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Shareholding v/s Beneficial Ownership

'Shareholders are de jure owners, and directors are de facto owners in a company'. This is an old saying explaining the position of shareholders and directors in a company. But off late, with more and more complex corporate structures being introduced in the capital markets for owning shares in a company, regulatory focus has been moving towards identification of 'beneficial owner' of a company. In this article, we shall discuss the difference between shareholding, i.e., owning shares in a company as compared to owning beneficial rights in a company and methods of identification of beneficial owner under the Companies Act, 2013.

1. Concept of Beneficial Ownership:

The concept and mechanism for identification of 'beneficial owner' has been prevalent in the banking sector under Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ("PMLA Rules") and it was implemented as a part of KYC check by banks. However, the method of identification owner is quite different under the Companies Act.

The Companies Act, 2013 ("the Act") deals with two types of beneficial ownership:

- (i) Beneficial owner - who may or may not be an individual, which is regulated under section 89 of the Act.
- (ii) Significant beneficial owner - who must mandatorily be an individual, which is regulated under section 90 of the Act.

The concept of 'beneficial interest' is defined in Section 89(10) of the Act, which is applicable for both kinds of beneficial ownership as mentioned above. It is defined as follows:-

*"For the purposes of this section and section 90, beneficial interest in a share **includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to—***
*(i) exercise or cause to be exercised **any or all of the rights attached to such share; or***
*(ii) receive or participate in any **dividend or other distribution in respect of such share"***

From this definition, the following can be said to be the characteristic features of beneficial interest:

- (a) It is a right or entitlement of a person (individual or non-individual) in a share.
- (b) It may be direct or indirect.
- (c) It may be through any contract or arrangement or through any other mode.
- (d) It may be of that person alone or of that person together with any other person.
- (e) It may mean the right or entitlement to (1) exercise or (2) cause to be exercised, any or all of the rights attached to such share
- (f) It may mean the right or entitlement to receive or participate in any dividend or other distribution in respect of such share

2. Rights of a shareholder / member:

The term 'shareholder' is not defined in the Act. However, the term 'member' is defined in section 2(55) of the Act which essentially means that a shareholder / member is the one whose name is entered in the register of members. By virtue of being entered in the register of members, a shareholder can have various rights like:-

- Right to receive notices of general meetings of the Company
 - Right to vote at a general meeting / postal ballot
 - Right to receive dividend, when declared by the Company
 - Right to receive entitlement to subscribe in case of rights issue of securities by the Company
 - Right to receive bonus shares declared by the Company
 - Right to participate while distribution of assets of the Company at the time of liquidation
- And so on

3. Can a shareholder be beneficial owner also:

The analysis of the definition of 'beneficial interest' in section 89(10) of the Act shows that it is an inclusive definition. It is the right or entitlement of a person (individual or otherwise) to exercise or cause to be exercised any or all of the rights attached to a share. Further it can be direct or indirect right. This clarifies that a shareholder whose name is entered in the register of members (irrespective of whether the shareholder / member is an individual or an entity) is assumed to have beneficial interest in the shares held by the shareholder/ member.

4. Situations when shareholder and beneficial owner can be different:

It may be noted that as a law of land, it is prohibited for any person to hold any property including shares in the name of any other person, i.e., it is not permissible for a person to be a shareholder when the beneficial owner of those shares is some other person. This restriction is imposed by The Prohibition of Benami Property Transactions Act, 1988 ("Benami Act"). However, the Benami Act permits¹ certain persons to be property owner (or shareholder) even if the beneficial owner is a different person, subject to certain conditions. Such persons are as follows:-

- Shareholder being Karta of a HUF and the beneficial owner being the HUF
- Shareholder being a person standing in a fiduciary capacity such as a trustee, executor, partner, director of a company, a depository or a depository participant under the Depositories Act, 1996 and the beneficial owner being the Trust / Estate of someone deceased / partnership firm / Company / demat account holder in the respective cases.
- Shareholder being an individual and the beneficial owner being his / her spouse or his / her child.
- Shareholder being an individual and the beneficial owner being his / her brother or sister or lineal ascendant or descendant, as joint owners.

Similarly, Section 187C of the Companies Act, 2013 (“the Act”) creates obligation on companies registered under this Act or any previous Companies Act that all investments made or held by a company in any property, security or other asset shall be made and held by it in its own name. However, proviso to section 187C(1) creates a carve-out that the company may hold any shares in its subsidiary company in the name of any nominee or nominees of the company, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced below the statutory limit.

5. Obligations of shareholder and beneficial owner when both are different:

In the above-mentioned situations, if the beneficial interest in those shares is not owned by the shareholder whose name is entered in the register of members and the beneficial owner of those shares is someone else (irrespective of whether the beneficial owner is an individual or an entity), then section 89(1) of the Act creates an obligation on such shareholder to give declaration to the Company in a form MGT-4 specifying the name and details of the person who is holding the beneficial interest in those shares, within 30 days of his name being entered in the register of members. Simultaneously, section 89(2) of the Act creates an obligation on the beneficial owner of such shares to give declaration to the Company in a form MGT-5 specifying the nature of interest of that beneficial owner and the details of the person whose name is entered in the register of members as the registered owner of those shares, within 30 days of acquiring beneficial interest in shares of the Company. Section 89(3) of the Act further creates obligation on the registered owner and the beneficial owner of shares to give declarations to the Company in Form MGT-4 and Form MGT-5 respectively, whenever there is a change in the registered owner or the beneficial owner of those shares, within 30 days of such change. In turn, section 89(6) of the Act creates an obligation on the Company to file these declarations received with the Registrar of Companies (ROC) of the Ministry of Corporate Affairs (MCA) in e-form MGT-6 within 30 days of receipt of declarations in Form MGT-4 and MGT-5.

This situation can often be seen in wholly owned subsidiary companies where the holding company holds all the shares except a nominal number of shares which are held by a nominee(s) of the holding company for the purpose of maintaining minimum number of shareholders in the wholly owned subsidiary company.

6. Concept of ‘Significant Beneficial Owner’:

In addition to the concept of ‘beneficial owner’ under section 89 of the Act which had been prevalent under the Companies Act, 1956 also, a new concept of ‘significant beneficial owner’ (“SBO”) has been introduced in section 90 of the Companies Act, 2013. Section 90(1) of the Act read with Rule 2(1)(h) of the Companies (Significant Beneficial Owners) Rules, 2018 (“SBO Rules”) defines SBO as follows:-

“significant beneficial owner” in relation to a reporting company means an individual referred to in sub-section (1) of Section 90, who acting alone or together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting company, namely:

- (i) holds indirectly, or together with any direct holdings, not less than ten percent, of the shares;*
- (ii) holds indirectly, or together with any direct holdings, not less than ten percent, of the voting rights in the shares;*
- (iii) has right to receive or participate in not less than ten per cent, of the total distributable dividend, or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings;*
- (iv) has right to exercise, or actually exercises, significant influence or control, in any manner other than through direct-holdings alone*

This definition highlights that the SBO with regard to particular shares is someone different from the 'beneficial owner' of those shares. The differences between SBO and beneficial owner can be summarised as follows:-

- a. Beneficial owner can be individual or an entity (incorporated or non-incorporated), but SBO is necessarily an individual.
- b. Beneficial owner of shares can be direct owner (i.e., registered shareholder is himself the beneficial owner) OR can be indirect owner (i.e., registered shareholder and beneficial owner are different).

But the registered owner of particular shares cannot be SBO for those particular shares, although he may be having some other shares in the Company in his direct name. This is because the concept of SBO emphasises mainly on indirect holding, and direct holding is also clubbed with indirect holding. But direct holding alone will not make a registered shareholder an SBO.

- c. Beneficial ownership disclosure is applicable for even 1 share in the Company. But for being SBO and triggering the disclosure requirement for SBO, that individual should hold 10% of shares / voting rights / right to participate in distributable dividend / any other distribution / control/ significant influence.
- d. The Forms prescribed for disclosure of beneficial owner is MGT-4, MGT-5 and MGT-6 as explained in the above paras as per section 89 of the Act. But for SBO, section 90(1) of the Act creates obligation on the SBO to give declaration to the Company in Form BEN-1 within 30 days of acquiring beneficial interest and within 30 days of any change therein. In turn, section 90(2) creates obligation on the Company to file e-form BEN-2 with ROC of MCA within 30 days of receipt of declaration in Form BEN-1.

