereign Green Bonds in the International Financial Services Centre in India ("**SGrB Scheme**") issued by RBI, in alignment with the global green investment trends.

The table below summarises the investor eligibility, eligible investments, investment limits and other investment conditions for each investment route.

Investment Route	Eligible Investors	Eligible Investments	Investment Limits	Other Key Conditions
General Route	FPIs	Central Government securities, other than those included as 'specified securities' under FAR; State Government securities; Corporate Debt Securities	a. 6% (six per cent) of the outstanding stock of Central Gsecs b. 2% (two per cent) of the outstanding stock of State Gsecs c. 15% (fifteen per cent) of the outstanding stock of corporate bonds	a. Maximum short-term investment (maturity up to 1 (one) year) is 30% (thirty per cent) of total FPI investments. b. FPIs can invest up to 15% (fifteen per cent) of the prevailing investment limit for long-term FPIs and up to 10% (ten per cent) for other FPIs in Central and State G-Secs c. FPIs can only invest in corporate debt securities with an original or residual maturity of over one year
VRR	FPIs	Gsecs, treasury bills; non-convertible debentures/ bonds issued by an Indian company;	INR 2,50,000 crore or higher	a. Investments must be at least 75% (seventy-five per cent) of the committed portfolio size at all times.

		commercial papers issued by an Indian company; units of domestic mutual funds or exchange-traded funds which invest less than or equal to 50% in equity; debt instruments issued by banks, etc.		b. Maximum investment limit which can be allotted to an FPI is 50% (fifty per cent) of the amount offered for each allotment
FAR	FPIs, NRIs, OCIs	All securities included under the FAR	No investment limit	No macro-prudential controls as applicable to general route
SGrBs	Non-residents eligible to invest in the IFSC, as specified by IFSCA, not incorporated in high-risk jurisdictions	SGrBs by the Government of India	Investment limits as prescribed under the SGrB Scheme	Terms and conditions of investment as set out under the SGrB Scheme

c. **Reporting Requirements:** To ensure regulatory adherence, the DI Master Directions includes stringent reporting and enforcement provisions. All OTC trades in Gsecs by FPIs (excluding NDS-OM web module transactions) must be reported to NDS-OM within 3 (three) hours after the close of trading hours.

d. **Penalty Provisions:** Under the DI Master Directions, non-compliance with the investment limits will necessitate transaction reversal, in addition to enforcement action against FPIs by the Securities Exchange Board of India ("**SEBI**"). In case of minor non-compliances, FPIs will be afforded 5 (five) day window to rectify the non-compliance.

LKS Comment

The DI Master Directions come as a significant regulatory overhaul, streamlining fragment circulars into a cohesive framework. By easing restrictions on investments under VRR and FAR

routes, the DI Master Directions will ultimately deepen liquidity in the domestic bond markets. Key stakeholders stand to benefit from this comprehensive framework, including FPIs gaining flexibility and long-term investors incentivised to participate in the domestic bond market.

4. RBI amends the Foreign Exchange Management (Deposit) Regulations, 2016

The RBI through a notification dated 14 January 2025 has issued the Foreign Exchange Management (Deposit) (Fifth Amendment) Regulations, 2025 ("**Amended Deposit Regulations**") to amend the Foreign Exchange Management (Deposit) Regulations, 2016 ("**Deposit Regulations**"), with the aim to encourage the use of INR (Indian rupee) in cross-border trade transactions.

Under the Deposit Regulations, persons resident outside India ("**PROI**") are permitted to open special non-resident rupee ("**SNRR**") accounts with authorised dealer banks ("**AD Banks**").

Key changes introduced by the Amended Deposit Regulations are set out below:

a. **<u>Foreign Branches of AD Banks</u>:** The Amended Deposit Regulations now permit SNRR accounts to be opened not only with the AD Banks in India but also with its branches outside India.

b. **<u>Permissible Transactions</u>:** Prior to the amendment, PROIs were permitted to open SNRR account for limited transactions. The Amended Deposit Regulations now permit opening SNRR accounts for all permissible current and capital account transactions.

c. **<u>SNRR Account for IFSCs</u>:** Units which are located in an IFSC have also been permitted to open SNRR account with AD Banks in India, located outside the IFSC, for the purpose of undertaking key business transactions outside the IFSC.

d. **<u>Tenure of SNRR Accounts</u>:** Prior to the amendment, the tenure of SNRR accounts under the Deposit Regulations was lesser of (i) the tenure of contract/period of operation/business of account holder; or (ii) 7 (seven) years from the date of account opening. The Amended Deposit Regulations permit the tenure of SNRR accounts to exceed 7 (seven) years.

e. **<u>Transfer of Funds</u>:** The Amended Deposit Regulations now permit a PROI maintaining a repatriable INR account to use such funds to make payments to a repatriable INR account maintained by another PROI provided that the transaction is made in good faith.

LKS Comment

The Amended Deposit Regulations mark a significant development since they simplify the process of opening SNRR accounts by PROIs by permitting PROIs to open SNRR accounts with branches of AD Banks situated outside India. Consequently, this enables PROIs to open accounts with branches of AD Banks in their foreign jurisdiction, rather than in India. This amendment is in alignment with RBI's broader goal to promote INR as a cross-border currency.

5. RBI amends Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015

The RBI through a notification dated 14 January 2025 has issued the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Fifth Amendment) Regulations, 2025 ("**Amended FCA Regulations**") to amend the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 ("**FCA Regulations**").

Prior to the amendment to the FCA Regulations, Indian exporters were permitted to open, hold and maintain foreign currency accounts ("**FCAs**") with banks situated outside India provided that: (a) the exporter had undertaken a construction contract or a turnkey project outside India; or (b) the exporter was engaged in exporting services or engineering goods from India on deferred payment terms basis. Further, the exporters were required to obtain approval under the Foreign Exchange Management (Export of goods and services) Regulations, 2015 ("**Export Regulations**") for undertaking the contract, project or export of goods or services.

The Amended FCA Regulations have revised the above regime as set out below:

a. The Amended FCA Regulations now permits exporters who are residents of India, to open, hold and maintain FCA with a bank situated outside India.

b. The FCA account can be used to receive full export payments and advance remittances for goods or services.

c. The funds in this account can either be used by the exporter for paying for its imports into India or for repatriation into India, i.e., any remaining funds may be brought back into India by the end of the next month from the date of receipt, after accounting for forward commitments.

d. However, the exporter is required to comply with the realisation and repatriation requirements under Regulation 9 of the Export Regulations.

