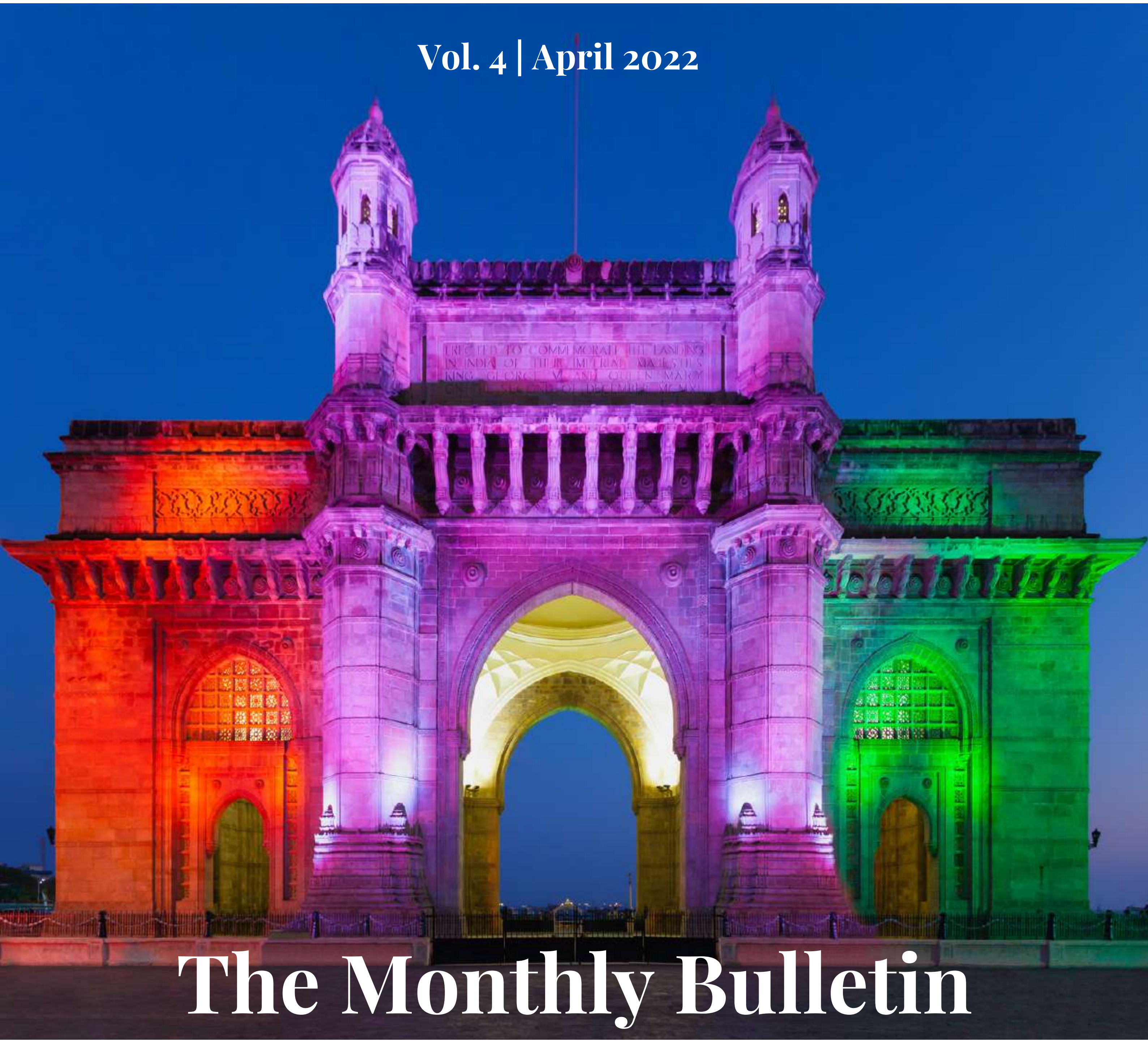
Vol. 4 | April 2022



The Monthly Bulletin

Official Newsletter

Clasis Law

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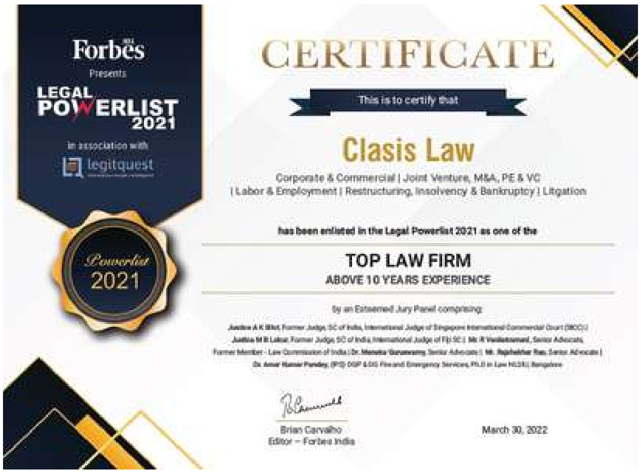
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Powerlist 2021

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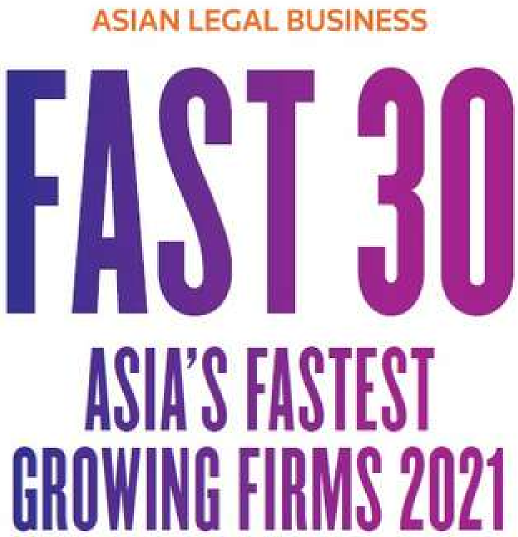