Further the Explanation to the definition of SBO given in Rule 2(1)(h) of SBO Rules, especially Explanation III explains who the SBO shall be, in case of different types of shareholders.

7. Conclusion:

From the above analysis, it can be said that a shareholder is generally assumed to be the beneficial owner also, unless there are exceptional scenarios when a disclosure in MGT-4, MGT-5, MGT-6 is needed. This concept of beneficial owner has been in existence in the past many years. However, with the introduction of the concept of SBO, this entire analysis of holding of 'beneficial interest' has come into limelight. In October 2023, MCA has vide a notificationⁱⁱ mandated all companies to designate a person in the Company who shall be

responsible for furnishing, and extending co-operation for providing, information to the ROC with respect to beneficial interest in shares of the company. Off late, ROCs have started adjudicating for non-compliance of the disclosure requirements with regard to beneficial owner and SBO. Hence, it is very imperative that every company has a robust system for identifying the beneficial owner and SBO of its shares, even when changes may not be happening at the ownership level (in India in case of MNCs) but changes at the parent level will also require disclosure requirements for each company and its subsidiaries in India. These initiatives of the Government are all aimed at having a transparent ownership structure even in complex conglomerates in India !!!

This article is published in Taxmann. The link to the same is as follows: -

<https://www.taxmann.com/research/company-and-sebi/top-story/10501000000024088/shareholding-vs-beneficial-ownership-experts-opinion>

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ⁱ Definition of 'benami transaction' in section 2(9) of The Prohibition of Benami Property Transaction Act, 1988

ⁱⁱ Sub Rules (4) to (8) inserted Rule 9 in the Companies (Management and Administration) Rules, 2014 with effect from 27 October 2023



Role of Compliance Officer – Relevance of Standard Operating Procedures for compliance under SEBI (PIT) Regulations 2015

Introduction

Compliance Officer under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ['PIT Regulations'] is responsible for administering the code of conduct and other requirements under PIT Regulationsⁱ. Model Code of conduct as per PIT Regulations states that compliance officer would be responsible for closure of trading window, granting pre-clearance, relaxing provisions relating to contra trade, tracking of trades etc. There have been cases where compliance officer is held liable by SEBI for not administering the compliance with code of conduct and various other requirement under PIT Regulations. This article highlights orders passed by SEBI where compliance officer is held liable for non-closure of trading window and cases where he has been left without penalty.

Trading window closure related cases

Penalties levied by SEBI on Compliance Officer for not closure of trading window were prima facie relating to Unpublished Price Sensitive Information ['UPSI'] other than financial results.

- a. **SEBI Adjudication order in the matter of Edelweiss Financial Services Ltd:** Edelweiss Financial Services is a NBFC listed on recognized stock exchanges. Compliance Officer of Edelweiss Financial Services was penalized for not closing trading window when an acquisition was being considered by step down subsidiary company. This acquisition being made by step down subsidiary company was of around Rs 4 crore. This acquisition of Rs 4 crore was of miniscule amount as compared to turnover and net worth of Edelweiss Financial Services. Compliance officer argued that as acquisition being considered by step down subsidiary company was of negligible value it was not considered as UPSI. SEBI while analysing the stock exchange disclosure in this regard stated that the disclosure of this acquisition to stock exchange showed that it was a strategic acquisition for Edelweiss Financial Services. As it was a strategic decision this acquisition was considered as UPSI irrespective of the amount. SEBI penalized the compliance officer for not closing trading window in this regardⁱⁱ.
- b. **SEBI Adjudication order in the matter of Essar Shipping Ltd:** In this case, the compliance officer was penalized by SEBI for not closing trading window when "Conversion of Foreign Currency Convertible Bonds into equity shares" was due. SEBI alleged that this period during which conversion of FCCB into equity shares was due was UPSI period. Compliance officer argued that the fact that FCCBs would be converted into equity shares at a certain time was already available in public domain through annual reports. SEBI stated that even if it was known that FCCBs are due for conversion during this period but it was not clear whether FCCBs would be converted into equity shares or would be repaid?. SEBI further stated that the decision of the company to convert FCCB into equity shares and not repay the bonds shows that company was facing cash crunch. Hence SEBI affirmed that the decision to not repay the FCCB holders and instead convert it into equity shares was UPSIⁱⁱⁱ.
- c. **SEBI Adjudication order in the matter of CARE Ratings Ltd:** In this case the compliance officer was penalized for non-closure of trading window when there was a credit rating

downgrade by CARE Ratings on a particular security of the company. In this the compliance officer argued that on receipt of intimation of downgrade of credit rating, discussion were going on within the management to challenge credit ratings granted by CARE Ratings. As discussions were on and we were confident that CARE Ratings would cancel the downgrade of credit rating trading window was not closed. SEBI did not accept this argument stating that even though discussions were on with CARE Ratings, but the fact remained that there was a downgrade which was a UPSI and hence that required trading window closure^{iv}.

- d. **SEBI adjudication order in the matter of Future Retail Ltd:** In this case compliance officer was penalized for not expressly closing trading window during demerger transactions and merely taking undertakings from designated persons associated with demerger transaction. In this case compliance officer argued that as few people involved in the transaction for demerger it was decided to not to close the trading window for all designated persons at large. SEBI did not accept this argument and stated that even if all designated persons were not involved in the transaction, but the trading window cannot be closed selectively for few designated persons^v.
- e. **SEBI adjudication order in the matter of Shilpi Cable Technology Ltd:** In another case the compliance officer was penalized for not closing trading window when demand notice was received by company. In this company had received a demand notice from operational creditor under section 8 of Insolvency and Bankruptcy Code, 2016. SEBI alleged that this was the start date of UPSI. This UPSI became public on the date of disclosure to stock exchange of filing of application by operational creditor before National Company Law Tribunal, Delhi under section 8 and 9 of Insolvency and Bankruptcy Code, 2016^{vi}. Compliance Officer in this case argued that he was not made aware of such notice being received and hence had not closed trading window. SEBI did not accept this argument and penalized the compliance officer.
- f. **Settlement orders in the matter of Bliss GVS Pharma Ltd and Kanoria Chemicals and Industries Ltd:** In these cases, Compliance Officers have settled the matters pertaining to non-closure of trading window with SEBI. One case was pertaining to non-closure of trading window during UPSI period relating to entry of subsidiary of listed company into a new business^{vii} and another was when company was going to sale one of the division which was contributing 70% of the revenue of the listed company^{viii}.

Case where penalty not levied by SEBI for non-closure of trading window.

- a. **SEBI adjudication order in the matter of NIIT Technologies Ltd:** In this case a SEBI left the compliance officer without levying penalty for not closing trading window when “default notice was received from a customer for significant amount’. This information was considered as unpublished price sensitive information. Question had arisen whether the interim company secretary was in possession of UPSI and was required to close the trading window? In this case SEBI on investigation stated that appointment of the Noticee was made as an interim company secretary. Interim company secretary did not have access to many documents and their role was limited to secretarial work. Further interim company secretary did not have permission to attend the board meetings. SEBI further noted that interim company secretary was not appointed as the compliance officer under PIT during the UPSI period. SEBI further noted list of designated persons who had access to UPSI also did not have name of interim company secretary. SEBI considering this had not levied penalty^{ix}.

These cases depict various scenarios (viz. demerger, disputes with clients and demand thereof, downgrade of credit ratings, acquisitions, conversion of securities etc.) a corporate entity might face apart from the regular event of financial results where it is necessary to understand whether that event can be considered as UPSI. It is also observed that whenever compliance officer had failed to demonstrate his efforts in compliance with PIT Regulations with respect to trading window closure SEBI has held compliance officers liable. But where the compliance officers could demonstrate their efforts in ensuring compliance with trading window closure related provisions SEBI has not levied penalties.

Conclusion

It is necessary for compliance officer under PIT Regulations to have processes for Identification of UPSI and procedure as to what shall be done when UPSI is identified. Standard Operating Procedures [‘SOP’] would bring in certainty and clarity throughout the organisation in the procedure for compliance with PIT Regulations. SOP would also act as a defense while deposing before enforcement authorities to demonstrate that there was no arbitrariness in complying with PIT Regulations.

