

Private Equity & Venture Capital

REGFIN INSIGHT
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CHAPTER I: KEY UPDATES

I. Government of NCT of Delhi: Clarification on Stamp Duty for Share Certificates

The Revenue Department of the Government of NCT of Delhi, vide a circular dated July 29, 2025, has issued a significant clarification regarding the levy of stamp duty on the issuance of share certificates by companies having their registered office in Delhi. The circular confirms that a stamp duty of 0.1% of the value of the shares is required to be paid in accordance with Article 19 of Schedule I-A of the Indian Stamp Act, 1899. It is further clarified that this duty is payable irrespective of whether the certificates are issued in physical or dematerialised form. All companies registered in the NCT of Delhi are directed to apply for the adjudication of stamp duty within the stipulated time to avoid penalties.

The circular can be accessed [here](#).

II. SEBI: Easing of Compliance for NRIs in Derivative Markets

The Securities and Exchange Board of India ("SEBI"), through a circular dated July 15, 2025, has dispensed with the requirement for Non-Resident Indians ("NRIs") to obtain a Custodial Participant ("CP") code for trading in the equity derivative segments. This move simplifies the trading and settlement process for NRIs, removing a procedural hurdle and bringing them at par with resident investors. The relaxation is aimed at encouraging greater participation from NRIs in the Indian derivative markets, thereby enhancing market depth and liquidity.

The circular can be accessed [here](#).

III. SEBI: Special Window for Re-lodgement of Physical Share Transfer Requests

SEBI, vide a circular dated July 10, 2025, has provided a one-time special window for investors to re-lodge requests for the transfer of physical shares that were previously rejected. The window is available for transfer deeds that were executed prior to the mandatory dematerialisation deadline but were rejected by the company or its Registrar and Share Transfer Agent ("RTA"). This is a significant investor protection measure providing a final opportunity for holders of physical shares to legitimise their holdings. All shares successfully transferred through this process will be credited only in dematerialised form.

The circular can be accessed [here](#).

IV. CERT-in: Mandate for Annual Cybersecurity Audits

The Indian Computer Emergency Response Team ("CERT-in"), in a directive issued on July 05, 2025, has mandated annual third-party cybersecurity audits for all public and private companies in India. An independent, CERT-in empanelled auditor must conduct the audit. The directive significantly elevates the cybersecurity compliance requirements for all Indian companies, making annual audits a mandatory board-level concern.

The directive can be accessed on the CERT-in website.

V. FEMA Rule Relaxation: Bonus Shares Now Permitted in FDI Prohibited Sectors

The Ministry of Finance, Department of Economic Affairs, vide a notification dated June 11, 2025, has amended the Foreign Exchange Management (Non-Debt Instruments) Rules ("NDI Rules") to provide

significant relief to non-resident shareholders of Indian companies operating in sectors where Foreign Direct Investment (“FDI”) is prohibited. Previously, a conflict existed between the Companies Act, 2013, which permits bonus share issuances, and the NDI Rules, which were interpreted to restrict such issuances in prohibited sectors like lottery and gambling. The amendment resolves this by inserting a new proviso to Rule 7 of the NDI Rules, clarifying that a person resident outside India who already holds shares in an Indian company can now receive bonus shares in compliance with the Companies Act, 2013, even if the company is engaged in a sector where FDI is otherwise prohibited. This move provides long-awaited clarity and operational flexibility to such companies and their foreign shareholders.

The notification can be accessed [here](#).

VI. SEBI Revises ICDR Norms for Enhanced Litigation Disclosures

The Securities and Exchange Board of India (“SEBI”), through the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025, has significantly enhanced the disclosure requirements related to litigation in offer documents to ensure greater transparency for investors. The amendment mandates that companies must now disclose all significant material civil litigation. Furthermore, in a crucial move to improve corporate governance, the regulations now require the disclosure of all criminal proceedings, regulatory actions, and proceedings initiated by the regulatory authority or the statutory authority against the company's Key Managerial Personnel (KMP) and senior management in the offer document. This provides investors with a more comprehensive view of potential risks associated with the company's leadership and outstanding legal matters.