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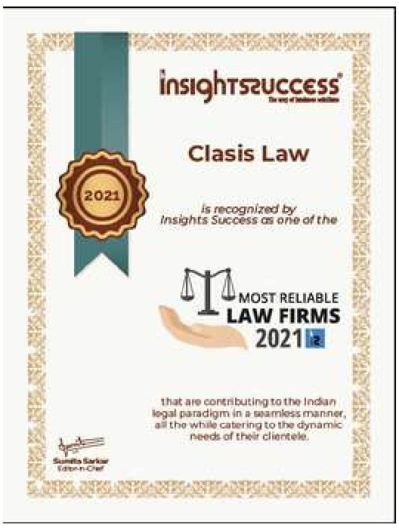
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Editor-in-Chief

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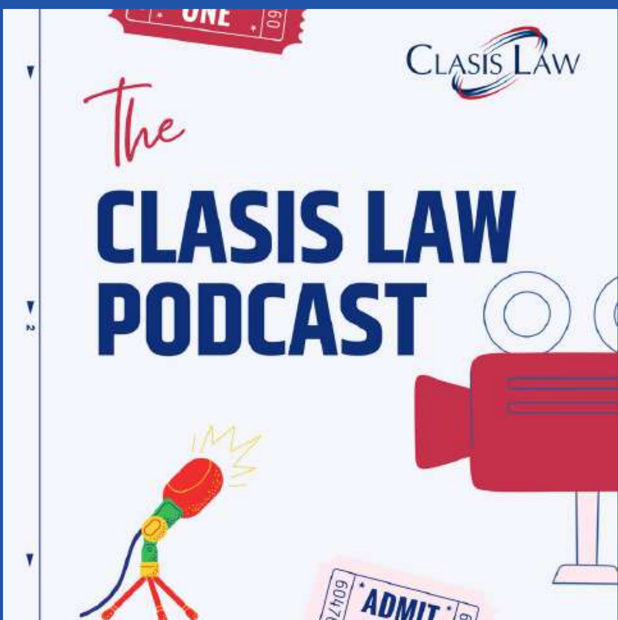
Latest Episode

Arbitration in Hong Kong

Other Episodes



- ***Wills & Probate - Legal Overview for Indian Residents residing in Hong Kong.***
- ***The Cost of War - Russia's invasion on Ukraine.***
- ***CryptoHype***
- ***Meta - The way ahead***
- ***Privatization of BPCL***
- ***Let's talk about Mental health***

Guest Article

ECONOMIC TORTS

By - Mr. Hasith Seth
Independent Counsel
Commercial Litigation & Arbitration

A class of torts are grouped under the heading of **"economic torts"**. With a rapidly expanding economy, Indian courts are likely to engage with greater number of economic torts cases in near future. Economic torts are a powerful remedy for specific business problems. English and Indian courts are very conservative in expanding the category of recognised torts. Hence, economic torts remain a category that is well recognised but narrowly bounded in the precedents.

Examples of recognised economic torts are: conspiracy, intimidation, procuring a breach of contract, deceit, malicious falsehood and intentional harm (interference with economic and other interests). The tort of passing-off to prevent unfair competition also fits in this category, but it is distinct enough with a long history of its own. In economic torts, unlike other torts, the injury is purely economic. The loss in economic torts being purely monetary, no claim lies for damages caused by injury to property or person. The remedy for economic torts is money damages. The history of economic torts is rooted in a reaction to trade unions' expansion and is only a few decades old. In many common law jurisdictions, the trade union aspect is now a part of statutory law.

Since 1980s, three categories of economic torts are well recognised. The first category is of direct interference. There the defendant is liable for inducing breach of contract and at times breach of statutory or fiduciary duties. The second category is intentional interference with plaintiff's business or profession through unlawful methods. The third category is the tort of lawful means category that needs malice in defendants' method though the means are lawful.

Courts have narrowly confined these torts to specific situations contrasted with the wide ranging tort of negligence. (See, John Eldridge, et al. , Economic Torts and Economic Wrongs, 2021).

Let us consider the key economic tort: inducing or procuring a breach of contract. Winfield and Jolowicz in their classic book 'Tort' (2014, edn.) state a familiar pattern in this tort: "D commits a tort against C if, without lawful justification, he induces or procures A to break A's contract with C". Breach is a necessity for this tort. Mere interference in performance is not sufficient for this tort. Knowledge of the contract is also necessary but does not extend to the details of contract. Intent to cause a breach is also required. Inducement through persuasion is required but excludes merely advice.

The other important economic tort is intentionally causing loss by unlawful means. An example is thus: If A uses unlawful means against B that hampers B's ability to deal with C and where A intends to cause loss to C, then A has committed a tort against C. This tort requires that A has an intention to attack C through A.

Indian courts have dealt with economic torts at regular intervals. For example, the Delhi High Court in Pepsi Foods v. Bharat Coca-Cola, 1999 SCC OnLine Del 530, considered the economic torts of: conspiracy, unlawful means, interference in business, and inducement to breach of contract. Many other cases can be found dealing with economic courts decided by the Indian courts. Some of these have been in the domain of employment law's overlap with non-compete contract clauses.

To conclude, economic torts offer a unique set of remedies that deal with business and contractual issues. The economic loss sustained by economic torts is at times impossible to remedy by contract remedies. In such instances, the economic torts offer an important tool to remedy civil wrongs.

LEGAL UPDATE

APPLICATION FOR APPOINTMENT OF ARBITRATOR TO BE FILED ONLY BEFORE HIGH COURTS POSSESSING JURISDICTION

The Supreme Court of India, in its recent judgement[1] in **M/S Ravi Ranjan Developers Pvt Ltd v/s Aditya Kumar Chatterjee**[2] has clarified the position as to whether an application under Section 11(6) of the Arbitration and Conciliation Act, 1996 **("Arbitration Act")** for appointment of an Arbitrator/Arbitral Tribunal can be filed before any High Court in India irrespective of its jurisdiction to adjudicate on the dispute.