LKS Comment

Further to the liberalisation with respect to PROIs, the Amended FCA Regulations bring significant relief to Indian exporters, granting them the option to receive export payments directly into their FCAs for all permitted export transactions as against the previous framework which only permitted direct collection of deferred payments for specific purposes.

6. RBI Amends the Mode of Payment and Reporting Framework of Non-debt Instruments

The RBI through a notification dated 14 January 2025 has issued the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Third Amendment) Regulations, 2025 ("**Amended Reporting Regulations**") to amend the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 ("**Reporting Regulations**").

The key changes made to the Reporting Regulations are set out below:

a. **Expanded Payment Options:** PROIs are now permitted to undertake inward remittances for investments in equity instruments of Indian companies, investment in limited liability partnerships and investment vehicles, and convertible notes issued by Indian start-ups. Such transactions can be made through banking channels or funds held in any repatriable foreign currency or rupee account maintained under the Deposit Regulations. This offers greater flexibility in payment options, beyond the previously permissible classes (non-resident (external) rupee account or foreign currency (non-resident) accounts).

b. **Definition of Banking Channels:** The definition of banking channels under Regulation 3.2 has been broadened to include Rupee Vostro Accounts, including Special Rupee Vostro Accounts, as permitted under the Deposit Regulations. This will facilitate greater flexibility in investments.

c. **New Investment Avenues for FPIs:** FPIs are now permitted to make investments in Indian depository receipts ("**IDRs**") utilising the funds held in a foreign currency account or a SNRR account in accordance with the Deposit Regulations, thereby opening up new investment opportunities for FPIs.

LKS Comment

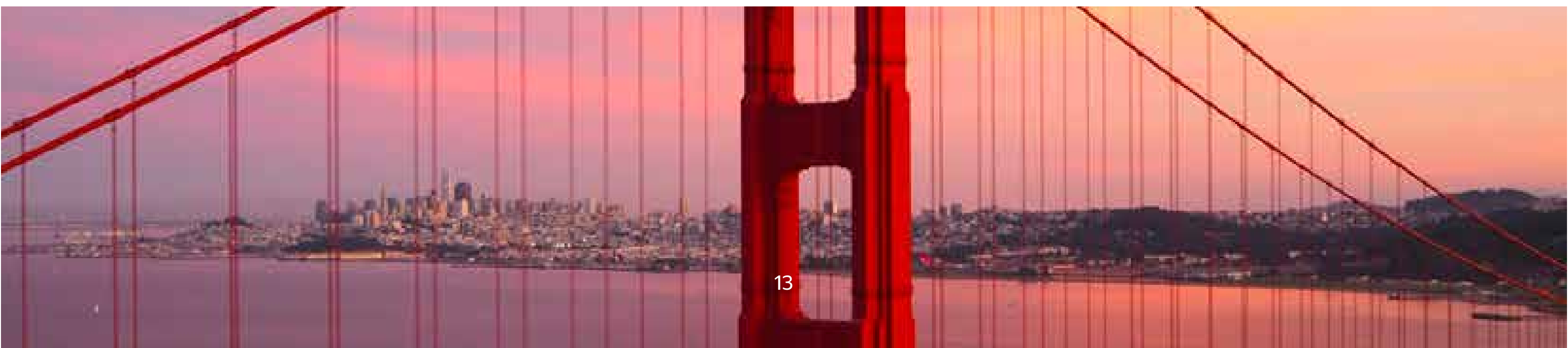
Through the Amended Reporting Regulations, the RBI has introduced greater flexibility for foreign investors by expanding the range of permissible bank accounts for foreign investments, striking a balance between ease of doing business and adherence to foreign exchange regulations.

7. RBI amends Master Directions on Foreign Investments in India

On 20 January 2025, RBI amended the 'Master Direction – Foreign Investment in India' ("**FDI Master Directions**").

The key amendments introduced to the FDI Master Directions are set out below:

a. **FOCCs and Downstream Investments:**
Foreign owned or controlled companies ("**FOCCs**") have historically been regulated by the same framework applicable to non-residents for downstream investments, necessitating compliance with sectoral caps, pricing guidelines, and other FDI conditions. Removing the ambiguity that persisted regarding permissibility of structuring downstream investments via share swaps or deferred consideration arrangements, the FDI Master Directions now permit downstream investments by FOCCs by employing arrangements permitted under the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("**NDI Rules**") such as share swaps and deferred payment mechanisms. However, the investments will have to comply with Rule 23 of the NDI Rules.



b. <u>Disclosure of Reclassification of Investments</u>:
Investors who initially made investments as residents but later became FOCCs will also be required to report such reclassification of investment into downstream to RBI in Form DI within 30 (thirty) days from date of reclassification.

c. <u>Pricing Guidelines under Rights Issue</u>:
Non-resident shareholders subscribing to rights issues under Section 62(1)(a)(i) of the Companies Act, 2013 ("**Act**") are exempt from compliance with the requirement of pricing the issuance of shares at or above the fair market value ("**Pricing Guidelines**"). The only major requirement in such cases is that the shares offered to non-residents should not be at a lower price than those offered to the resident shareholders.

Post the amendment, the FDI Master Directions now mandate that for subscription to shares under a rights issue by non-residents under Section 62(1)(a)(iii) of the Act[1] , the Pricing Guidelines have to be complied with in addition to the entry route, sectoral caps and other conditions under the NDI Rules.

d. <u>Minimum Net Owned Fund Requirement</u>:
Indian companies in regulated financial sectors can receive foreign investment to meet the minimum net owned fund ("**NOF**") criteria laid down by the financial sector authority. However, such funds must only be used to meet the NOF criteria and not for any other purposes. In the event that regulatory approval is not obtained, the investment is required to be repatriated or approved by the government prior to being utilised.

e. <u>ESOPs and Share-based Benefits</u>:
Foreign investment calculations for employees' stock options, sweat equity shares and share-based employee benefits will now be based on a fully diluted basis, effective from the date of issuance. This change requires an up-front calculation of foreign investment percentage.

f. <u>Transfers Based on Deferred Payments</u>:
Transactions intended to be undertaken through mechanisms such as deferred payments, under indemnification or escrow arrangements are now required to be appropriately captured in the share purchase agreements, including the terms and conditions governing such transactions.

