

Vol. 6 | June 2024

Official Newsletter



Table of Content



01

*Doing Business in
India*

02-04

Featured Article

05-12

*Legal, Judgements
& Regulatory
Updates*

13

Off Beat Section

14

*Notable
Recognitions*

15

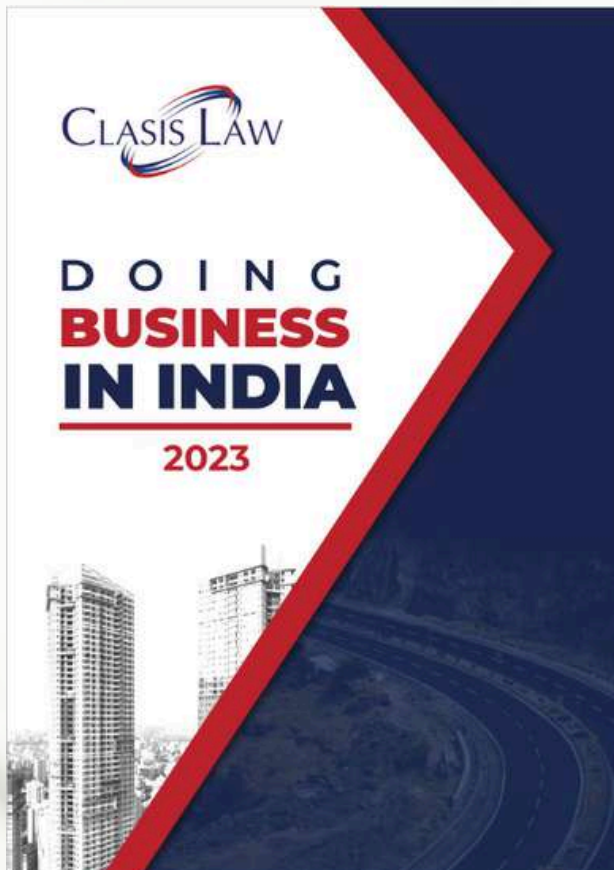
Contact Us

DOING BUSINESS IN INDIA

We are pleased to share the **Fifth Edition** of our e-book titled

"Doing Business in India".

The book intends to give the reader an overview of the various aspects of doing business in India including but not limited to the applicable legislations, compliances and processes.



Please scan the **QR code** above or [Click Here](#) to download the e-book. Alternatively, you may write to us at info@clasislaw.com for the copy.

FEATURED ARTICLE



Supreme Court of India: Arbitration Clause in a document is only valid, when the contract contains an unambiguous reference to such document containing arbitration clause

Authors

Mr Sidhant Pandita, Associate Partner

Ms Vatsala Pandey, Associate

Introduction

The Appellant had issued an invitation for tender, for the construction of certain structures across the river Damodar at Chandrapur, District Bokaro, Jharkhand, which contained inter-alia, the General Conditions of Contract, Special Conditions of Contract, Bill of Quantity, etc. (**“Tender Documents”**). In response to the said tender, the Respondent submitted its Techno Commercial bid. On fulfilment of tender criteria, the Appellant vide Letter of Intent dated December 4, 2006 (**“LOI”**) awarded the contract for construction to the Respondent. However, with the passage of time, disputes arose between the parties, as a result of which the Respondent issued a notice invoking arbitration in terms of the “arbitration clause” mentioned in the tender documents and requested the Appellant to provide consent for appointment of a former judge of a High Court, as a sole arbitrator. On the failure of the Appellant to respond to the arbitration notice, the Respondent filed an application under Section 11(6) of the Arbitration Act (**“Act”**) seeking the appointment of an arbitrator. The High Court allowed the Respondents application and appointed a former judge of the Delhi High Court, as the sole arbitrator to adjudicate the dispute between the parties. Being aggrieved by the said order, the Appellant filed the present appeal.⁽¹⁾

Relevant terms and conditions of the Tender Documents and LOI

a. Arbitration clause in the Tender Document issued by Damodar Valley Corporation (**“DVC”**):

“In the event of any dispute or difference whatsoever arising under the contract or in connection therewith including any question relating to existence meaning and interpretation or the contract or any alleged breach thereof the same shall be referred to the sole arbitration....”

b. Clause 2 and 7 of the LOI which read as follows:

“2.0 All terms and conditions as contained in the tender issued by DVC to NBCC shall apply mutatis mutandis except where these have been expressly modified by NBCC.