Brief Facts

The brief facts leading to the present dispute are that Ravi Ranjan Developers Pvt. Ltd. **("Appellant")** and Aditya Kumar Chatterjee **("Respondent")** had entered into a Development Agreement for the development of property situated at Muzaffarpur, Bihar. The said agreement, executed and registered in Muzaffarpur, Bihar, contained the below mentioned arbitration clause:

"That in case of any dispute or difference between the parties arising out of and relating to this development agreement, the same shall be settled by reference of the disputes or differences to the Arbitrators appointed by both the parties and such Arbitration shall be conducted under the provisions of the Indian Arbitration and Conciliation Act, 1996 as amended from time to time and the sitting of the said Arbitral Tribunal shall be at Kolkata."

On account of differences and disputes, the abovementioned arbitration clause was invoked by the Respondent and led to filing of an application before the Calcutta High Court under Section 11(6) of the Arbitration Act for the appointment of an arbitrator. In opposition to this application, the Appellant filed an Affidavit, *inter-alia*, questioning the territorial jurisdiction of the Court to decide the application. The Appellant contended that the High Court lacked the territorial jurisdiction to decide the application primarily due to the following reasons:

(a) The Development Agreement was executed and registered in Muzaffarpur, Bihar i.e., outside the jurisdiction of the High Court;

(b) The subject matter of the Development Agreement was also situated in Muzaffarpur, Bihar i.e., outside the jurisdiction of the High Court;

(c) No part of the cause of action had arisen within the jurisdiction of the High Court; and

(d) The Calcutta High Court did not constitute “Court” within the meaning of Section 2(1)(e) of the Act as the subject matter of the dispute was immovable property situated in Muzaffarpur, Bihar.

In response to the above, the Respondent relied on the judgements in ***Indus Mobile Distribution Private Limited v Datawind Innovations Private Limited and Ors(3), Hindustan Construction Company Limited v NHPC Limited and Anr(4) and BGS SGS Soma JV V NHPC Limited(5)*** to contend that as under the Development Agreement, Kolkata had been fixed as the place of arbitration, it operated as an exclusive jurisdiction clause and empowered the Calcutta High Court to decide all arbitral proceedings arising of the agreement.

Eventually, the Calcutta High Court allowed the application and appointed a sole arbitrator in the matter. In the review petition filed by the Appellant, it was contended that the previous order of the Calcutta High Court disclosed an error apparent on the face of record as it had failed to consider the issue of territorial jurisdiction while deciding the application for appointment of arbitrator. The said Review petition was dismissed by the High Court on the ground that as consent had been given by the counsel for the Appellant to the appointment of an arbitrator, such permission could not be permitted to be withdrawn at a later stage. Aggrieved and dissatisfied, the Appellant filed a Special Leave Petition before the Supreme Court challenging the orders of Calcutta High Court allowing the application filed by the Respondent for appointment of arbitrator and dismissing the review application filed against it.

Observations and Findings

The essential question for consideration before the Supreme Court was whether the Calcutta High Court had the jurisdiction to decide the application filed under Section 11(6) of the Act?

After hearing the arguments of both the parties, the Supreme Court in the first instance opined that an order without jurisdiction can be questioned at any time and at any stage. Further, relying upon the judgement of ***Kiran Singh and Ors v Chaman Paswan and Ors(6)*** it also noted that a defect of jurisdiction, whether pecuniary or territorial, or whether in respect of the subject matter of the action, struck at the very authority of the court to pass any decree, and that such a defect could not be cured even by the consent of the parties.

Answering the aforementioned issue for consideration, the Supreme Court noted that the Development Agreement, the related property, the Appellants registered office etc. were all situated outside the jurisdiction of the Calcutta High Court. Additionally, reading the definition of "court" provided in Section 2(1)(e) of the Act harmoniously with Section 11(6), the court held:

"An application under Section 11(6) of the Act for appointment of an Arbitrator/Arbitral Tribunal cannot be moved in any High Court of India, irrespective of its territorial jurisdiction. Section 11(6) of the A&C Act has to be harmoniously read with Section 2(1)(e) of the A&C Act and construed to mean, a High Court which exercises superintendence / supervisory jurisdiction over a court within the meaning of Section 2(1) (e) of the A&C Act. It could never have been the intention of Section 11(6) of the A&C Act that arbitration proceedings should be initiated in any High Court in India, irrespective of whether the Respondent resided or carried on business within the jurisdiction of that High Court, and irrespective of whether any part of the cause arose within the jurisdiction of that court, to put an opponent at a disadvantage and steal a march over the opponent."

The Apex Court also specifically dealt with the contention raised by the Respondent that as under the Development Agreement, Kolkata was the decided place of arbitration therefore, the Calcutta High Court had the exclusive jurisdiction to decide the application for appointment of an arbitrator. In this regard, it was observed by the Apex Court that as per the terms of the agreement, the parties had never agreed to the jurisdiction of the Calcutta High Court and neither had they decided that Kolkata would be the seat of arbitration. It was further clarified that Kolkata was only intended to be the venue of the arbitration proceedings. The Supreme Court relied upon the judgments in ***Union of India vs Hardy Exploration and Production (India) Inc(7), Mankastu Impex Private Limited v Airvisual Limited(8)*** to distinguish "seat/place of arbitration" from "venue of arbitration", and for establishing that only the former had a role in deciding which Court would have supervisory powers over arbitration proceedings. Accordingly, the appeal was allowed and the impugned orders of appointment of Arbitrator and dismissal of review application were set aside.

(1) March 24, 2022
(2) Civil Appeal Nos. 002394 - 002395 of 2022 (arising out of SLP (C) Nos. 17397 – 17398 of 2021)
(3) (2017) 7 SCC 678
(4) (2020) 4 SCC 310
(5) (2020) 4 SCC 234
(6) (1955) SCR 117: AIR 1954 SC 340
(7) (2019) 13 SCC 472
(8) (2020) 5 SCC 399

JUDGEMENTS

In the matter of M/s Gopikishan Polyplast Private Limited for not reporting change of name at every communication

The Registrar of Companies, Gujarat, Dadra and Nagar Haveli **("Adjudicating Officer")** in the matter of M/s Gopikishan Polyplast Private Limited **("Company")**, issued show cause notice to the Company and its officers in default for violation of first proviso of section 12(3) of the Companies Act, 2013 **("Act")**.