1. Section 62(1)(a)(iii) provides for issuance of shares when the board of directors exercises its discretion to dispose of the unsubscribed portion of a rights issue in a manner not disadvantageous to the company.

LKS Comment

The amendments made to the FDI Master Directions provide long-awaited clarity on key FDI aspects, including downstream investments by FOCCs, acquisitions through rights issue and reporting of downstream investments. This will provide more flexibility in structuring transactions. The amendment has brought about necessary regulatory transparency, aligning the foreign investment framework with market practices.

Key Updates under Securities Laws

1. Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2025

SEBI, through a notification dated 14 February 2025, amended the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("**MF Regulations**") via the SEBI (Mutual Funds) (Amendment) Regulations, 2025 ("**MF Amendments**").

Key changes introduced by the MF Amendments are set out below:

a Under Chapter IV, in Regulation 25 pertaining to an asset management company ("**AMC**") and its obligations, the sub-regulation (16B) has been inserted, which requires that an AMC shall invest a percentage of the remuneration of employees specified by SEBI, in units of mutual fund schemes based on the designations of such designated employees in the manner as may be specified by SEBI. Further, sub-regulation (31) also has been inserted, through which the AMC shall be required to conduct stress tests for certain schemes as identified by SEBI and thereafter disclose the results of such stress tests in the form and manner, as specified by SEBI.

b. Under Chapter V, in Regulation 35, concerned with the allotment of units and refunds of money, a sub-regulation (5) has been inserted wherein a scheme shall be required to deploy funds received in a new fund offer within a timeline as prescribed by SEBI.

c. Under Chapter VII, in Regulation 52, pertaining to limitation on fees and expenses on issue of schemes, a sub-regulation (4A) has been inserted, wherein it is mandated that an AMC shall pay charges, or commission, or fees related to distribution of mutual fund schemes in the manner as specified by SEBI. Thereafter, sub-regulation (5) has been amended to clarify that an AMC or trustee or sponsors shall bear all other expenses that are not specified in the MF Regulations, specifically prescribed under sub-regulations (2), (4) and (4A).

LKS Comment

The MF Amendments showcase the regulator's clear intent of ensuring that an AMC remains true to its unit holders by locking in part remuneration of key employees within the offered schemes itself and mandating stress tests for select schemes. SEBI's mandate on investor protection is further visible through enhanced emphasis laid on transparency on timelines, fees charged and publication of stress tests.

2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI, through a circular dated 25 February 2025 has directed all listed companies to follow the Industry Standards Note on Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR**"), formulated by the Industry Standards Forum under the direction of the stock exchanges in India ("**Industry Note**"). The Industry Standards Forum was introduced by SEBI to enhance implementation of regulatory requirements and formulate norms to conform with industrial standards and dynamics.

The Industry Note is a step in the direction of ease of reporting and providing uniformity in disclosures under LODR. The Note aims to set out standard operating procedures and provide a consistent approach for disclosures to be made by listed entities which will help in clearing the grey area and ambiguity in reporting requirements under Regulation 30 and Schedule III of LODR. This follows from the major amendments with respect to disclosure requirements and subsequent clarifications issued vide circulars issued in November and December 2024.

The Industry Note serves as a welcome change providing clarifications to certain ambiguous disclosure requirements under LODR and seeks to cure the operational challenges and avoid information asymmetry. Most significant clarifications introduced by the Industry Note are:

a Uniform applicability of 2:2:5 rule under Regulation 30(4), LODR for determining materiality threshold has been made more objective for Para B disclosures based on actual impact of events and information;

b. Guidance on action taken in relation to subsidiaries, promoters, key managerial personnel and senior management has been provided;

c. Determination of threshold on a 'cumulative basis' for disclosures of pending litigations and disputes based on impact;

d. No mandatory disclosure of show cause notices under Entry 20 of Para A and impact-based disclosures under Entry 8 of Para B have been provided;

e. Relaxation in stringent norms relating to the timeline for disclosures has been provided through: (i) a commencement of the relevant period from when an 'officer' as defined under the Companies Act, 2013 is made aware of the occurrence of the event;

(ii) identification of 'defence' in case of a reasonable delay in disclosures; and (iii) ease of timelines for a disclosure of decisions at meetings of board of directors in portable documentation format (pdf), while being made in XBRL format within 24 (twenty-four) hours; and

f. Requirement of clarification by the listed entity, in respect of any 'premature' announcement made by directors, promoters, KMPs or senior management through social media intermediaries or on mainstream media.

LKS Comment

The Note will have an impact on the quarterly reporting requirements and time to time disclosures to be made by listed companies, requiring companies to review their internal standard operating procedures. This Note effectually makes the disclosure requirements 'qualitative' rather than 'quantitative' under LODR and suggests that 'impact' based disclosures must be made, while attempting to limit frivolous disclosures. The Industry Note acknowledges the day-to-day operational challenges faced by a company as viewed through the easing of stringent timelines for disclosures.

Listed companies must evaluate the current disclosure requirements in light of the Industry Note and review their internal standard operating procedures (SOPs) and materiality policies. Companies must also provide adequate training to stakeholders and employees in adhering with the amendments and revised guidelines.

3. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025

SEBI, through a notification dated 3 March 2025, has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR**") *via* the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 ("**ICDR Amendment**").