This article is written in Taxmann. The link to the same is as follows: -

<https://www.taxmann.com/research/company-and-sebi/top-story/10501000000024034/safeguarding-market-integrity-compliance-officers-role-in-trading-window-closure-under-insider-trading-experts-opinion>

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ⁱ Reg. 9(3): Every listed company, intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

ⁱⁱ https://www.sebi.gov.in/enforcement/orders/jul-2020/adjudication-order-in-respect-of-b-renganathan-in-the-matter-of-edelweiss-financial-services-ltd-_47075.html

ⁱⁱⁱ https://www.sebi.gov.in/enforcement/orders/sep-2021/adjudication-order-in-respect-of-awaneesh-srivastava-in-the-matter-of-essar-shipping-ltd-_52309.html

^{iv} https://www.sebi.gov.in/enforcement/orders/oct-2022/adjudication-order-in-the-matter-of-mercator-limited_64575.html

^v https://www.sebi.gov.in/enforcement/orders/feb-2021/final-order-in-the-matter-of-future-retail-limited_49001.html

^{vi} https://www.sebi.gov.in/enforcement/orders/jul-2023/adjudication-order-in-the-matter-of-insider-trading-activities-in-the-scrip-of-shilpi-cable-technologies-ltd-_73848.html

^{vii} https://www.sebi.gov.in/enforcement/orders/jun-2021/settlement-order-in-respect-of-mr-vipul-thakkar-in-the-matter-of-bliss-gvs-pharma-ltd-_50828.html

^{viii} https://www.sebi.gov.in/enforcement/orders/mar-2022/settlement-order-in-respect-of-kanoria-chemicals-and-industries-limited_56874.html

^{ix} https://www.sebi.gov.in/enforcement/orders/oct-2022/adjudication-order-in-respect-of-monika-arora-in-the-matter-of-niit-technologies-ltd-_63747.html



Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

The Authorised Dealer(AD) Banks prior to July 10, 2024 allowed resident individuals to remit funds to IFSCs under Liberalised Remittance Scheme(LRS) for the following purposes only:

- i. Making investments in IFSCs in securities except those issued by entities/ Companies resident in India (outside IFSC); and
- ii. Payment of fees for education to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification no. SO 2374(E) dated May 23, 2022, issued by the Central Government.

On July 10, 2024, the Reserve Bank of India vide A.P. (DIR Series) Circular No. 15 allowed the AD Banks to facilitate remittances for all permissible purposes under LRS to IFSCs for:

- i. Availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and
- ii. All current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through an FCA held in IFSCs.

For these permissible purposes, resident individuals can open FCA in IFSC.

Impact of liberalisation pursuant to RBI circular dated July 10, 2024:

1. Resident individuals shall be allowed availing financial services or financial products through remittance from FCA. This shall not only provide boost to the financial services offered in IFSC including banking and insurance but also provide individuals safeguard against inflation or depreciation against US dollar.
2. RBI vide the mentioned circular have now allowed authorised persons facilitate remittances for wider range of purposes beyond investment in IFSC and payment of education fees to foreign universities.

Resident Individuals shall now be permitted to remit funds for capital account transactions including Overseas Direct Investment, Overseas Portfolio Investment, loans to Non Resident Indian relatives and acquisition of immovable property as well as current account transactions including expenses towards private visits, gift/ donations, remittance for maintenance of relative abroad, medical treatment, education expenses through FCA held in IFSC as long as it is under the limits prescribed under LRS.

The Reserve Bank of India is yet to provide updated master directions on Liberalised Remittance Scheme reflecting the above changes.

A.P. (DIR Series) Circular No. 15-

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12699&Mode=0>

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<https://taxguru.in/rbi/remittances-international-financial-services-centres-ifscs-liberalised-remittance-scheme-lrs.html>

Breaking Barriers: Advancing Gender Equality in India Inc. through ESG Integration

In recent years, the global conversation surrounding gender equality has gained significant momentum, with businesses playing an increasingly pivotal role in driving change. As the focus shifts towards Environmental, Social, and Governance (ESG) norms, gender equality has emerged as a critical social aspect that companies must address to foster a more inclusive and sustainable future. In this article, we will explore how India Inc. is changing the narrative on gender equality and the imperative of extending this inclusivity to individuals of all genders and abilities.

Gender equality refers to the fair treatment and equal opportunities for individuals of all genders, regardless of their gender identity or expression. It encompasses the principle that all genders should have equal rights, responsibilities, and opportunities in all spheres of life, including economic participation, access to education and healthcare, and participation in decision-making processes. This includes ensuring that men, women, people with disabilities, and transgender individuals have equal access to resources, opportunities, and protections under the law, and are free from discrimination, harassment, and violence based on their gender identity or expression. Gender equality recognizes and addresses the systemic barriers and biases that perpetuate inequality and strives to create a society where everyone can fully participate and thrive, regardless of their gender.

Incorporating gender equality into ESG frameworks is not merely a matter of corporate social responsibility—it is a strategic imperative for businesses looking to thrive in an increasingly competitive and socially conscious marketplace. Companies that prioritize gender equality not only demonstrate their commitment to social justice but also stand to benefit from improved employee morale, enhanced innovation, and stronger financial performance.

India, with its rapidly evolving corporate landscape, is making significant strides towards advancing gender equality in the workplace. From increasing female representation in leadership roles to implementing policies that promote work-life balance, Indian companies are redefining traditional norms and championing diversity and inclusion. However, the journey towards gender parity is far from over, and there is still much work to be done. Around 37.3% of total women with education level postgraduate & above are workingⁱ.

One crucial aspect of advancing gender equality in India Inc. is recognizing that it extends beyond the binary understanding of male and femaleⁱⁱ. True inclusivity encompasses individuals of all gender identities, including transgender and non-binary individuals. Moreover, it also encompasses individuals with disabilities, who face unique challenges and barriers in the workplace. Ensuring parity in treatment and pay scales for all employees, regardless of gender identity or disability status, is essential for fostering a truly inclusive work environment.

Implementing inclusive policies and practices requires a multi-faceted approach. Companies must invest in education and awareness programs to combat unconscious bias and promote diversity. Moreover, they must provide support mechanisms and accommodations to enable individuals with disabilities to thrive in the workplace. Creating safe and inclusive spaces where employees feel valued, respected, and empowered to be their authentic selves is crucial for fostering a culture of gender equality and diversity.

At the heart of the push for gender equality lies the principle of equal opportunity. Companies must proactively recruit, retain, and promote individuals based on their skills, qualifications, and potential—regardless of gender or any other characteristic. Moreover, they must ensure that pay scales are equitable and transparent, with no gender-based wage gaps. By dismantling systemic barriers and fostering a culture of meritocracy, companies can create pathways for all employees to succeed and thrive.

The integration of gender equality into ESG norms reflects a broader shift towards stakeholder capitalism, where businesses are increasingly accountable not only to their shareholders but also to society at large. Investors, consumers, and employees are demanding greater transparency, accountability, and action on social and environmental issues, including gender equality. Companies that fail to prioritize gender equality risk not only reputational damage but also financial underperformance in the long run.

There are several examples of companies and industries in India that are actively promoting gender equality, inclusivity, and diversity in the workplace. Here are a few notable examples:

Wiproⁱⁱⁱ:

Wipro, a global leader in technology and consulting services, is committed to fostering a diverse and inclusive workplace. The company recognizes the importance of gender diversity and has implemented various initiatives to promote equality and inclusivity. It has established employee resource groups and mentorship programs specifically aimed at supporting women in technology and leadership roles. Additionally, the company provides training and development opportunities to empower women and help them advance in their careers. It also prioritizes pay equity and conducts regular audits to ensure that all employees are fairly compensated for their work, regardless of gender or other factors. By creating a culture of inclusion and equity, Wipro strives to build a workforce that reflects the diverse perspectives and talents of its employees^{iv}. The Bloomberg Gender-Equality Index Report^v states Wipro's name for the fourth consecutive year for gender equality.

Wipro's sustained success in fostering gender diversity and empowering women is attributed to several impactful initiatives, including the Women of Wipro (WOW), Enrich, and Begin Again programs. Launched in 2008, the WOW program stands out for its innovative "Life-Stage" initiatives tailored to support women executives at various career stages. These initiatives have not only cultivated an inclusive culture but have also championed equal opportunities, paving the way for greater participation of women leaders across the organization.