In the present case, the Regional Director, NWR, Ahmedabad had issued instructions to adjudicate the matter u/s section 12 of the Act. The Company had changed its name from Archana Vinimay Private Limited to Gopikishan Polyplast Private Limited on September 2, 2013. As per the requirement of the first proviso of sub-section 12(3) of the Act, the Company was required to report the said name change at every communication for two years. However, the Company did not make any such kind of reporting on any documents and thereby violated section 12(3) of the Act which attracted penal provisions of section 12(8) of the Act.

The Adjudicating Officer, levied a penalty of INR 5,00,000 on the Company and its Directors for violation of section 12 (3) of the Act for the period April 1, 2014 (the date of enactment of provisions of the Act) to September 1, 2015.

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In the matter of M/s Gazprom Private Limited for non-maintenance of registered office

In the present case, it was noticed that M/s Gazprom Private Limited ("Company") had failed to maintain its registered office and failed to file notice of change of the situation of the registered office within 30 days of the changes as per the requirement of section 12(4) of the Companies Act, 2013. The Regional Director had issued letter to Company for date of hearing, however, neither any representative of the Company nor its Directors either furnished a suitable reply or appeared before the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. This has further strengthened the apprehension that the Company has not been maintaining a registered office, thus, making the Company and its directors liable to penalty as per section 12(8) of the Companies Act, 2013.

After considering the facts and circumstances of the case, it was decided to impose a penalty of INR 2,00,000 upon the Company and its Directors for violation of 12(1) of the Companies Act, 2013.

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In the matter of M/s Ceigall India Limited for violation of section 149 of the Companies Act, 2013 read with Companies (Adjudication of Penalties) Rules, 2014

In the present case, M/s Ceigall India Limited **("Company")** and its Managing Director filed suo-moto application for adjudication of penalty for non-appointment of a woman director on Board of directors of the Company within the specified time period and thereafter appointing the director belatedly. The Registrar of Companies and Adjudicating Officer, Punjab and Chandigarh imposed a penalty of INR 2,32,000 on the Company and its officer in default for violation of section 149(1) of the Act for the period June 16, 2021 to October 25, 2021.

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In the matter of M/s Aarnav Textile Mills Private Limited for non-appointment of Company Secretary

M/s Aarnav Textile Mills Private Limited **("Company")** being a private limited company raised its paid-up capital to INR 6,69,00,000/- w.e.f. March 31, 2016. However, the Company failed to appoint a whole-time company secretary during the period from October 1, 2016 to September 7, 2019 in accordance with Section 203 of the Companies Act, 2013 (Act). The Registrar of Companies, Gujarat, Dadra & Nagar Haveli (ROC) issued an adjudication notice dated January 12, 2022 to the Company and its officers in default for violation of section 203(1) of the Act read with rule 8A of the Companies (appointment & remuneration of managerial personnel) rules, 2014. The Company requested the ROC to grant four-week time to submit necessary application.

The ROC, after considering the facts & circumstances of the case and submissions made by the authorised representative imposed penalty of INR 500,000/- on the Company and penalty of INR 359,000/- on each Director. The ROC observed that the Company comes under the ambit of small company, accordingly, the provisions of imposing lesser penalty as per the provisions of Section 446B of the Act were considered while imposing penalty for violation of section 203(1) of the Act.

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In the matter of M/s Ashray Premises Private Limited with respect to failure to conduct the Board meetings in each quarter

In the present case, M/s Ashray Premises Private Limited **("Company")** failed to comply with the provisions of section 173(1) of the Companies Act, 2013 (Act) read with secretarial standards-1 issued by Institute of Company Secretaries of India. The Company was under an obligation to hold its first Board meeting within 30 days of the incorporation and thereafter hold at least four board meetings in calendar year as well as gap between the board meetings to not exceed 120 days. However, the Company failed to conduct its Board meetings in the quarters (as mentioned in the order) starting from October 2018 to March 2021 due to no quorum for the purpose of Board meeting. The Registrar of Companies, Maharashtra, Pune **(ROC)** issued an adjudication notice dated December 23, 2021 to the Company and its officers in default for violation of section 173 of the Act. The company submitted the reply to the adjudication notice of the ROC through its authorised representative and pleaded that lenient view be taken while imposing the penalty. The ROC on the scheduled date of hearing February 4, 2022, in the presence of authorised representative of the Company, after considering the facts & circumstances of the case and submissions made by the authorised representative imposed penalty of INR 250,000/- on each Director.

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Limited Liability Partnership Second Amendment Rules, 2022

The Ministry of Corporate Affairs **("MCA")** on March 4, 2022 issued Limited Liability Partnership Second Amendment Rules, 2022 **("Amendment Rules")** to further amend the provisions of Limited Liability Partnership Rules, 2009. The Amendment Rules shall come into force from the date of its publication in the Official Gazette.

Key highlights of the Amendment Rules:

(a) The details of maximum 5 persons (without having DIN) can be mentioned in the incorporation application whose DIN can be procured at the time of incorporation. Earlier DIN for maximum 2 persons was allowed to be procured at the time of incorporation.

(b) The filing of incorporation application of the LLP has been made web based (similar to company formation SPICE Forms). Earlier e-forms were used to be filed for the incorporation of the LLP.

(c) Now, Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) would be allotted and mentioned in the certificate of the incorporation of the LLP issued by the MCA.

(d) The consent to act as designated partners from the designated partners in form 9 would be available auto filled (web based) which would be submitted under the digital signature of the designated partners. It implies that all designated partners would be required to procure their digital signature certificate to submit incorporation application. Earlier, an incorporation application could be submitted under the digital signature of only one designated partner.

(e) Now, in Form FiLLiP, Latitude and longitude of the address of the Registered Office of the LLP would be compulsory to mention.