Key amendments introduced by the ICDR Amendment, impacting companies going for an Initial Public Offering (**"IPO**") are set out below:

a. Regulation 8A, ICDR read with Regulation 6(2), ICDR restricts the quantum of shares that can be offered for sale by selling shareholders, in situations wherein the issuer is loss making or does not meet the financial track record criteria set out in Regulation 6(1) of ICDR. Through addition of an explanation to Regulation 8A, it has been supplemented that the limits prescribed in Regulation 8A(a), (shareholders with over 20% (twenty per cent) shareholding on fully diluted basis cannot offer more than 50% (fifty per cent)) and Regulation 8A(b), (shareholders with less than 20% (twenty per cent) shareholding on fully diluted basis cannot offer more than 10% (ten per cent)), 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.

b. Regulation 16, ICDR pertaining to the lock-in of specified securities held by the promoters for identified time periods has been amended to reflect longer time periods wherein the proceeds of the fresh issue component of the IPO is proposed to be utilized for capital expenditure. 'Capital expenditure' for the purpose of this clause has been defined to include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc. Herein, the lock-in period for the promoters' contribution has been extended from the erstwhile 18 (eighteen) months to 3 (three) years from the date of allotment, similarly the promoter's holding in excess of minimum promoters' contribution shall be locked in for a longer period of 1 (one) year, and not 6 (six) months.

c. Regulation 23(8) prior to the amendment did not mention any qualification requirements for the compliance officer required to be appointed. It has now been amended to reflect the requirement of such an officer to be a person qualified to be a company secretary.

d. Regulation 54(2) has been inserted wherein the reporting requirements for promoters and promoter groups have been revised to include reporting of any pre-IPO transaction, as mentioned in the draft offer document, to the stock exchanges within 24 (twenty-four) hours of such occurrence. Regulation 95 has also been similarly amended to require the 'Promoter' and 'Promoter Group' to report:

    i. any transactions in securities by them; and

    ii. any proposed pre-issue placement, post the filing of the draft documents with the regulator in relation to the issue until the date of closure, within 24 (twenty-four) hours of the event.

e. Multiple regulations[2] of the ICDR have been amended to permit continuation of stock appreciation rights schemes post filing of the draft red herring prospectus. Previously, all employee incentive schemes' other than employee stock options had to be rolled back or terminated when filing for an IPO.

2. Regulations 5, 14, 17, 56, 59E, 97, 113, 152, 236, 239, 278, 288.

f. Regulation 281A has been inserted, which imposes a requirement on the promoters or shareholders in control of the issuer company to provide an exit offer to dissenting shareholders, in case of any change in objects or variation in terms of contract related to the objects referred to in the offer documents. However, crucially the proviso notes that such requirement shall not apply wherein there are no identifiable promoters or shareholders in control of the issuer company.

g. Schedule VI of the ICDR concerned with the disclosures in the offer, abridged prospectus and abridged letter of offer has been amended to permit an issuer company to voluntarily provide proforma financial statements disclosing the impact of any material acquisition or disposal after the latest financial information is disclosed in the offer document, irrespective of whether such transaction: (i) is below the prescribed materiality threshold; or (ii) the transaction was completed in a period prior to which the latest information has been disclosed.

LKS Comment

The multitude of amendments introduced through the ICDR Amendment have had a positive impact of clarifying existing lacunae, such as the requirement of a compliance officer to have a company secretary certification and including industry demands, such as permitting stock appreciation right schemes to continue post filing of a draft red herring prospectus.

However, certain amendments have left scope for further clarifications, such as: (a) whether the preparation of voluntary proforma financials under schedule VI will lead to inclusion of all acquisitions and divestment, irrespective of materiality in the preparation of the proforma financial information; and (b) whether purely cash settled stock appreciation right schemes are covered in the exemption extended to stock appreciation right schemes.

4. Amendment to the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025

SEBI, through a notification dated 11 March 2025, amended the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 via the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025 ("**PIT Amendment**"). The PIT Amendment shall come into effect on the 9 June 2025.

Key amendments introduced by the PIT Amendment are set out below:

a. Under Regulation 2(1)(n), a non-exclusive list of items has been provided, any information in relation to which will classify as 'unpublished price sensitive information' ("**UPSI**"). The following amendments have been introduced within the same:

   i. while sub-clause (iv) was previously concerned with re-structuring of an entity, post the amendment includes "*termination of order / contracts not in the normal course of business*"

   ii. sub-clause (v) identified changes in key managerial personnel, however, post the amendment it has clarified that such change pursuant to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor, need not automatically classified as UPSI under this sub-clause (v).

   iii. from sub-clause (vi) onwards, till sub-clause (xvi), the following have items have been inserted:

      A. change in rating(s), other than Environmental, Social and Governance ratings;

      B. proposed fund raising;

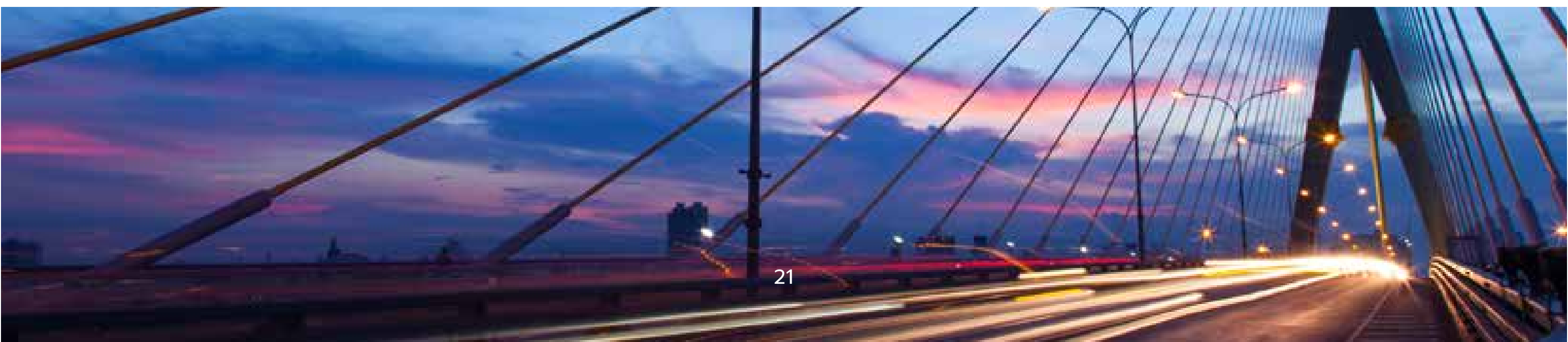
      C. agreements which impact the management or control of the company;

      D. fraud or defaults by the company, its subsidiary, promoter, director, key managerial personnel, or arrest of such personnel in India or abroad;

      E. restructuring or one time settlement in relation to loans / borrowings from banks / financial institutions;

      F. admission of winding-up petition filed against the company as a corporate debtor, including approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;

      G. initiation of a forensic audit by any entity (including the company) for detecting misstatement in financials, misappropriation / siphoning or diversion of funds and receipt of final forensic audit report;



H. action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;

I. outcome of any litigation(s) or dispute(s) which may have an impact on the company;

J. guarantees / indemnity / becoming a surety to any third party, by the company not in the normal course of business;

K. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

iv. The following explanations shall be added:

A. For the purposes of sub-clause (ix), it has been clarified that:

'Fraud' shall have the same meaning as prescribed in Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

'Default' shall have the same meaning as prescribed in Clause 6 of paragraph A of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**").