The amendment can be accessed [here](#).

VII. MCA Amends Companies (Accounts) Rules for Enhanced Board Report Disclosures

The Ministry of Corporate Affairs (“MCA”), vide a notification dated May 30, 2025, has introduced the Companies (Accounts) Second Amendment Rules, 2025, which came into effect on July 14, 2025. These amendments mandate significant new disclosures in the Board's Report to enhance transparency on workplace ethics and employee welfare. Companies are now required to provide granular, quantitative data on sexual harassment complaints, including the total number of complaints received, the number of complaints disposed of during the year, and the number of cases that have remained pending for more than ninety days. Furthermore, the amendment introduces a new requirement for companies to include a formal statement in their Board's Report explicitly confirming compliance with all provisions of the Maternity Benefit Act, 1961.

The notification can be accessed [here](#).

VIII. MCA Mandates Digitization of Filings on V3 Portal

The MCA, as part of the final migration to its V3 portal, has reinforced the digitization of corporate filings through amendments to the Companies (Accounts) Rules, 2014, and the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, effective July 14, 2025. The amendments mandate the compulsory electronic filing of forms that were previously manual attachments, most notably Form AOC-1 (Statement of Subsidiaries/Associates/JVs) and Form AOC-2 (Particulars of Related Party Transactions), which must now be filed as separate e-Forms. Furthermore, to enhance the authenticity of financial submissions, companies required to file their financial statements in XBRL format must now also attach a digitally signed PDF copy of their complete audited

financial statements, including the Board's and Auditor's reports, with their XBRL filing in Form AOC-4 XBRL.

IX. The Governing Framework for Online Real Money Gaming

In a landmark regulatory development, the Promotion and Regulation of Online Gaming Act, 2025, was enacted after receiving Presidential assent on August 22, 2025. While the Act has been formally enacted, the date on which its provisions will come into force is yet to be notified by the Central Government. The Act imposes a nationwide prohibition on “online money games”, defined as games where a player pays or deposits money with the expectation of winning a monetary prize, and explicitly includes games of skill within this definition. To oversee the sector, the Central Government may establish a national-level regulatory authority, which will be responsible for enforcement. The legislation also introduces strict penalties for non-compliance. For any person or entity that provides, advertises, or makes available a prohibited online money game, the Act prescribes imprisonment for a term which may extend to two years and a fine which may extend to INR 5 lakh. For subsequent offences, the penalties are increased to imprisonment of up to five years and a fine of up to INR 2 crores.

The Act can be accessed [here](#).

CHAPTER II: OTHER UPDATES & COMPLIANCE REMINDERS

I. Case Study: ROC Penalises for Shorter AGM Notice.

The Registrar of Companies ("**ROC**"), Karnataka, recently imposed penalties on a public limited company and its directors for violating Section 101 of the Companies Act, 2013 ("**Act**"). The company had convened its Annual General Meeting ("**AGM**") on the same day its Board Meeting was held to approve the financials, failing to provide the statutorily required "clear 21 days' notice" to shareholders. The ROC imposed a penalty of INR 10,000 each on the company and its three directors under the residuary penalty provisions of Section 450 of the Act. This case underscores the criticality of adhering to procedural requirements, as the notice period for general meetings is a substantive right of shareholders.

II. Legal Spotlight: Criminal Liability of Non-Executive Directors under BNSS

The Bharatiya Nagarik Suraksha Sanhita, 2023 ("**BNSS**"), which replaced the erstwhile Criminal Procedure Code, continues to have significant implications for corporate directors. Provisions that impute criminal liability on directors for offences committed by the company remain, with liability often hinging on whether a director is an "officer who is in default" under the Act. The primary defence for Non-Executive and Independent Directors is to demonstrate that the offence was committed without their knowledge and that they exercised all due diligence to prevent it. It is crucial for directors to maintain a robust record of their participation, ensure their dissent is minuted where necessary, and actively oversee the company's compliance framework to mitigate personal risk.



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