7.0 The redressal of dispute between NBCC and you shall only be through civil courts having jurisdiction of Delhi alone. The laws applicable to this contract shall be the laws enforceable in India.”

⁽¹⁾ NBCC (India) Limited v. Zillion Infraprojects Pvt. Ltd. 2024 SCC Online SC 323

FEATURED ARTICLE

Relevant provision of the Act

a. Sub-Section 5 of the Section 7 of the Act;

“The reference in a contract to a document containing an arbitration clause constitutes an arbitration agreement if the contract is in writing and the reference is such as to make that arbitration clause part of the contract.”

Arguments and Contentions

Relying on the aforesaid clauses, the counsel for the Appellant submitted that the clause 2 of the LOI makes it clear that all the terms and conditions of the tender document issued by DVC would be applicable unless modified. Further, the clause 7, specifically provides that the redressal of dispute shall be through civil courts. Thus, it was argued that mere reference in LOI to the terms and conditions as contained in the tender document, without there being an incorporation of an “arbitration clause” in the LOI, would not make the lis between the parties amenable to arbitration. In support of the arguments, the counsel relied on the judgement pronounced by this court in ***M.R Engineers and Contractors Private Limited v Som Datt Builders Limited*** {(2009) 7 SCC 696} to argue that unless the LOI specifically provided for incorporation of the arbitration clause, a reference to arbitration would not be permitted in view of the provisions of Sub-section 5 of Section 7 of the Act.

On the contrary, the counsel appearing on behalf of the Respondent argued that no interference is warranted with the impugned order passed by the High Court as there was a specific reference in the LOI to the terms and conditions of the tender issued by DVC and therefore the disputes are amenable to arbitration.

Analysis

Referring to its judgement pronounced in *M.R Engineer* (Supra), the Court once again set out the principles governing the Sub- section 5 of Section 7 of the Act which can be summarized as follows:

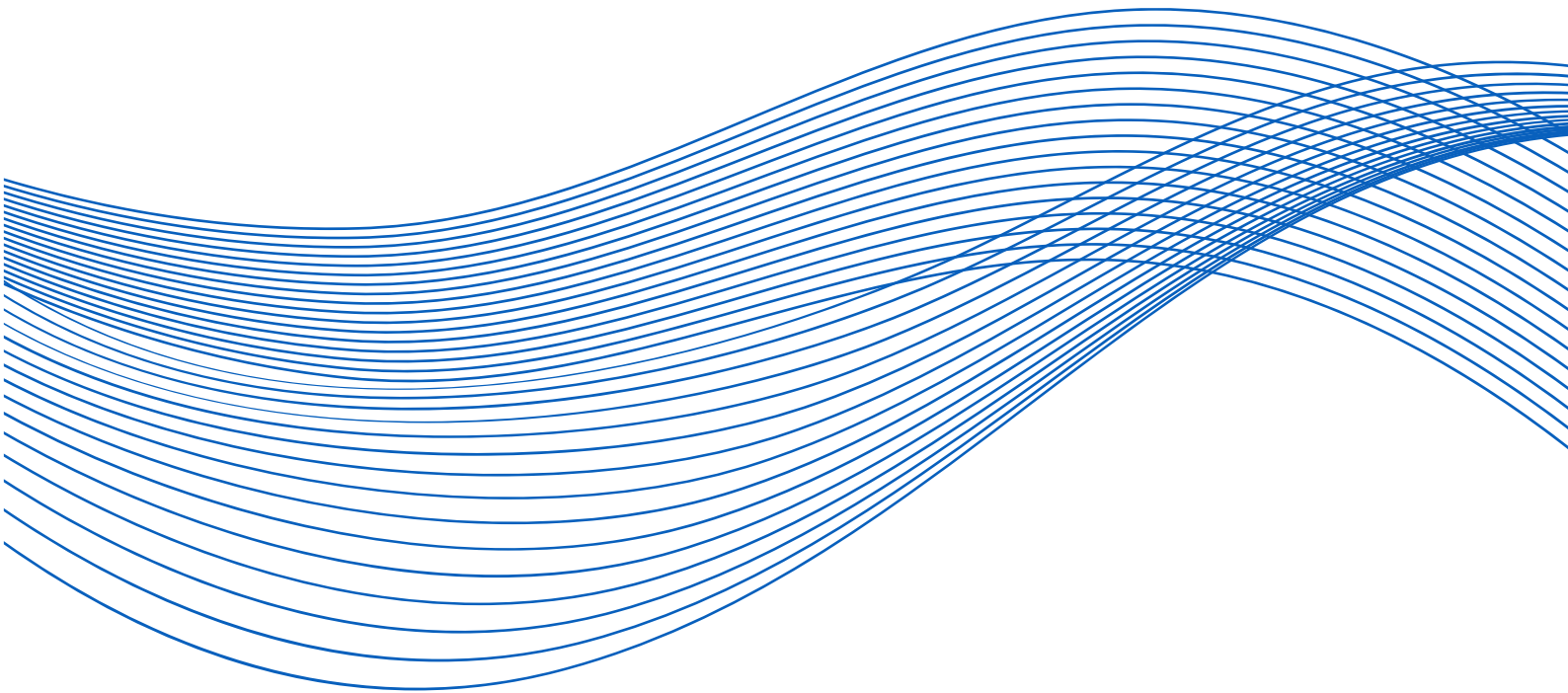
- a) Where a contract provides that the execution/performance of the contract would be as per another contract, then the terms of the referred contract in regard to execution alone will apply and not the arbitration clause in the referred contract, unless there is a specific reference to the arbitration clause also.
- b) Where the contract provides that the standard form of terms and conditions of an independent trade or professional institution will bind them, such standard form of terms and conditions including any provision for arbitration in it shall be deemed to be incorporated by reference.
- c) A perusal of sub-section (5) of 7 of the Arbitration Act itself reveals that it provides for a conscious acceptance by the parties of the arbitration clause from another document, before such arbitration clause could be read as a part of the contract between the parties.

FEATURED ARTICLE

Conclusion

Applying the aforesaid principles to the facts of the present case, the Court held that the instant matter is a “two-contract case” and not a “single-contract case”. The general reference in LOI to the tender issued by DVC to the Appellant (which contained the arbitration clause) would not have the effect of incorporation of the said arbitration clause. Further, it was held that it is evident from the terms of the LOI that the intention of the parties was to specifically confer jurisdiction only on the civil courts of Delhi in regard to the redressal of disputes between the Appellant and the Respondent. Accordingly, the present appeal was allowed.

Disclaimer: *This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to herein. This publication has been prepared for information purposes only and should not be construed as a legal advice. Although reasonable care has been taken to ensure that the information in this publication is true and accurate, such information is provided ‘as is’, without any warranty, express or implied, as to the accuracy or completeness of any such information.*



LEGAL UPDATE



Fresh Section 7 Petition under IBC Code not barred by settlement agreement entered during the earlier Section 7 Petition

Introduction

In a recent decision⁽¹⁾, the National Company Law Appellate Tribunal (“**NCLAT**”) has held that a second Section 7 Petition under Insolvency and Bankruptcy Code, 2016 (“**IBC**”) is maintainable even if same is based on the settlement agreement entered during the pendency of earlier Section 7 Petition.

Facts

Angel Promoters Private Limited (“**Corporate Debtor**”) availed loan of Rs. 3,25,00,000/- on interest in 2015 from Financial Creditors (“**Financial Creditors**”). Since, the Corporate Debtor defaulted in repayment of the loan, Financial Creditors filed a Section 7 Petition⁽²⁾ (“**First Petition**”). However, during the pendency of the Section 7 Petition, one settlement agreement was entered between the parties. As per the agreement, Corporate Debtor had agreed to pay to the Financial Creditor, the principal amount along with the interest by way of Post-Dated Cheque.