B. For an identification of events covered in clause (n) as UPSI, the guidelines for materiality referred to in paragraph A of Part A of Schedule III of the LODR Regulations as may be specified by SEBI and materiality as referred to at paragraph B of Part A of Schedule III of the LODR Regulations, shall be applicable.

b. Under Regulation 3 concerned with communication or procurement of UPSI, after sub-regulation (5), a proviso has been inserted, which states that an entry of information, not emanating from within the organisation, in structured digital database may be done not later than 2 (two) calendar days from the receipt of such information.

c. Under Schedule B pertaining to 'Minimum Standards for Code of Conduct for Listed Companies to Regulate, Monitor and Report Trading by Designated Persons', in clause 4, sub-clause (1) concerned with closure of the trading window for a designated person who is reasonably to be expected to have UPSI, a proviso has been inserted which states that for UPSI not emanating from within a 'Listed Company', trading window may not be closed.

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LKS Comment

Extensive additions by the regulator to the non-exhaustive list of items classified as UPSI is a welcome move to even the playing field for all investors and directly tackle any advantage available with insiders, while delineating the definition for ease of application by quasi-judicial bodies.

5. New Framework for a Faster Rights Issue Process Introduced by SEBI

SEBI through notification no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31 dated 11 March 2025 has introduced a new framework to expedite the rights issue process. Under the revised framework, issuers can allocate shares to specific investors while ensuring faster fund access for shareholders. The changes introduced through this Notification shall come into effect from 7 April 2025.

The key changes introduced to the Rights Issue process include:

a. **Timeline for Rights Issue Completion:** Rights issues must now be completed within 23 (twenty-three) working days from the date the board of directors approves the issue. The rights issue will be kept open for a minimum of 7 (seven) days and a maximum of 30 (thirty) days.

b. **Automated Validation of Applications:** The Stock Exchanges and Depositories are required to implement a system for automated validation of bids and the finalization of allotment within 6 (six) months.

c. **Amendments to Master Circular on ICDR:** The key amendments been made to the SEBI Master Circular SEBI/HO/CFD/PoD-1/P/CIR/2024/0154, on Issue of Capital and Disclosure requirements notified on 11 November 2024 include changes in the process of crediting rights entitlements to demat accounts, application submission modes, bid data correction, and letter of offer submission, which must now be filled *via* email with online payment.

d. **Shareholders' approval for Convertible Debt Instruments:** If the rights issue involves convertible debt instruments requiring shareholders' approval, the timelines will be adjusted accordingly.

e. **Application Supported by Blocked Amount ("ASBA") facility:** The ASBA process for rights issues will follow similar procedures as for public issues, with necessary adjustments for rights issues.

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LKS Comment

The new framework marks a major step in accelerating the capital-raising process *via* rights issue. By shortening timelines and increasing flexibility for investor involvement, it improves market efficiency while protecting investor interests. In addition, issuance of this framework demonstrates SEBI's strong commitment to modernising the market and fostering a more resilient and transparent environment that benefits both issuers and investors.

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

SEBI through Notification No. SEBI/LAD-NRO/GN/2025/239 dated 27 March 2025 has notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 to amend the existing the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**LODR Regulations**'). Under the amended regulations, a new chapter VA – '*Corporate Governance Norms For A Listed Entity Which Has Listed Its Non-Convertible Debt Securities*' has been inserted and the same shall be applicable to all high-value debt listed entities ("**HVDLEs**") that have non-convertible debt securities listed with an outstanding value of INR 1000, 00,00,000 (one thousand crore rupees) and above as on 31 March 2025.

Further, the listed entities meeting the above monetary thresholds during a financial year have been compelled to meet the compliance requirements within 6 (six) months of meeting the criteria. Notably, once the regulations have been made applicable to an entity, they shall continue to be in effect for three consecutive financial years, even if the outstanding debt falls below the threshold.

The key corporate governance requirements to be adhered to under the new Chapter VA are as follows:

a. **Board composition:** The entities must have a balance of executive and non-executive directors (at least 50% (fifty per cent) non-executive and one-woman director) with a certain proportion of independent directors, if applicable, depending on the chairperson's status.

b. **Constitution of Committees:** While entities shall be required to constitute an audit committee, the board of an entity has been authorized to exercise the powers of the nomination and remuneration committee and stakeholders relationship committee, without constituting a separate committee. On similar lines, the board or the audit committee of an entity can exercise the powers of the risk management committee without constituting a separate committee.

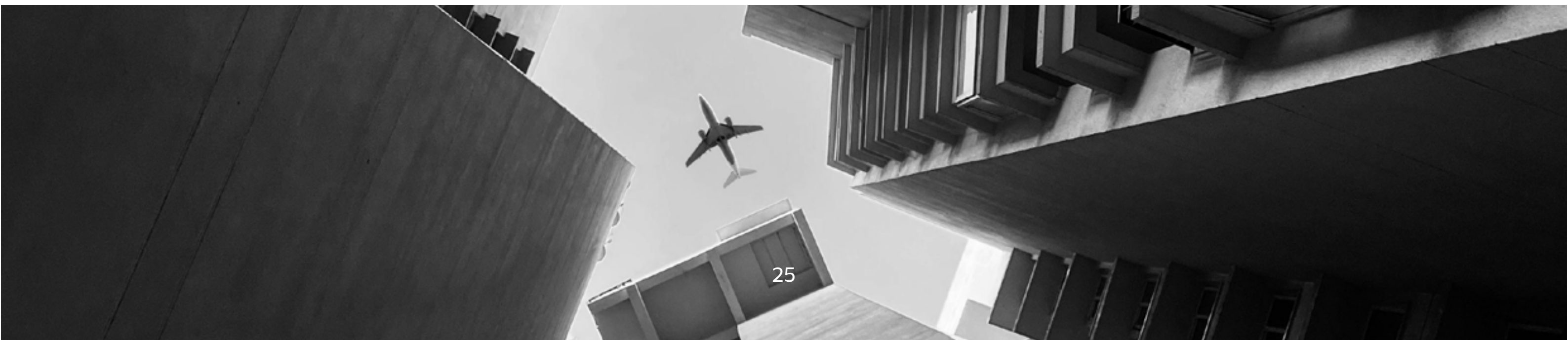
c. **Secretarial Audit and Report:** Every entity and its material unlisted subsidiaries incorporated in India will have to undertake secretarial audit and will have to annex a secretarial report given by a company secretary to the annual report of the listed entity. Further, every HVDLE will have to submit a secretarial compliance report to stock exchanges within 60 (sixty) days from the end of each financial year.