The flagship Enrich program, designed as a sponsorship initiative for high-potential women leaders, has garnered significant acclaim, with its second batch currently underway. Additionally, the Begin Again program, aimed at reintegrating women who have taken career breaks, has witnessed encouraging response, reflecting Wipro's commitment to nurturing diverse talent pools.

In recent years, Wipro has witnessed remarkable progress in gender diversity at leadership levels, with a doubling in representation. Furthermore, the company's endorsement of the Women Empowerment Principles, established by the UN Global Compact and UN Women since 2012, underscores its unwavering dedication to advancing gender equality and fostering women's empowerment in the workplace. Through these initiatives and commitments, Wipro continues to set a benchmark for inclusive practices and gender parity in the corporate landscape.

Tech Mahindra^{vi}

Tech Mahindra is committed to providing equal opportunities for individuals of all genders and fostering inclusivity across its workforce. The company embraces diversity and actively promotes LGBTQ+ rights through progressive policies and initiatives. Additionally, Tech Mahindra prioritizes empowerment for individuals with disabilities and strives to create an inclusive environment that accommodates people of all generations.

Through initiatives such as the Women Leaders Program and Junior TechMighty, Tech Mahindra invests in nurturing talent and promoting leadership opportunities for women and young professionals, respectively. Furthermore, the organization demonstrates its commitment to LGBTQ+ inclusivity through policies such as the Sexual Reassignment Surgery Policy and extending insurance benefits to same-sex partners.

By championing these initiatives and creating an equitable work environment free of discrimination, Tech Mahindra exemplifies its dedication to fostering diversity, inclusion, and equality for all employees.

The Bloomberg Gender Equality Index^{vii} for the fourth consecutive year named Tech Mahindra for underscores the unwavering commitment to fostering diversity and inclusivity at workplace. The transformative impact of gender parity, evident in company's efforts to provide fair opportunities, nurture a diverse and inclusive culture, prioritize employee wellness, and uphold the authenticity of every individual in our workforce. The diversity, equity, and inclusion policies not only foster a sense of belonging amongst the team but also empower them to thrive in a purposeful and supportive environment. The company continues the journey towards a more equal world, it remains resolute in the mission to drive change and promote gender equality within the organization and beyond.

Dr Reddy Laboratories

In 2022, Dr. Reddy's embarked on a bold journey towards social responsibility by integrating ambitious social goals into its Environment, Social, Governance (ESG) agenda. These goals are designed to foster a fairer and more socially inclusive world, focusing on diversity, equity, and inclusion. By 2030, our aim is to have at least 35% women in senior leadership roles, with gender parity across the organization targeted by 2035. Additionally, we aspire to have three percent of our workforce comprised of persons with disabilities by 2030, and to ensure that 100% of our on-premises extended workforce receives living wages by 2025^{viii}.

For the sixth consecutive year, Dr. Reddy's has proudly secured a place in the prestigious Bloomberg Gender-Equality Index (GEI) 2023. Notably, it stands as the sole Indian pharmaceutical company to be recognized in this esteemed index.^{ix}

These examples demonstrate that companies and industries in India are increasingly recognizing the importance of gender equality, inclusivity, and diversity in the workplace. By implementing policies, programs, and initiatives that support women, individuals with disabilities, and individuals of all gender identities, these companies are not only fostering a more inclusive work environment but also driving positive social change and contributing to India's economic growth and development.

Conclusion

Gender equality is not just a social issue—it is a business imperative. By integrating gender equality into ESG frameworks, companies can drive positive change, foster inclusive workplaces, and unlock new opportunities for growth and innovation. India Inc. is at the forefront of this movement, challenging traditional norms and championing diversity and inclusion. However,

the journey towards gender parity is ongoing, and it requires a collective effort from businesses, governments, and civil society to create a more equitable and sustainable future for all.

This article is published in Taxmann. The link to the same is as follows: -

<https://www.taxmann.com/research/company-and-sebi/top-story/10501000000023784/breaking-barriers-advancing-gender-equality-in-india-inc-through-esg-integration-experts-opinion>

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ⁱ https://dge.gov.in/dge/sites/default/files/2023-05/Female_Labour_Utilization_in_India_April_2023_final__1_-pages-1-2-merged__1_.pdf

ⁱⁱ <https://www.peoplesmatters.in/news/diversity/nine-indian-companies-have-made-it-to-the-2023-bloomberg-gender-equality-index-36879>

ⁱⁱⁱ <https://www.wipro.com/about-us/inclusion-and-diversity/>

^{iv} <https://www.businesswire.com/news/home/20230206005373/en/Wipro-Included-in-2023-Bloomberg-Gender-Equality-Index-for-the-Fourth-Consecutive-Year>

^v <https://www.thehindu.com/education/careers/484-companies-included-in-bloombergs-gender-equality-index-for-2023/article66484311.ece>

^{vi} <https://www.mahindra.com/news-room/press-release/en/tech-mahindra-included-in-bloomberg-genderequality-index-for-the-fourth-consecutive-year>

^{vii} <https://www.businessinsider.in/careers/news/tech-mahindra-wipro-and-dr-reddys-labs-on-bloomberg-gender-equality-index/articleshow/73515898.cms>

^{viii} https://www.drreddys.com/cms/cms/sites/default/files/202307/Dr.%20Reddy%E2%80%99s%20Integrated%20Annual%20Report%202022-23_0.pdf

^{ix} <https://businesswire.com/news/home/20230208005562/en/Dr.-Reddy%E2%80%99s-included-in-Bloomberg-Gender-Equality-Index-for-the-6th-year-in-a-row-and-SP-Global%E2%80%99s-Sustainability-Yearbook-for-the-3rd-year>



Environmental, Social, and Governance (ESG) Investing: Pioneering Sustainability in Financial Markets

Introduction

ESG investing, also known as sustainable investing, represents a transformative shift in financial markets as investors increasingly prioritize environmental, social, and governance factors alongside financial returns. This approach goes beyond traditional metrics to assess companies' impact on the planet, their treatment of employees and communities, and their governance practices. ESG investors recognize the importance of creating a more sustainable future while also seeking to generate superior financial returns. By integrating ESG considerations into investment decisions, they encourage companies to adopt responsible business practices, mitigate risks related to environmental and social issues, and capitalize on emerging opportunities in sustainable industries. This paradigm shift towards sustainability not only aligns investments with ethical values and long-term sustainability goals but also drives positive change at both corporate and societal levels.

Growth Catalysts for ESG Investing: Driving Forces Reshaping Financial Markets

The surge in ESG investing can be attributed to several compelling growth factors that are reshaping the landscape of financial markets. Firstly, investor demand has been a driving force, with investors becoming increasingly conscious of the risks posed by climate change and other ESG challenges. This heightened awareness has led investors to demand that companies take proactive measures to address these risks, thereby driving the adoption of sustainable practices.

Moreover, the performance aspect of ESG investing has been noteworthy, as studies consistently demonstrate that companies with robust ESG performance tend to outperform their peers across various financial metrics. This includes metrics such as return on equity, total shareholder returns, and risk-adjusted returns, showcasing the tangible financial benefits of prioritizing ESG considerations.

Furthermore, policy support from governments worldwide has played a pivotal role in fostering the growth of ESG investing. The Governments across the globe increasingly backing ESG initiatives through policies such as tax incentives and mandatory disclosure requirements, providing a conducive environment for sustainable investing to thrive.

The impact of ESG investing on financial markets is already evident, with ESG funds consistently outperforming traditional funds across different asset classes. Companies are responding to this investor demand by enhancing their ESG performance, thus further fuelling the momentum of sustainable investing.

For instance, recent research by Morningstar reveals that global sustainable equity funds have outperformed traditional equity funds by an average of 2.1% annually over the past five years, highlighting the financial benefits of ESG integration. Additionally, a survey conducted by BlackRock indicates that a significant majority of investors, accounting for 85%, consider ESG factors to be crucial in their investment decision-making process. These findings underscore the growing significance of ESG considerations in shaping investment strategies and driving positive outcomes in financial markets.

The Significance of ESG Impact: Driving Positive Change Across Multiple Fronts

ESG investing has made a profound impact across various domains, demonstrating its transformative potential in driving positive change. ESG funds are at the forefront of driving investments in clean energy and sustainable technologies, signaling a collective commitment to environmental stewardship and innovation.