Press Note on review of FDI Policy for permitting foreign investment in Life Insurance Corporation of India and other modifications for further clarity of the existing FDI Policy

On 14 March 2022, the Department for Promotion of Industry and Internal Trade **("DPIIT")** issued Press Note 1 of 2022 on "Review of FDI Policy for permitting foreign investment in Life Insurance Corporation of India **("LIC")** and other such modifications for further clarity of the existing FDI Policy".

The Government of India reviewed the FDI Policy which came into effect from 15 October 2020 ("FDI Policy") with the intent of permitting foreign investment in LIC and bring forth further modifications for the purpose of providing better consistency and clarity of the existing FDI Policy.
Accordingly, a new Para 5.2.22.1A has been added under the consolidated FDI Policy. Under Para 5.2.22.1A, FDI investment upto 20% under the automatic route in LIC has been permitted subject to certain other conditions.

Some of the other amendments brought forth in the FDI Policy are as follows:

(a) Para 2.1.5 of the FDI policy has been amended to read:

'Capital' means equity shares; fully, compulsorily and mandatorily convertible preference shares; fully, compulsorily and mandatorily convertible debentures and warrants;

Note: The equity shares issued by an Indian company in accordance with the provisions of the Companies Act, 2013 or any other applicable law, shall include equity shares that have been partly paid. Preference shares and convertible debentures shall be required to be fully paid, and to be mandatorily and fully convertible. Further, 'warrant' includes Share Warrant issued by an Indian Company in accordance with the regulations made by the Securities and Exchange Board of India (SEBI), the Companies Act, 2013 or any other applicable law.

(b) Para 2.1.9 of the FDI Policy has been amended to read as:

'Convertible Note' means an instrument

(c) Para 2.1.17 of the FDI Policy has been amended to read as:

'Foreign Investment' means any investment made by a person resident outside India on a repatriable basis in capital instruments of an Indian Company or to the capital of a LLP.

Explanation: If a declaration is made by a person as per the provisions of the Companies Act, 2013 or any other applicable law, about a beneficial interest being held by a person resident outside India, then even though the investment may be made by a resident Indian citizen, the same shall be counted as foreign investment;

Note: A person resident outside India may hold foreign investment either as FDI or as FPI in any particular Indian company.

(d) Para 2.1.27 of the FDI Policy has been amended to read as:

'Indian Company' means a company as defined in the Companies Act, 2013 which is incorporated in India, or a body corporate established or constituted by or under any Central or State Act;

Note:

(1) It is clarified that reference to 'company' or 'investee company' or 'transferee company' or 'transferor company' in the FDI Policy also includes a reference to a body corporate established or constituted by or under any Central or State Act.

(2)It is further clarified that if the term 'Company' or 'Indian company' or 'Investee Company' is qualified by reference to a company incorporated under the Companies Act, such term shall mean a company incorporated under the Companies Act but not a body corporate.

(3) It is also clarified that 'Indian Company' does not include a society, trust or any entity, which is excluded as an eligible investee entity under the FDI Policy.

(e) A new para 2.1.47A has been inserted under the FDI Policy to read as:

'Share Based Employee Benefits' means any issue of capital instruments to employees, pursuant to share based employee benefits schemes formulated by a body corporate established or constituted by or under any Central or State Act.

(f) A new para 2.1.48A has been inserted under the FDI Policy as follows:

'Subsidiary' shall have the same meaning as is assigned to it under the Companies Act, 2013, as amended from time to time.

(g) Para 4 of Annexure 3 of the FDI Policy is amended to be read as under:

Where a scheme of compromise or arrangement or merger or amalgamation of two or more Indian companies, or a reconstruction by way of demerger or otherwise of an Indian company, or transfer of undertaking of one or more Indian company to another Indian company, or involving division of one or more Indian company, has been approved by the National Company Law Tribunal or other authority competent to do so by law, the transferee company or the new company, as the case may be, may issue capital instruments to the existing shareholders of the transferor company resident outside India, subject to the following conditions:

(i) The percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the sectoral cap; and

(ii) The transferor company or the transferee or the new company is not engaged in activities which are prohibited under the FDI Policy.

Note: Government approval shall not be required in case of mergers and acquisitions taking place in sectors under automatic route.

Master Directions- RBI (Regulatory Framework for Microfinance Loans) Directions, 2022

On 14 March 2022, the Reserve Bank of India ("RBI") issued the Master Directions on "Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022" ("Directions").

The provisions of these Directions shall apply to the following entities:

(i) All Commercial Banks (Including Small Finance Banks, Local Area Banks and Regional Rural Banks) excluding Payment Banks.
(ii) All Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks.
(iii) All Non-Banking Financial Companies (Including Microfinance Institutions and Housing Finance Companies.

The above entities are hereafter referred to as 'Regulated Entities (REs)' for the purpose of these Directions.

Definition of Microfinance Loan

A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to INR 300,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.

All collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to INR 300,000, shall be considered as microfinance loans. To ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower. The REs shall have a board-approved policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirement.

The Directions shall be effective from 1 April 2022, subject to the following stipulations:

(a) Existing loans, for which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50%, shall be allowed to mature. However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50% is complied with.

(b) 'Not for profit' companies that are not eligible for the exemptions mentioned in these Directions, are required to register as NBFC-MFIs and adhere to the regulations applicable to NBFC-MFIs. Such companies shall submit the application for registration as an NBFC-MFI to the Reserve Bank within three months of the issuance of this circular. Those companies that currently do not comply with the regulations prescribed for NBFC-MFIs, shall submit a board-approved plan, with a roadmap to meet the prescribed regulations, along with their application for registration.

Exemption under section 5 to obtain Approval from Competition Commission of India

The Section 5 of the Competition Act, 2002 ("Act") requires all the acquisition of one or more enterprises by one or more persons; or merger; or amalgamation of enterprises, which exceeds the threshold limits as prescribed thereunder, to be treated as combination and Section 6(2) requires the parties to such combination to seek approval from Competition Commission of India ("CCI").
However, Ministry of Corporate Affairs ("MCA") vide its notifications issued on March 27, 2017 and March 29, 2017 had exempted such transactions which involved asset size of not more than Rs. 350 Crores or Turnover of not more than Rs. 1,000 Crores of the target entity, from the requirement of sections 5 and 6(2) of the Act for the period of 5 (five) years from March 29, 2017. MCA, has now vide its notification dated March 16, 2022, has further extended the exemption period by another (five) years.