d. **Related Party Transactions:** Effective from 1 April 2025, every entity shall formulate a policy on the materiality of Related Party Transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors which shall be reviewed by the board once every 3 (three) years. Further, all material related to party transactions and subsequent material modifications will require prior no-objection certificate from the debenture trustee.

LKS Comment

By virtue of this amendment, a distinct framework has now been established specifically for HVDLEs that are exclusively debt-listed. Previously, the corporate governance requirements outlined in Regulations 15 to 27 of the LODR Regulations were applicable to HVDLEs even if these entities were solely debt-listed and did not have their specified securities (such as equity shares) listed.

The new regulations have been introduced with the aim of exerting greater oversight over related party transactions, instituting more robust whistle-blower mechanisms, and enhancing reporting and compliance requirements. Through this amendment, SEBI seeks to safeguard investor interests, increase accountability and transparency, and tighten disclosure requirements for listed entities, with specific focus on HVDLEs that meet the prescribed monetary thresholds.



Key Updates under Environment Laws

1. Environment Protection (End-of-Life Vehicles) Rules, 2025

On 6 January 2025, the Ministry of Environment, Forest and Climate Change ("**MoEFCC**") notified the Environment Protection (End-of-Life Vehicles) Rules, 2025 ("**ELV Rules**") (enacted under Environment (Protection) Act, 1986 ("**EPA**")), effective from 1 April 2025.

The ELV Rules prescribe the procedure and compliances for environmentally sound scrapping of end-of-life vehicles ("**ELVs**") with the aim to encourage recycling and reuse of vehicle components and materials to reduce the demand for new raw material.

The key provisions of the ELV Rules are set out below:

a. **Applicability:** The ELV Rules are applicable to:

i. the producer, registered owner of vehicles, bulk consumers, registered vehicle scrapping facilities ("**RVSFs**"), collection centres, automated testing stations and entities involved in the testing of vehicles, handling, processing and scrapping of ELVs; and

ii. all types of vehicles defined in Section 2(8) of the Motor Vehicles Act 1988 ("**MV Act**"), including an electric vehicle, battery operated vehicle, e-rikshaw or e-cart but excludes agricultural tractor, agricultural trailer, combine harvester and power tiller.

iii. However, the ELV Rules do not apply to.

A. waste batteries covered under the Battery Waste Management Rules, 2022;

B. plastic packaging as covered under the Plastic Waste Management Rules, 2016;

C. waste tyres and used oil as covered under Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016; and

D. E-waste as covered under E-Waste (Management) Rules, 2022.

b. **Producer Liability:** Under Rule 4 of the ELV Rules, every 'Producer'[3] of an ELV is required to *inter-alia* undertake the following compliances:

3. "Producer" means an entity who is engaged in: (i) manufacture or assembly and sale of vehicles under its own brand; or (ii) sale of vehicles under its own brand produced by other manufacturers or suppliers; or (iii) import of vehicles.

i. meet the scrapping targets of the ELVs introduced in the domestic market (as prescribed under the ELV Rules) through the EPR certificates provided by the RVSFs on the centralised online portal;

ii. take necessary measures to encourage ELVs are deposited at RVSFs or designated collection centres;

iii. fulfil extended producer responsibility ("**EPR**") through purchase of EPR certificate through its own RVSF or an entity having RVSF;

iv. obtain registration as a producer from the Central Pollution Control Board ("**CPCB**");

v. take measures to comply with the provisions of AIS-129;

vi. not engage with any entity not registered under the ELV Rules for scrapping of ELVs; and

vii. make necessary arrangements to receive ELVs from registered owners at designated collection centres (including sales outlets).

c. Register Owner or Bulk Consumer Liability: Under Rule 5 of the ELV Rules, every 'Registered Owner'[4] or 'Bulk Consumer'[5] is required to *inter-alia* undertake the following compliances:

i. deposit the ELV to a Producer's designated sales outlet or designated collection centre or RVSF within 180 (one hundred and eighty) days from the date of vehicle becoming an ELV (as per the RVSF Rules);

ii. obtain registration as a bulk consumer (if applicable) from the State Pollution Control Board ("**SPCB**").

d. Designated Collection Centres: Under Rule 6 of the ELV Rules, every 'Collection Centre'[6] is required to collect, store and send the ELV to the RVSF.

e. Registered Vehicle Scrapping Facilities: The RVSF is the entity responsible for carrying out the actual activity of scrapping the ELVs in accordance with the procedure prescribed under the RVSF Rules which *inter-alia* entails treatment, dismantling, safe storage of categories of waste, recycling and refurbishment of plastic, metals, tyres, etc. RVSFs are also required to exchange EPR certificates of every ELV based on quantity of steel scrapped from the ELV on the centralised online portal for purchase by Producers.

4. "Registered owner" means a person in whose name a vehicle stands registered, and where such person is a minor, the guardian of such minor.
5. "Bulk consumer" means consumer having ownership of more than one hundred vehicles and includes a State transport undertaking as defined in the clause (42) of Section 2 of the MV Act.
6. "Collection Centre" means a facility or an area that may be used for the sole purpose of collecting and storing the End-of-Life Vehicles and sending it for further processing at the scrapping yard.

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LKS Comment

The ELV Rules mark a landmark shift towards sustainable waste management in the automotive industry. By adopting a lifecycle approach and engaging multiple stakeholders, these rules strive to minimise environmental impact from vehicles and foster a circular economy, promoting responsible vehicle disposal and recycling practices.