Moreover, ESG investing plays a crucial role in reducing corporate greenhouse gas emissions, contributing significantly to global efforts in mitigating climate change. By encouraging companies to adopt sustainable practices and set science-based targets, ESG investing actively promotes environmental responsibility and sustainability.

Furthermore, ESG investing is instrumental in fostering corporate diversity and inclusion initiatives. The focus on diverse talent pools, gender equality, and inclusive workplace practices has led to tangible improvements in corporate diversity targets and inclusion metrics. This shift not only enhances organizational culture and employee well-being but also drives innovation and business success.

The impact of ESG investing has been profound, driving positive change in areas ranging from environmental sustainability to social inclusion, and reshaping the landscape of responsible investing for a more sustainable and equitable future.

Embracing ESG Investing: Strategies for Sustainable Investment Decisions

ESG investing encompasses a range of strategies and approaches that consider Environmental, Social, and Governance (ESG) factors when making investment decisions. Let's explore some common types of ESG investing:

1. **Negative Screening:** This approach involves excluding companies or sectors involved in activities deemed harmful to the environment, society, or ethical principles. For instance, ESG investors would avoid investing in tobacco or firearms manufacturers.
2. **Positive Screening:** This strategy focuses on identifying and investing in companies with strong ESG practices or actively engaged in sustainability initiatives. Investors seek businesses that contribute positively to the environment or society, such as clean-energy companies possibly.
3. **ESG Index Investing:** This strategy tracks indices that include companies with robust ESG practices. Investors can choose from ESG indices that screen and select companies based on ESG criteria with strong ESG performance.
4. **ESG Exchange-Traded Funds (ETFs):** These investment funds track ESG-focused indices or portfolios of companies. They offer exposure to a diversified set of ESG-compliant assets, providing investors with convenient access to companies with strong ESG practices.
5. **Green Bonds:** These fixed-income investments are designed to fund environmentally friendly projects. They are often issued by governments, municipalities, or corporations to support initiatives such as renewable energy or sustainable infrastructure projects.
6. **Impact Investing:** This approach involves making investments that generate measurable positive social or environmental impacts alongside financial returns. Investors seek opportunities aligned with their values, such as affordable housing or clean-energy projects, to drive positive change while earning returns.

By adopting these ESG investing strategies, investors can align their investment portfolios with their sustainability goals and contribute to building a more environmentally friendly and socially responsible financial ecosystem.

Conclusion

ESG investing is driving a significant and positive transformation across financial markets, companies, and society at large. For investors, ESG strategies offer the dual advantage of potentially higher financial returns and the opportunity to support sustainable businesses, aligning their investments with environmental, social, and governance goals.

Companies embracing ESG principles stand to benefit by reducing risk, enhancing their reputation, and attracting and retaining top talent in an increasingly socially conscious market. By prioritizing ESG factors, companies can navigate challenges more effectively and position themselves as leaders in sustainability.

At the societal level, ESG investing plays a crucial role in accelerating the transition towards a more sustainable economy. By directing capital towards environmentally friendly and socially responsible initiatives, ESG investments drive positive change and contribute to building a more resilient and equitable future.

The rise of ESG investing marks a watershed moment in financial markets, ushering in a new era characterized by responsible, sustainable, and profitable investment practices. This shift underscores the growing recognition that sustainable investing is not just morally imperative but also financially rewarding, setting the stage for a more inclusive and prosperous global economy.

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<https://www.taxmann.com/research/company-and-sebi/top-story/10501000000023910/environmental-social-and-governance-esg-investing-pioneering-sustainability-in-financial-markets-experts-opinion>

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Can Corporate Insolvency Resolution Process (CIRP) be initiated against a company that has been struck off from the register of the Registrar of Companies (RoC)?

In the matter of Fedex Express Transportation and Supply Chain Services (India) Private Limited (Appellant) v/s Zipker Online Services Private Limited (Respondent) at National Company Law Appellate Tribunal on 1st May 2024

Facts of the Case:

- M/s Fedex Express Transportation and Supply Chain Services (India) Private Limited (Appellant) was a provider for integrated and turnkey services in shipping, logistics, supply chain management and project.
- M/s Zipker Online Services Private Limited (Corporate Debtor /CD), availed shipping and logistics services from the appellant.
- In lieu of the service, the appellant raised certain invoices from 7 May 2019 to 8 October 2019 but the CD failed to honour the same and thus the operational creditor sent a demand notice, u/s 8 of the Insolvency and Bankruptcy Code, 2016 (IBC/code), for payment of Rs. 18,34,120.93/- with interest but did not receive any response from the CD and hence, filed the application u/s 9 of the IBC for the resolution of the aforesaid amount mentioned in the demand notice.
- The application filed u/s 9 of the IBC, by the appellant was dismissed by National Company Law Tribunal (NCLT), vide its order dated 5 September 2023, on the ground that since the name of the CD had already been struck off by the Registrar of Companies (RoC), therefore, the application u/s 9 of IBC cannot be further prosecuted.
- Aggrieved against this order, the present appeal was filed by the Appellant u/s 61 of the IBC.

Arguments of the Appellant:

- It was argued that striking off the name of the CD from the register maintained by the RoC was not a bar to initiate Corporate Insolvency Resolution Process (CIRP) against the CD and a separate application was not required for restoration of the name of the CD.
- Relied upon two decisions of NCLAT viz., *Hemang Phophalia vs. The Greater Bombay Co-Operative Bank Ltd. & Anr.*, decided on 5 September 2019 and *Elektrans Shipping Pte. Ltd. vs. Pierre D'Silva* decided on 6 September 2019.
- Further, even if the name of the CD was struck off, its liability would continue towards its creditors in terms of section 248(7)&(8) and Section 250 of the Companies Act, 2013(the Act).
- It was also submitted that once the application u/s 7 or u/s 9 of IBC is filed and admitted, either by the Financial Creditor or the Operational Creditor, within the period of 20 years from the date when the name of the Company was struck off u/s 248(5) of the Act, the CD and its directors, officers etc., would be automatically restored in terms of section 252(3) of the Act.

Arguments of the Respondent:

- It was submitted that once a company is struck off, it ceases to exist as a company. Under Section 3(8) of the IBC, CIRP can be initiated only against a CD. A CD is defined as a corporate person under Section 3(7), which further defines a company in accordance with clause 20(2) of the Companies Act, 2012 *as a company incorporated under this Act or any previous company law*.
- Therefore, for an application under Section 7 or 9 of the IBC to be admitted and CIRP to be initiated, the company must be in existence. In this case, the company ceased to exist pursuant to Section 248(5) of the Act, as its name was struck off by RoC.
- The effect of a company being notified as dissolved under Section 250 of the Companies Act, and the right to sue regarding the liability of the company under Sections 248(7) and 248(8), is unrelated to the filing under Section 9 of the Insolvency and Bankruptcy Code (IBC). Section 9 of the IBC is not intended for recovery proceedings, but rather for the resolution of insolvency.
- It was further submitted that the filing of an application under Section 7 of the IBC does not automatically restore the company under Section 252(3) of the Act. Instead, the order passed by the RoC under Section 248(5) must be specifically challenged through an appeal under Section 252(3). The appeal must demonstrate to the NCLT that, at the time its name was struck off, the company was carrying on business or was in operation, or that it is otherwise just to restore the company's name to the register of the RoC.
- The company comes into existence upon its incorporation under Section 7 of the Companies Act and ceases to exist or is dissolved under Section 248(5). It remains dissolved until it is restored through an appeal filed under either Section 252(1) or 252(3) of the Act.