Notification of the Listing Obligations and Disclosure Requirement (Second Amendment) Regulations, 2022

On 22 March 2022, the Securities and Exchange Board of India **("SEBI")** notified the SEBI (Listing Obligations and Disclosure Requirement) (Second Amendment) Regulations, 2022 **("Regulations")**. These Regulations have come into effect in order to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Some of the amendments within the notification are as follows:

(a) Regulation 17, sub-regulation (1B) has been omitted.
(b) Furthermore, in Schedule II in Part E, after clause C, the following shall be inserted:

"D. Separate posts of Chairperson and Managing Director or the Chief Executive Officer

The listed entity may appoint separate persons to the post of Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson Shall-
(a) Be a non-executive director; and
(b) Not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" as defined under the Companies Act, 2013."

The Regulations shall come into force from 22 March 2022.

Circular on Introduction of Options on Commodity Indices-Product Design and Risk Management Framework

On 24 March 2022, SEBI decided to permit recognised Stock Exchanges having a Commodity Derivative segment, to introduce options on commodity indices, in an endeavour to have more products in the Commodity Derivatives Market and based on the recommendation of Commodity Derivatives Advisory Committee (CDAC)and proposal from Stock Exchanges. The product design and risk management framework need to be in conformity with the guidelines enclosed in the ***Annexure*** of this Circular. The recognised Stock Exchanges with a Commodity Derivative segment, willing to introduce trading in options on commodity indices shall take prior approval of SEBI for the same. Stock Exchanges shall submit at-least past three-years data of the index constructed along with data on monthly volatility, roll over yield for the month and monthly return while seeking approval from SEBI. On approval, the Stock Exchange(s) shall also publish the above data on their website before launch of the contract. Stock Exchanges shall make necessary disclosures, such as, open interest of top 10 largest participants / group of participants in "option in indices" (both long and short) and the details of their combined open interest in underlying constituents, etc., in line with SEBI Circular dated 4 January 2019 regarding "Disclosures by Stock Exchanges for commodity derivatives". Stock exchanges shall put in place adequate monitoring and surveillance capacity for the options on indices contracts. The provisions of this circular shall be effective from 24 March 2022.

In addition to the above Stock Exchanges shall place adequate monitoring and surveillance capacity for the options on indices contracts. The provisions of this circular shall be effective from the date of this circular.

Framework for Geo-tagging of Payment System Touch Points

On 25 March 2022, RBI issued the "Framework for Geo-tagging of Payment System Touch Points" **("Geo-tagging Framework")**. To facilitate nuanced spread of acceptance infrastructure and inclusive access to digital payments, the Monetary Policy Statement 2020-21 on 8 October 2021 had announced that a framework for geo-tagging of physical payment acceptance infrastructure would be prescribed by Reserve Bank. Accordingly, a framework for capturing geo-tagging information of payment system touch points deployed by banks / non-bank PSOs is laid out in the Annex. The date from which the information shall be reported to Reserve Bank shall, however, be advised in due course. This framework is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007.

The circular broadly captures:
(a) Background of Geo-tagging.
(b) Infrastructure
(c) Capturing payment touch point details
(d) Reporting Guidelines & methodology
The date from which such information shall be reported to RBI, shall be advised in due course.

Circular on Calculation of Investment Concentration Norm for Category III AIF's

On 28 March 2022, SEBI issued a circular on "Calculation of Investment Concentration Norm for Category III AIF's" **("Circular")**. SEBI amended and notified on 16 March, 2022, Regulation 15(1)(d) of the SEBI (Alternate Investment Funds) Regulations, 2012, in order to provide flexibility to Category III AIFs, including large value funds for accredited investors of Category III AIFs so as to calculate the investment concentration norms by investable funds or by net asset value of the scheme, while investing in listed equity of an investee company. In regards to the aforementioned, the Circular specifies the following:

(a) Existing Category III AIFs may choose to calculate the investment concentration norm based on investable funds with the approval of their trustees or board of directors or designated partners, as the case may be, and to inform their investors within 30 days from the date of the issuance of this Circular.
(b) Placement memorandum of the Schemes of all Category III AIFs shall disclose the basis for calculation of investment concentration norm.
(c) The basis on which the calculation of investment concentration norm is done, shall not be changed during the terms of the scheme.
(d) Compliance with Para 2 of SEBI circular dated 22 November, 2021 shall be ensured if Category III AIFs choose to calculate investment concentration norm based on NAV.
The Circular shall come into effect immediately.

Notification on Legal Metrology (Packaged Commodities) Amendment Rules, 2022

On 28 March 2022, the Department of Consumer Affairs issued a notification on "Legal Metrology (Packaged Commodities) Amendment Rules, 2022" **("Rules")**. The Rules have been issued to amend the Legal Metrology (Packaged Commodities) Rules, 2011. Some of the major amendments are as follows:

(a) In Rule 6, for sub-rule (11), the following sub-rule shall be substituted, namely:

"(11) The unit sale price in rupees, rounded off to the nearest two decimal place, shall be declared on every pre-packaged commodities in the following manner, namely:-

(i) per gram where net quantity is less than one kilogram and per kilogram where net quantity is more than one kilogram;

(ii) per centimeter where net length is less than one metre and per metre where net length is more than one metre

(iii) per mililitre where net volume is less than one litre and per litre where net volume is more than one litre;

(iv) per number or unit if any item is sold by number or unit:

Provided that for packages containing alcoholic beverages or spirituous liquor, the State Excise Laws and the rules made thereunder shall be applicable within the State in which it is manufactured. Provided further that declaration of unit sale price is not required for the pre-packaged commodities in which retail sale price is equal to the unit sale price."