2. Plastic Waste Management (Amendment) Rules, 2025

The MoEFCC through a notification dated 23 January 2025 amended the Plastic Waste Management Rules, 2016 ("**PWM Rules**") *via* the Plastic Waste Management (Amendment) Rules, 2025 ("**PWM Amendment Rules**").

Key highlights of the PWM Amendment Rules are set out below:

a. Rule 11 of the PWM Rules deals with marking or labelling requirements. After sub-rule (1) of Rule 11, the following sub-rule (1A) has been inserted wherein a producer, importer or brand owner ("**Applicable Entities**") may, with effect from the 1 July 2025, provide the information specified under sub-rule (1) in the manner provided below -

   i. in a barcode or quick response code printed on the plastic packaging;

   ii. in the product information brochure; or

   iii. print on the plastics packaging the unique number issued under any law for the time being in force, wherein, the provisions of sub-rule (1) are required to be fulfilled before issuance of such a number.

   The above provision is caveated with a requirement in the proviso, imposing the liability on the Applicable Entities to inform the CPCB of details pertaining to such code or unique number.

   Subsequently, the second proviso notes that the CPCB shall publish the list of such Applicable Entities, who have been provided with details and the product information using any one of the above options, on its website and updated the same every quarter.

b. A penal provision has been inserted as Rule 19 wherein it is stated that any contravention of the provision of the PWM Rules shall render such person liable to a penalty in accordance with the provisions of Section 15 of the EPA.

LKS Comment

The PWM Amendment Rules comes as a welcome step as it seeks to incorporate technology and reduce the cost of compliance on the regulated entities. The PWM Amendment Rules will strengthen enforceability by incorporating the penal provisions provided within the EPA to be applicable in case of any contravention.

3. Battery Waste Management Amendment Rules 2025

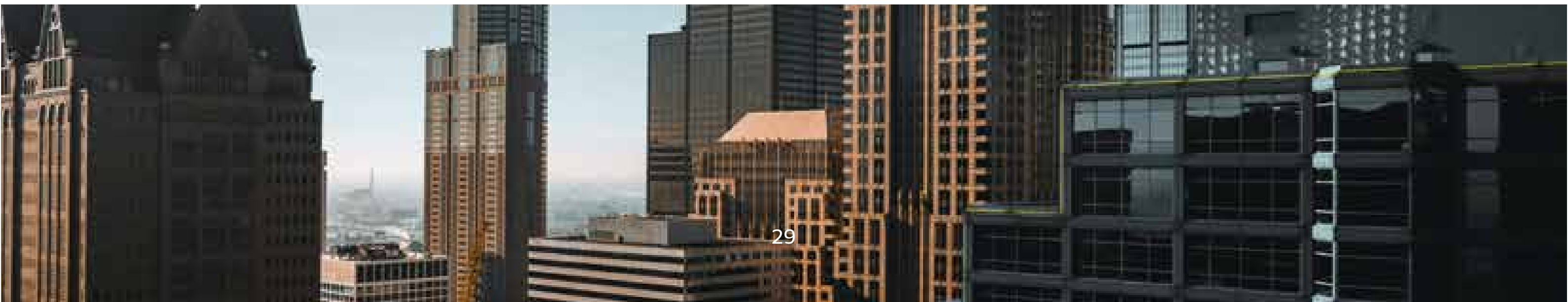
MoEFCC through a notification dated 24 February 2025 amended the Battery Waste Management Rules, 2022 via the Battery Waste Management Amendment Rules, 2025 ("**BWM Amendment Rules**").

Key highlights of the BWM Amendment Rules are set out below:

a. Under Schedule 1, which pertains to the 'Prohibitions and Labelling Requirements', in paragraph (2), the following amendments have been introduced –

   i. In clause (ia), concerned with ensuring that all 'Battery' or 'Battery Packs' produced are marked with Extended Producer Responsibility ("**EPR**") registration numbers, a proviso has been added which states that the provisions of this clause shall not apply to packaging covered under rule 26 of the Legal Metrology (Packaged Commodities) Rules, 2011.

   ii. Further clause (ib) has been inserted, which states that producers may fulfil the requirements of clause (ia), subject to providing information in relation to the following in writing to the Central Pollution Control Board ("**CPCB**"):



A. print barcode or a quick response code containing the EPR registration number on -

   I. battery or battery pack; or

   II. equipment having battery or battery pack; or

   III. packaging of battery or battery pack; or

   IV. packaging of the equipment having battery or battery pack; or

   V. bulk packaging of batteries or battery packs, not for retail sale.

B. print the EPR registration number on the product information brochure.

   The proviso thereafter places an obligation on CPCB to publish a consolidated list of such producers, who have provided information to it on the centralised online portal and update such details every quarter.

iii. In clause (v), a proviso was inserted which stated that marking of chemical symbol 'Cd' or 'Pb' is not applicable where the metal concentration of Cadmium in the battery is less than or equal to 0.002% (zero point zero zero two per cent) (20 parts per million) or Lead in the battery is less than or equal to 0.004% (zero point zero zero four per cent) (40 parts per million) by weight.

LKS Comment

The BWM Amendment Rules through incorporation of technology provides industry participants entities with a cost-effective solution to ensure compliance with the relevant regulation, which in the absence of the amendment, mandates a separate mark to be issued on each product as per the labelling requirements.

4. Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025 and Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025

The MoEFCC through notifications dated 29 January 2025 and 30 January 2025, has published the Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025 and Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025, respectively (collectively, "**Environment Guidelines**") under the Air (Prevention and Control of Pollution) Act. 1981 and the Water (Prevention and Control of Pollution) Act, 1974 ("**Applicable Acts**"), respectively.