Held:

- The section 252 of the Act was discussed in detailed and it was highlighted that section 252(3) of the Act provides a right of appeal to a company, or any member, creditor, or workman aggrieved by the striking off of the company's name from the register of companies.
- The application can be filed within twenty years from the publication of the notice under Section 248(5). To succeed, the applicant must prove that at the time its name was struck off, the company was either carrying on business, was in operation, or that it is just to restore the company's name. The Tribunal has the power to order the restoration of the company and to place it and all related persons in the same position as if the company's name had not been struck off.
- Further, the NCLAT also revisited various provisions under IBC and it was highlighted that the *CIRP can be initiated only against a CD which may be either by the financial creditor, operational creditor or the CD itself*. The corporate debtor, defined under Section 3(8) of the Code, means a corporate person who owes a debt to any person.
- It was further pointed that the factual aspects which have been placed before in an appeal – it was highlighted that *nothing is automatic that as soon as an application is filed under Section 7 or 9 of IBC by a creditor (financial creditor or operational creditor), the order of the Registrar passed under Section 248(5) the Act is to set aside and the name of the company is restored to the register of the RoC*.
- Section 252(3) of the Companies Act provides a right of appeal to a company, member, director, or workman to challenge the Registrar's order passed under Section 248(5). This appeal can be based on three grounds: that the company was carrying on business, was in operation, or that it is just to restore the company's name. These grounds must be established with pleadings and evidence before the Tribunal. An order for restoration can

only be passed upon satisfying these grounds and can be further appealed under Section 61 of the IBC. *Therefore, there is no automatic restoration of the company upon the filing of an application under Sections 7 or 9 of the IBC.*

- The discussion also revolved around whether an application u/s 9 of the IBC is intended for winding up or for the initiation of CIRP. Where in it was noted that *Winding up of a company can be initiated either voluntarily by the shareholders through a resolution appointing a liquidator, or by an order of the Tribunal where the Tribunal appoints a liquidator, following procedures defined in the Companies Act and other relevant laws. This process typically occurs when a company is unable to pay its debts or under circumstances deemed just and equitable.*
- In the definition under Section 2(94) of the Act, "winding up" includes both winding up under the Companies Act and liquidation under the IBC, depending on the applicable provisions. Therefore, the winding up mechanism can be employed for debt recovery purposes.
- On the other hand, it has been repeatedly held by the *Hon'ble Supreme Court that the IBC is not a debt recovery mechanism but a mechanism for revival of a company fallen in debt. It has been held that the IBC is a beneficial legislation intended to put the CD back on its feet and is not a mere money recovery legislation.*
- The CIRP is not intended to be adversarial to the CD but is aimed at protecting the interests of the CD. The primary focus of the legislation is thus to ensure the revival and continuation of the CD by protecting the CD from its own management and from a corporate death by liquidation. The preamble of the IBC speaks of maximisation of value of assets of the CD and balancing the interests of all the stakeholders with an object to keep the CD as a going concern.
- *Even though rights of recovery are available from the company's assets under Section 248(6), from directors, etc., under Section 248(7), or under the exceptions in Section 250, the application under Section 7 or 9 would not be maintainable because it would effectively constitute an alternative form of recovery governed by winding up provisions.*
- Accordingly the appeal was dismissed!

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**NEWS UPDATES/AMENDMENTS
FOR THE MONTH OF JUNE & JULY 2024**

Sr. No.	News Updates/Amendments	Link & Brief Summary
	NEWS	
1	IBBI seeks to tighten the noose around guarantors of bankrupt firms	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/ibbi-seeks-to-tighten-the-noose-around-guarantors-of-bankrupt-firms/111125855?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-20&dt=2024-06-20&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The IBBI has proposed changes in the resolution plan process to hold guarantors accountable, following the Supreme courts ruling.</p>
2	RBI to ease compliance burden while fine tuning regulations to address evolving risks	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/rbi-to-ease-compliance-burden-while-fine-tuning-regulations-to-address-evolving-risks/111181388?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-22&dt=2024-06-22&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The Reserve Bank of India has decided to reduce the compliance burden to make life easier for the financial service entitles while it is finetuning the regulatory and supervisory framework to make them ready to face evolving challenges.</p>
3	Sebi weighs tighter checks for stocks at F&O entry gate	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/sebi-weighs-tighter-checks-for-stocks-at-fo-entry-gate/111245979?utm_source=whatsapp_web&utm_medium=social&utm_campaign=socialsharebuttons</p> <p>The Securities and Exchange Board of India (Sebi) will consider a proposal to tighten rules on the inclusion of stocks in the derivatives segment at its board meeting on June 27,2024</p>
4	India Inc's CSR spends on sports likely to surge in next few years	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/india-incs-csr-spends-on-sports-likely-to-surge-in-next-few-years/111271452?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-26&dt=2024-06-26&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>As the Indian contingent is gearing up for participating in the 2024 Olympics in Paris next month , companies that have been supporting the</p>

		athletes would be keenly following their performance.
5	Centre eyeing one startup in every district by next year	<p>https://cfo.economictimes.indiatimes.com/news/entre-eyeing-one-startup-in-every-district-by-next-year/111271780?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-26&dt=2024-06-26&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The government is optimistic about its plan to have at least one registered startup in all 785 districts of the country, industry department officials said.</p>
6	India passes anti-money laundering review, but FATF calls for improved oversight in non-financial sectors	<p>https://economictimes.indiatimes.com/news/economy/policy/india-passes-anti-money-laundering-review-despite-concerns/articleshow/111339646.cms</p> <p>India's compliance with anti-money laundering rules under FATF scrutiny includes improving supervision in non-financial sectors and facing criticism over counter-terrorism laws, with the country being a member of the FATF alongside major economies like the US, Japan, France, EU, and China.</p>
7	Sebi board approves removal of fin disincentive for MD, CTO of stock exchanges for tech glitches	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-board-approves-removal-of-fin-disincentive-for-md-cto-of-stock-exchanges-for-tech-glitches/111322714?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-28&dt=2024-06-28&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Market regulator has approved a proposal to remove the imposition of financial disincentives on the Managing director and chief technology officer of stock exchange and other market infrastructure institutions for technical glitches.</p>
8	SEBI approves stricter norms for inclusion of derivative trading on individual stocks	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-approves-stricter-norms-for-inclusion-of-derivative-trading-on-individual-stocks/111319935?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-28&dt=2024-06-28&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Capital market regulator has approved stricter norms for the entry and exit of individual stocks in the derivatives segment and set up an expert group to look into the Futures & Option (F&O) category.</p>

9	SEBI board approve norms for finfluencers	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-board-approve-norms-for-finfluencers/111319884?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-28&dt=2024-06-28&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Capital market regulator has approved norms to regulate unregistered financial influencers to address the risk associates with finfluencers.</p>
10	SEBI amends FPIs' registration rules	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-amends-fpis-registration-rules/111319912?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-28&dt=2024-06-28&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>SEBI has tweaked the guidelines for registration of foreign portfolio investors (FPI) pertaining to non-resident Indians, overseas citizens of India and resident Indian as participants of such foreign investors.</p>
11	Departments advised against blanket approval of Chinese FDI	<p>https://cfo.economictimes.indiatimes.com/news/policy/departments-advised-against-blanket-approval-of-chinese-fdi/111300732?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-27&dt=2024-06-27&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>India's security establishment is advocating a cautious approach to any unhindered and blanket approval to the FDI proposals from China given the history of corporate behaviour of Chinese companies in the country.</p>
12	SEBI eases trading norms for company insiders	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/sebi-eases-trading-norms-for-company-insiders/111301153?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-06-27&dt=2024-06-27&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The SEBI has given flexibility to senior executives of listed companies relating to their trading plans under insider trading norms.</p>
13	Sebi issues guidelines on structure, responsibilities of MIIs' committees	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-issues-guidelines-on-structure-responsibilities-of-miis-committees/111266593?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-28&dt=2024-06-28&em=aGFzdGl2b3JhQG1tamMuaW4=</p>

		<p>26&dt=2024-06-26&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Market regulator has revised its oversight framework for stock exchange and other market infrastructure institutions, defining the structure and responsibilities of various statutory committees to enhance governance.</p>
14	BPO and Cross-Border Data Transfer: A Data Privacy Concern	<p>https://legal.economictimes.indiatimes.com/news/opinions/bpo-and-cross-border-data-transfer-a-data-privacy-concern/111252382?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-06-26&dt=2024-06-26&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>As businesses navigate the complexities of cross-border data transfers, understanding and complying with India's DPDP Act is essential to avoid legal pitfalls and maintain customer trust.</p>
15	Kal Ho Na Ho: Sebi Chairperson open to taking some derivative products off the market, says market understands "regulatory risk"	<p>https://search.app/e3kHJEHJ84SdgDv49</p> <p>SEBI's Madhabi Puri Buch said that the regulator has observed the highly speculative nature of trading in weekly options and that it will take action based on the recommendations made by the working committee set up under the Secondary Market Advisory Committee</p>
16	Commerce ministry seeks views of departments on measures to revive SEZs, promote economies of scale: Official	<p>https://economictimes.indiatimes.com/news/economy/policy/commerce-ministry-seeks-views-of-departments-on-measures-to-revive-sezs-promote-economies-of-scale-official/articleshow/111402110.cms?from=mdr</p> <p>The main issue in SEZs is that we are not able to get economies of scale. The connect between SEZs and the domestic tariff area (DTA) or domestic market has to be improved. There are also issues if DTA is selling to SEZs," the official said.</p>
17	SEBI proposes MF Lite norms for passively managed mutual fund schemes	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-proposes-mf-lite-norms-for-passively-managed-mutual-fund-schemes/111409799?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-02&dt=2024-07-02&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets watchdog SEBI has proposed a relaxed regulatory framework for the passively managed mutual fund (MF) schemes in a bid to reduce compliance requirements.</p>