(b) Rule 33, sub- rule (2) shall be omitted.

(c) The Second Schedule (Commodities to be packed in specified quantities) shall be omitted.

In addition to the above points, no prosecution shall be initiated against the manufacturer or packer or importer of pre-packaged commodities for making declaration with effect from the 1 April 2022 in accordance with Legal Metrology (Packaged Commodities) Rules, 2011, as amended by the Legal Metrology (Packaged Commodities) Amendment Rules, 2021 dated the 2 November 2021.

This amendment shall come into force from 1 October 2022.

Companies (Accounts) Second Amendment Rules, 2022

The Ministry of Corporate Affairs vide its notification dated March 31, 2022 has issued the Companies (Accounts) Second Amendment Rules, 2022. Every company which uses accounting software for maintaining its books of account, was with effect from April 1, 2022, required to use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The date for applicability of accounting software having the feature of maintaining the audit trail has been deferred by another year, hence, would be applicable from April 1, 2023.

Further, the due date for filing Form CSR-2 for the financial year 2020-21 has been extended till May 31, 2022.

Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds, Two Factor Authentication ('2FA') for redemption and other related requirements: Extension of timeline

On 31 March 2022, SEBI issued the circular on extension of timeline for discontinuation of usage of pool accounts for transactions in the units of Mutual Funds, Two Factor Authentication ('2FA') for redemption and other related requirements.

Based on discussions with stakeholders and recommendations of the Mutual Fund Advisory Committee, SEBI, vide circular no. 635 dated 4 October 2021 and circular no. 634 dated 4 October 2021discontinued intermediate pooling of funds and/or units in Mutual Fund transactions by stock brokers / clearing members on Stock Exchange platforms and by other entities including online platforms, respectively. The provisions of the said Circulars were to come into effect from 1 April 2022. Subsequently, for smooth implementation of the aforesaid circulars, SEBI, vide circular no. 29 dated 15 March 2022, inter-alia, clarified various modalities of discontinuation of pooling and migration of existing mandates (the aforementioned circulars are collectively referred to as **"Circulars"**). Various other requirements related to the modalities of discontinuation of pooling, measures to prevent third-party payments and to safeguard the interest of unitholders including 2FA for redemption, were also prescribed in the "Circulars".

SEBI is now in receipt of a representation from AMFI, sent in consultation with various stakeholders, seeking additional time for completion of various activities towards implementation of the "Circulars". The activity-wise extended timelines sought by various stakeholders have been provided by AMFI (in Annexure A to this Circular). In the interest of the investors, it has been decided to extend the date of applicability of "Circulars" including the clauses relating to 2FA for redemption and source account verification to 1 July 2022. Also, Clause 2.1.4 of the SEBI circular no. 29 dated 15 March 2022 stands modified as under:

"On or after 1 July 2022, new mandates shall be accepted only in favour of SEBI recognized Clearing Corporations and those mandates shall exclusively be for subscriptions to units of Mutual Fund schemes and not for any other purpose."

Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 – Amendment

On 31 March 2022, the RBI issued a circular clarifying that investments in special securities received from the Government of towards bank's recapitalisation requirement from FY 2021-22 onwards shall be recognised at fair value / market value on initial recognition in held-to-maturity (HTM).

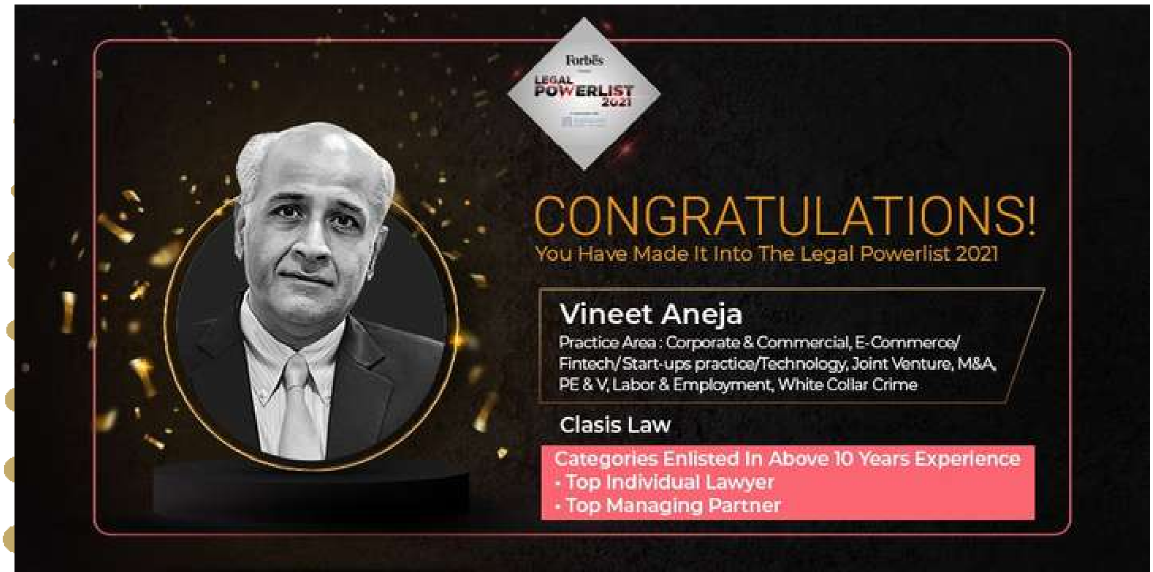
The fair value / market value of these securities shall be arrived on the basis of the prices / yield-to-maturity (YTM) of similar tenor Central Government securities put out by Financial Benchmarks India Pvt. Ltd. (FBIL).