Key features of the Environment Guidelines are:

a. **Harmonised Consent Application and Approval Mechanism:** The Environment Guidelines introduce a single application and integrated approval window under the Applicable Acts and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. Therein, entities seeking a 'Consent to Establish' ("**CTE**") are to apply using Form I (accompanied by project specifications, pollution control measures) and for 'Consent to Operate' ("**CTO**"), they are to be made in Form II, (accompanied by compliance reports confirming adherence to environmental regulations). The single-window online platform has been stated to be setup within 6 (six) months to 1 (one) year for such applications and all applications until the portal is operational shall be processed through the existing arrangement.

b. **Validity and Renewals:** The validity period for the CTE is 5 (five) years, with a possible extension of 2 (two) years, upon request. The validity period of a CTO however is demarcated by the industrial category:

   i. Red-category: 5 (five) years

   ii. Orange-category: 10 (ten) years

   iii. Green-category: 15 (fifteen) years

   iv. Blue-category industries: Additional 2 (two) years, beyond as applicable to Green-category.

c. **Enhanced Oversight:** With the intention of improving enforceability, the SPCB have been empowered with enhanced oversight mechanisms, including: (i) conducting a site inspection, with prior notice; (ii) submission of comprehensive reports related to environmental clearances, prior to receiving or obtaining a CTO; and (iii) a requirement of implementing a continuous emission monitoring system for identified industries (at the time of granting CTO).

d. **Location based restrictions and effluent generation:** In order to protect environmentally sensitive areas, the guidelines have identified proximities beyond which the industries have to be setup, such as, from a settlement, educational institute, worship place, archaeological monument, national park, reserve forest, heritage site, the industrial plant has to adhere to the following:

i. beyond 500 (five hundred) meters, in case of a red category;

ii. beyond 200 (two hundred) meters, in case of an orange category;

iii. beyond 100 (one hundred) meters, in case of a green category.

Thereafter, if an orange entity industrial unit produces effluents, it is required to be beyond 75 (seventy-five) meters from the nearest boundary of a surface water body, while it has to be beyond 30 (thirty) meters in case it does not generate effluents. Furthermore, the natural storm drains passing through an industrial unit shall not be disturbed. The SPCBs have been granted authority to ensure compliance with such location norms.

e. **Refusal and cancellation of consent:** The guidelines explicitly provide for a list of grounds to refuse or cancel consent. Few examples of the elaborate list are, non-compliance with: (i) the guidelines provided in relation to location norms, emission and effluent standards; (ii) failure to install prescribed pollution control equipment; (iii) conditions of the consent; (iv) court orders; (v) variation in the process and operations; (vi) effluent discharge standards. Prior to refusing or cancelling consent, a reasonable opportunity of being heard is to be provided to the person concerned. And thereafter, the reason has to be duly recorded and communicated in writing.

LKS Comment

The Environment Guidelines provide for a significant regulatory shift by centralising the procedure through a single portal but enhancing local oversight by increasing the mandate of the SPCBs. Identified timelines and greater transparency shall enhance predictability for the industries, while allowing State-Level Monitoring Committees to effectively ensure an SPCB's accountability for delays. With the powers of the SPCBs enhanced, industries will have to ensure proactive compliance approach. Extended validity and clearer location criterions for industries also play the dual role of clearly delineating compliance requirements while preventing grants arbitrarily in environmentally sensitive areas.

Lakshmikumaran Sridharan attorneys
SINCE 1985
exceeding expectations

LOCATIONS

NEW DELHI

7th Floor, Tower E,
World Trade Centre, Nauroji Nagar,
New Delhi 110029
PHONE: 011-4129 9800
E-MAIL: Lsdel@lakshmisri.com

MUMBAI

2nd Floor, CNERGY,
Marathe Marg, Prabhadevi,
Mumbai 400 025
PHONE: 022-3056 7800
E-MAIL: Lsbom@lakshmisri.com

CHENNAI

Door No. 27, Tank Bund Road
Nungambakkam, [Opp to Loyola College Compound & Near Upscale Clothing], Chennai 600034
PHONE: 044-2833 4700
E-MAIL: Lsmds@lakshmisri.com

BENGALURU

World Trade Center,
No. 404-406, 4th Floor, South Wing,
Brigade Gateway Campus,
No. 26/1 Dr. Rajkumar Road,
Malleswaram West,
Bengaluru 560 055
PHONE: 080-4933 1800
E-MAIL: Lsblr@lakshmisri.com

HYDERABAD

'Hastigiri', 5-9-163, Chapel Road,
Opp. Methodist Church, Nampally,
Hyderabad 500 001
PHONE: 040-2323 4924
E-MAIL: Lshyd@lakshmisri.com

AHMEDABAD

B-334, SAKAR-VII,
Nehru Bridge Corner, Ashram Road,
Ahmedabad 380 009
PHONE: 079-4001 4500
E-MAIL: Lsahd@lakshmisri.com

PUNE

607-609, Nucleus,
1 Church Road, Camp
Pune 411 001
PHONE: 020-6680 1900
E-MAIL: Lspune@lakshmisri.com

KOLKATA

6A, Middleton Street,
Chhabildas Towers, 7th Floor,
Kolkata 700 071
PHONE: 033-4005 5570
E-MAIL: Lskolkata@lakshmisri.com

CHANDIGARH

SCO No. 59, 1st Floor,
Sector 26, Madhya Marg,
Chandigarh 160 026.
PHONE: 0172-492 1700
E-MAIL: Lschd@lakshmisri.com

GURUGRAM

OS2 & OS3, 5th Floor, Corporate
Office Tower, AMBIENCE Island,
Sector 25-A, Gurugram 122 001
PHONE: 0124-477 1300
E-MAIL: Lsgurgaon@lakshmisri.com

PRAYAGRAJ

3/1A/3, (Opp. Auto Sales)
Colvin Road, (Lohia Marg), Above
Bluedart/DHL Office, Civil Lines,
Prayagraj 211 001
PHONE: 0532-242 1037/242 0359
E-MAIL: Lsallahabad@lakshmisri.com

KOCHI

1st Floor, PDR Bhavan,
Palliyil Lane, Foreshore Road,
Ernakulam, Kochi 682016
PHONE: 0484-486 9018/486 7852
E-MAIL: Lskochi@lakshmisri.com

JAIPUR

2nd Floor (Front side),
Unique Destination, Tonk Road,
Near Laxmi Mandir Cinema Crossing,
Jaipur, Rajasthan 302 015
PHONE: 0141–456 1200
E-MAIL: Lsjaipur@lakshmisri.com

NAGPUR

1st Floor, HRM Design Space,
90-A, Next to Ram Mandir,
Ramnagar, Nagpur 440033
PHONE: 0712-2959038
E-MAIL: Lsnagpur@lakshmisri.com