18	SEBI directs MIIs to implement uniform, equal charge structure for all members	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-directs-miis-to-implement-uniform-equal-charge-structure-for-all-members/111411648?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-02&dt=2024-07-02&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets regulator SEBI has directed stock exchanges and other market infrastructure institutions to implement a uniform and equal charge structure for all members rather than varying charges based on their volume or activity.</p>
19	Sebi mandates email as default mode for dispatching CAS by depositories, Mutual Fund-RTA	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-mandates-email-as-default-mode-for-dispatching-cas-by-depositories-mutual-fund-rta/111433527?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-03&dt=2024-07-03&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets regulator Sebi on Tuesday mandated email as a default mode of dispatch of 'consolidated account statement' which provides an account of securities traded by an investor, by depositories and mutual fund registrar and transfer agents.</p>
20	Budget 2024 : Fintechs seek regulatory clarity, improved licensing, tax reforms	<p>https://www.google.com/url?sa=t&source=web&ct=j&opi=89978449&url=https://www.livemint.com/industry/budget-2024-fintechs-push-for-policy-overhaul-look-for-regulatory-clarity-improved-licensing-tax-reforms-11719821311125.html&ved=2ahUKEwj56M_NjoqHAXVhzDgGHd7-BQ4QFnoECBAQAw&usq=A0vVaw3CrKjuhWjiKnW_-MDXq2Wa</p> <p>As fintechs look to deepen presence, they seek a clearer regulatory framework that promotes financial inclusion.</p>
21	IPs spend significant time on issues related to statutory authorities during IBC process: Survey	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/ips-spend-significant-time-on-issues-related-to-statutory-authorities-during-ibc-process-survey/111474717?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-04&dt=2024-07-04&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Insolvency professionals face challenges with statutory authorities and enforcement agencies during the resolution process, as per survey by IPI.</p>

22	Indian startups raised nearly \$7 billion in first half of 2024	<p>https://cfo.economictimes.indiatimes.com/news/corporate-finance/indian-startups-raised-nearly-7-billion-in-first-half-of-2024/111474753?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-04&dt=2024-07-04&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Indian startups have raised nearly \$7 billion in funding during the first half (H1) of 2024, more than the \$5.92 billion raised in H1 2023.</p>
23	SEBI allows passive funds to invest in listed securities of sponsor's group cos beyond 25 pc	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-allows-passive-funds-to-invest-in-listed-securities-of-sponsors-group-cos-beyond-25-pc/111467006?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-04&dt=2024-07-04&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets regulator SEBI has streamlined norms for passive funds - index funds and Exchange Traded Funds (ETFs) - pertaining to exposure to securities of group companies of the sponsor to facilitate a level playing field for mutual funds</p>
24	SEBI notifies institutional mechanism for brokers to prevent mkt abuse	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-notifies-institutional-mechanism-for-brokers-to-prevent-mkt-abuse/111457118?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-04&dt=2024-07-04&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets regulator SEBI has notified an institutional mechanism that requires stock brokers to put In place systems for detection and prevention of market abuse.</p>
25	SEBI reduces face value of debt securities to Rs 10,000 to boost retail participation	<p>https://legal.economictimes.indiatimes.com/news/regulators/sebi-reduces-face-value-of-debt-securities-to-rs-10000-to-boost-retail-participation/111467185?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-04&dt=2024-07-04&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Markets regulator SEBI drastically cut the face value of debt securities to Rs. 10,000 from Rs.1 lak at present to boost participation of retail investors in the corporate bondmarket</p>

26	SEBI chair Madhabi Puri Buch urges industry to report mischief in markets	<p>https://www.business-standard.com/markets/news/sebi-chair-urges-industry-to-report-bad-practices-or-mischief-in-market-124070400845_1.html</p> <p>SEBI chairperson Madhabi Puri Buch on Thursday urged market participants and industry officials to report bad practices or mischief in the market to avoid a “heavy hand” from the regulator.</p>
27	Accounting standards for banking, insurance sectors soon: MCA secretary	<p>https://www.business-standard.com/finance/news/accounting-standards-for-banking-insurance-sectors-soon-mca-secretary-124070101173_1.html</p> <p>The Centre is working on coming up with accounting standards for the banking and insurance sectors, Corporate Affairs Secretary Manoj Govil said.</p>
28	SEBI likely to act against ‘silent’ PMS firms	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/sebi-likely-to-act-against-silent-pms-firms/111565664?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-08&dt=2024-07-08&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>Regulator SEBI expresses concern over unresponsive PMS firms in the market. Compliance issues and potential misuse of licenses highlighted. APMI maintains communication with compliant members.</p>
29	Government reviews FDI caps, may help defence, insurance sectors	<p>https://cfo.economictimes.indiatimes.com/news/policy/government-reviews-fdi-caps-may-help-defence-insurance-sectors/111565777?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-08&dt=2024-07-08&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The Govt. is looking to review FDI caps for sectors such as defence, insurance and plantations and look at the processes that can be eased to streamline the regime.</p>
30	7 proposals on table for SEBI expert group for short term measures to tame F&O frenzy	<p>https://legal.economictimes.indiatimes.com/news/regulators/7-proposals-on-table-for-sebi-expert-group-for-short-term-measures-to-tame-fo-frenzy/111559525?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etlegal_news_2024-07-08&dt=2024-07-08&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The Sebi-appointed expert group on exchange-traded derivatives started discussion on seven</p>

		proposals to address regulatory issues and protect small investors from risks in index and stock option trading.
31	Key amendments to IBC, companies law likely in winter session	<p>https://m.economictimes.com/news/economy/policy/key-amendments-to-ibc-companies-law-likely-in-winter-session/articleshow/111543189.cms</p> <p>The MCA likely to introduce amendments to IBC and Companies act in the winter session of Parliament.</p>
32	Compliances cut, MCA gets tough on flouting companies law	<p>https://cfo.economictimes.indiatimes.com/news/governance-risk-compliance/compliances-cut-mca-gets-tough-on-flouting-companies-law/111593871?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-09&dt=2024-07-09&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>In the June quarter, various Registrars of Companies (RoCs) issued a total of 321 orders against firms for alleged lapses of the Companies act.</p>
33	Budget 2024: Govt may relax 45-day payment rule for MSMEs	<p>https://cfo.economictimes.indiatimes.com/news/policy/budget-2024-govt-may-relax-45-day-payment-rule-for-msmes/111622208?action=profile_completion&utm_source=Mailer&utm_medium=newsletter&utm_campaign=etcfo_news_2024-07-10&dt=2024-07-10&em=aGFzdGl2b3JhQG1tamMuaW4=</p> <p>The government is considering relaxing the 45-day payment requirement to MSMEs to prevent large corporations from seeking other sourcing options.</p>

AMENDMENTS / CIRCULARS /CONSULTATION PAPERS

1	BSE Circular	<p>https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240622-1</p> <p>Ease of Doing Investments- Non-submission of Choice of Nomination..updating Nomination Details</p>
2	BSE Circular	<p>https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240701-70</p> <p>BSE Circular on introduction of a special call auction mechanism for price discovery of scrips of listed Investment Companies (ICs) and listed Investment Holding Companies (IHCs)</p> <p>SEBI has introduced a special call auction mechanism for effective price discovery of infrequently traded scrips of listed Investment</p>