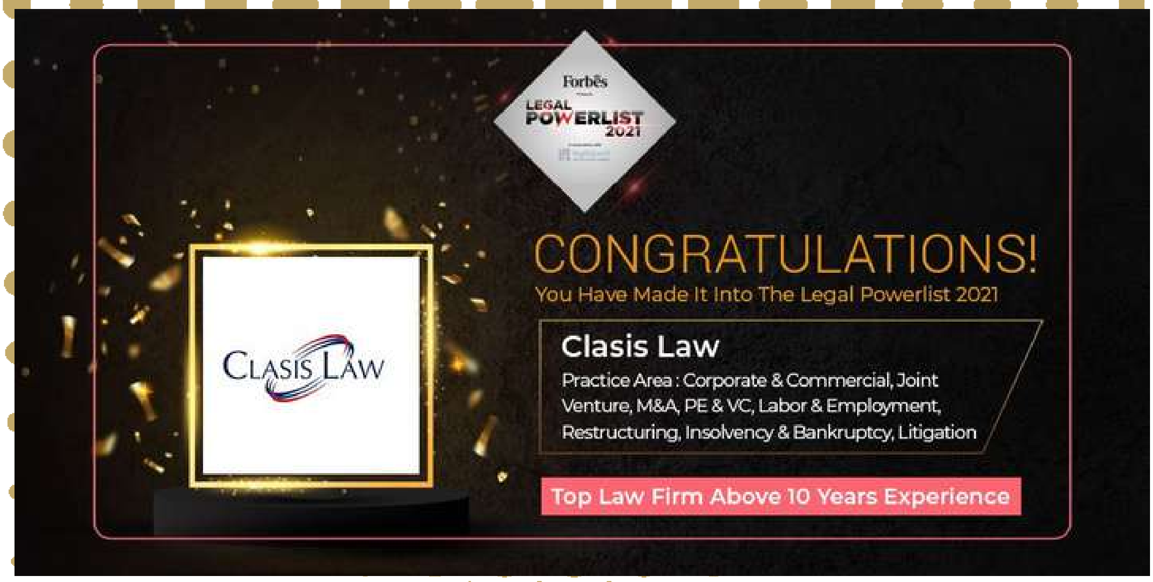
Any difference between the acquisition cost and fair value arrived as above shall be immediately recognized in the Profit and Loss Account.This circular is applicable to all Commercial Banks (excluding Regional Rural Banks).

The relevant sections of the Master Direction are being amended to reflect the aforementioned changes. These instructions come into force with immediate effect.

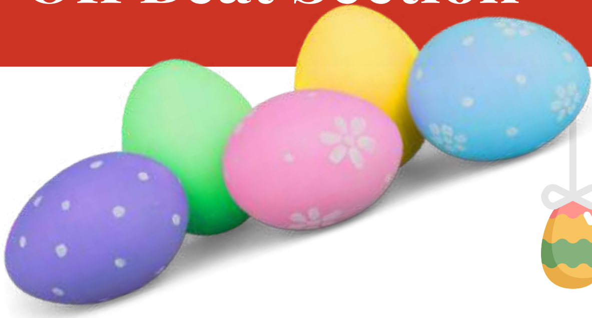
Recent Events

Clasis Law and **Vineet Aneja**, Managing Partner & Head of Corporate Practice was recognized as **"Top Law Firm"** and **"Top Managing Partner"** & **"Top Individual Lawyer"** in the second edition of *"Forbes India Legal Power List 2021"* organized by Forbes India in association with Legit Quest. We are recognized for our high quality services & timely delivery in the areas - *Corporate & Commercial; E-Commerce/Fintech/Start-ups practice/Technology; Joint Venture; M&A; PE & V; Labor & Employment; White Collar Crime; Restructuring, Insolvency & Bankruptcy and Litigation.*

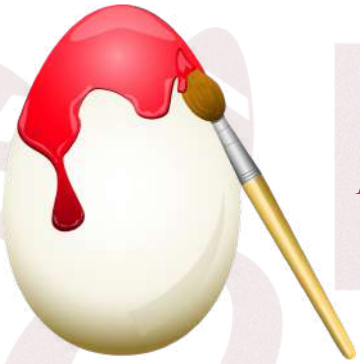




Off Beat Section - Why is "Easter" called "Easter"?

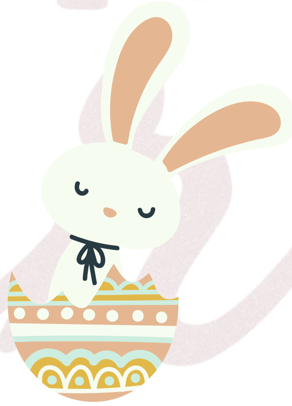


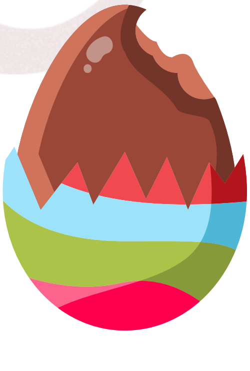
*For many, **Easter** is one of the most sacred and beloved holidays of the year. There's a fascinating history behind Easter, many historians believe that Christians named Easter after Eastre or Eostre, a pagan Anglo-Saxon goddess, in the hopes of encouraging conversion. Like the Christian equivalent, Eastre festivities heralded the coming of spring after winter's long slumber and also celebrated Jesus's resurrection, Easter is one of the most important Christian holy days. Lets quickly read some more facts of this beloved holiday.*



***Eggs Were Originally Dyed to Represent Christ's Blood** - The tradition of dyeing Easter eggs is said to date back to ancient Mesopotamia. In modern times, it continues on in secular fashion as well as in Orthodox and Eastern Catholic churches, where eggs are dyed red, then blessed and passed out to supplicants.*

***The Easter Bunny is German** - Both hares and eggs were signs of fertility in Germany during the Middle Ages, and it was during this time that the legend of an egg-laying, candy-giving bunny was born. It wasn't until the first Germans immigrated to America in the 1700s that the Easter Bunny became a beloved tradition.*





***The World's Tallest Easter Egg was made in Italy in 2011** - It stood a jaw-dropping 34 feet and 1.05 inches tall and weighed 15,873 pounds. Speaking of Easter eggs, a little more than half of Americans say they like their eggs filled with peanut butter, caramel, or chocolate ganache, rather than hollow or made of solid chocolate.*

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