		<p>Companies (ICs) and Investment Holding Companies (IHCs), which often trade at prices significantly lower than their book value.</p> <p>The first auction will occur in *October 2024*, using the latest available audited financial statements of these companies.</p>
3	BSE Circular	<p>https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240702-10</p> <p>BSE Circular on modification in duration for Call Auction in pre-open session for Initial Public Offer (IPO) and Relisted scrips.</p> <p>Current provisions related to call Auction session for IPO and relisted scrips, have been modified introducing additional surveillance measures.</p> <p>These changes, effective from the 90th day of issuance, amend paragraph 17.2.1 of the SEBI Master Circular dated October 16, 2023.</p>
4	Consultation on Draft Circulars - Amendment to Master Circulars for InvITs and REITs dated May 15, 2024.	<p>https://www.sebi.gov.in/reports-and-statistics/reports/jul-2024/consultation-on-draft-circulars-amendment-to-master-circulars-for-invits-and-reits-dated-may-15-2024_84665.html</p> <p>Proposed to amend master circulars for InvITs and REITs to provide that restriction relating to the right to nominate a Unitholder Nominee Director shall not be applicable if the right to appoint a nominee director is available in terms of clause (e) of sub-regulation (1) of regulation 15 of the SEBI (Debenture Trustees) Regulations, 1993.</p> <p>Comments to be submitted by July 29,2024</p>
5	Master circular on surveillance of securities market	<p>https://www.sebi.gov.in/legal/master-circulars/jul-2024/master-circular-on-surveillance-of-securities-market_84680.html</p> <p>The SEBI had issued a master circular on March 23, 2023, consolidating provisions from various circulars to enhance surveillance of the securities market.</p> <p>This circular organizes information under headings such as trading rules, dematerialized shareholding, monitoring of unauthenticated news by market intermediaries, and disclosure reporting under the SEBI (Prohibition of Insider Trading) Regulations, 2015.</p>

6	BSE Circular	<p>https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240703-8</p> <p>The Securities and Exchange Board of India (SEBI) had issued a circular on June 14, 2024, modifying the framework for Offer for Sale (OFS) of shares to employees through the stock exchange mechanism.</p> <p>Employees are now required to place bids on T+1 day at the cut-off price of T Day, amending paragraph 5(vi)</p> <p>New provisions will be effective 30 days from the issuance of the latest circular.</p>
7	SEBI Circular	<p>https://www.sebi.gov.in/legal/circulars/jul-2024/reduction-in-denomination-of-debt-securities-and-non-convertible-redeemable-preference-shares_84573.html</p> <p>SEBI circular on reduction in denomination of debt securities and non-convertible redeemable preference shares</p> <p>Modification to Chapter V of the Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024</p>



Sr No	Media comment	Link to the Media comment
01	Starting today, India's top 100 listed companies must verify market rumours within 24 hours	<p data-bbox="660 277 1350 416">https://www.businesstoday.in/markets/stocks/story/starting-today-indias-top-100-listed-companies-must-verify-market-rumours-within-24-hours-431687-2024-06-01</p> <p data-bbox="660 488 1350 689">“The move would dissuade leaking of information that would affect the valuation in the given corporate action. This initiative of SEBI would help strengthen the rumour verification framework. It would help in achieving a fair market thereby making it a preferred market for investors all over the world.”</p>
02	MCA penalises Samsung Display Noida for breach of Companies Act norms	<p data-bbox="660 689 1350 828">https://m.economictimes.com/industry/cons-products/electronics/mca-penalises-samsung-display-noida-for-breach-of-companies-act-norms/articleshow/110977498.cms</p> <p data-bbox="660 864 1350 1066">This is the third such instance in two months when the RoC penalised unlisted companies, having foreign shareholdings, for not taking the required steps to identify significant beneficial owners, according to Makarand M Joshi, founder of corporate compliance firm MMJC and Associates.</p> <p data-bbox="660 1102 1350 1240">"From this it is seen that the government is keen on investigating and identifying significant beneficial owners wherever foreign shareholders are holding a majority stake,".</p>
03	More than 20 loss making firms paid dividends in FY24	<p data-bbox="660 1240 1350 1344">https://www.moneycontrol.com/news/business/earnings/more-than-20-loss-making-firms-paid-dividends-in-fy24-12755530.html</p> <p data-bbox="660 1379 1350 1482">On the legal front, loss-making companies need to ensure compliance with all applicable laws before declaring dividends.</p> <p data-bbox="660 1518 1350 1720">Apart from the legal framework, companies (both profit and loss-making) need to consider aspects such as expansion plans, market price, and geopolitical situations leading to escalations in the cost of managing the business, before recommending dividends, say market participants.</p> <p data-bbox="660 1756 1350 1859">Companies also have the flexibility to pay dividends using profits from previous years without any limit on the amount.</p> <p data-bbox="660 1895 1350 2027">However, when dividends are paid from general reserves, there are specific restrictions on both the amount and the rate of dividends. In either scenario, provisions for depreciation must be accounted for, and</p>

		<p>any losses incurred in the current or previous years must be adjusted before dividends can be distributed.</p> <p>Also, approval from shareholders is mandatory if dividends are declared from general reserves. In contrast, dividends funded from profits of previous years can be declared as interim dividends by the board without needing prior shareholder approval.</p>
04	Stock trading gets easier for company insiders in India: Here is how	<p>https://www.business-standard.com/finance/personal-finance/stock-trading-gets-easier-for-company-insiders-in-india-here-is-how-124062700324_1.html</p> <p>With this change SEBI also brings in flexibility in implementing trading plans under exceptional circumstances, thereby offering relief for KMPs and CXOs holding stock options. It is an employee-centric initiative aimed at making trading plans more corporate-friendly. Additionally it will facilitate ease of doing business.</p> <p>The prohibition of Insider Trading Regulations had previously hindered employees' ability to create wealth through ESOPs. This move will ease out burden, making it easier to exercise stock options and trade while remaining compliant with these regulations</p>
05	SEBI mulls relaxing some disclosure norms for listed firms	<p>https://www.thehindubusinessline.com/markets/sebi-mulls-relaxing-some-disclosure-norms-for-listed-firms/article68341115.ece</p> <p>SEBI revamps provisions relating to trading plans by ensuring a balance between its usage and avoiding misuse. This move will bring in ease in complying with Prohibition of Insider Trading (PIT) regulations for market participants.”</p> <p>The PIT Regulations had previously hindered employees' ability to create wealth through ESOPs. This move will reduce burden, making it easier to exercise stock options and trade while remaining compliant with the regulations,</p>
06	India's New Rules May Spur Founders to Revive Delisting Offers	<p>https://www.bloomberg.com/news/articles/2024-06-27/india-sebi-tweaks-rules-for-stock-derivatives-deslisting-norms</p> <p>For founders, “listing had become a no-exit” endeavor but with this framework “both entry and exit will be possible and realistic.</p>
07	Voluntary delisting norms: M&A deal activity may improve post Sebi tweaks	<p>https://www.businesstoday.in/markets/story/voluntary-delisting-norms-ma-deal-activity-may-improve-post-sebi-tweaks-435021-2024-06-28</p>

		<p>It is a good initiative by Sebi considering all those entities who attempted delisting in the past few years and were not successful. These entities may make an attempt again for delisting. With the amended delisting framework, now even if the entity fails to acquire 90 per cent of total share capital but if the majority of public shareholders are ready to offer shares, then the delisting process can be successful.</p> <p>Listing had become a no-exit entry. With this framework entry and exit both will be possible and realistic."</p>
08	New Sebi rules likely to spur founders to revive delisting offers	<p>https://www.business-standard.com/markets/news/new-sebi-rules-likely-to-spur-founders-to-revive-delisting-offers-124062800404_1.html</p> <p>listing had become a no-exit" endeavor but with this framework "both entry and exit will be possible and realistic.</p> <p>Bloomberg copy picked up by Business Standard</p>
09	IPOs won't be a no-exit entry, say experts after Sebi makes delisting easier	<p>https://m.economictimes.com/markets/ipos/fpos/ipos-wont-be-a-no-exit-entry-say-experts-after-sebi-makes-delisting-easier/amp_articleshow/111338110.cms</p> <p>It is a good initiative by Sebi considering all those entities who attempted delisting in the past few years and were unsuccessful. These entities may attempt again for delisting. With the amended delisting framework now even if the entity fails to acquire 90% of total share capital but if the majority of public shareholders are ready to offer shares then the delisting process can be successful.</p> <p>He said with the new framework, entry, and exit will be possible and realistic. Under the new mechanism, the fixed price offered by an acquirer shall be at least a 15% premium over the floor price as determined under Delisting Regulations. Public shareholders would be given a binary option to accept or reject the offer at a reasonable fixed price.</p>