Accordingly, the First Petition was withdrawn by the Financial Creditors by filing a joint application. However, the Corporate Debtor once again failed to make timely payments, either on account of dishonouring of post-dated cheques or requesting for extensions. Despite some payments, many cheques were unpaid or not replaced as per the settlement agreement. Consequently, a Second

Section 7 Petition was filed by the Financial Creditors under Section 7 of IBC, which was duly admitted by the National Company Law Tribunal, New Delhi (“**NCLT**”) and moratorium under Section 14 of the IBC was imposed. Being aggrieved by the order, Desh Bhushan Jain, Erstwhile Director of Angel Promoters Private Limited (“**Appellant**”) filed an appeal before the NCLAT.

Contention raised by the Appellant

Before the NCLAT, the learned counsel for the Appellant submitted that unpaid instalment as per the settlement agreement cannot be treated as debt and breach of settlement agreement cannot be made a ground to file a second Section 7 Petition. It was further argued that when the order was passed in the first Section 7 petition, no permission was sought of the Adjudicating Authority to revive the petition. It was also submitted that the Appellant has paid Rs. 87 lakhs out of the court which cannot be appropriated by Respondent in the component of interest as the amount for which the Section 7 Petition was filed had already been crystallized.

Contention raised by the Respondents/ Financial Creditors

In response to the contentions raised by the Appellant, the learned counsel on behalf of Financial Creditor submitted that it is an apparent case of fraud having been played by the Corporate Debtor because there was no dispute that the loan was disbursed by the Financial Creditors to the Corporate Debtor which was to be returned along

LEGAL UPDATE

with interest. Subsequent to filing of the Section 7 Petition and the Financial Creditors/ Respondents were mischievously influenced by the Corporate Debtor to enter into a settlement agreement on the pretext that the principal amount with interest shall be paid. It was also contended that there is no question of seeking permission to the Court because it was not a case of revival of the same petition rather a second petition has been filed.

Observation by NCLAT

It was observed that it is not in support of the argument that the Section 7 Petition cannot be filed on the basis of the settlement. It was observed that if the plea raised by the Appellant is accepted that the second petition on the ground of settlement agreement is not maintainable then it would give a premium to the unscrupulous Corporate Debtors to get the Section 7 withdrawn on the basis of the settlement which was not to be ultimately followed.

Therefore, the plea taken by the Appellant was rejected. With the aforesaid observation, the appeal was dismissed. The NCLAT also held that the judgment⁽³⁾ cited by the Appellant in support of its argument is not applicable to the present case as in the said judgment Section 7 Petition was filed on the basis of settlement agreement whereas in the present case, the first petition was not filed on the basis of settlement agreement rather it was filed on the basis of the debt due and default committed by the Corporate Debtor.

Footnotes

1. *Desh Bhushan Jain, Erstwhile Director of Angel Promoters Pvt. Ltd. vs Abhay Kumar, IRP of Angel Promoters Pvt. Ltd. & Ors., Company Appeal (AT) (Ins) No.124 of 2024*
2. *Application for initiation of corporate insolvency resolution process by financial creditor*
3. *Raj Singh Gehlot Vs. Vistra (ITCL) India and Ors., Manu/NL/050/2022*

JUDGEMENTS

In the matter of Excel Vehicles Private Limited (“Company”) for the violation of section 42(6) of the Companies Act, 2013 (“Act”)

An inquiry under the provisions section 206 of the Act was conducted by the Registrar of Companies, Gwalior, Madhya Pradesh (“ROC”) against the Company. During the inquiry, the Company and its directors failed to submit the mode of payment or source of payment, information about forfeiture/notice of forfeiture of shares and account details with respect to shares allotted on February 25, 2013 and December 31, 2013. It seemed that share application money of Rs. 14,99,00,000/- for subscription of 15,00,000 shares, for the both the allotments, was not paid or realised in the account of the Company. It was construed that the allotment money was never credited in the Company’s account as the directors were unable to produce any documentary proof.

The Company in response to the Show Cause Notice stated that the allotments were made under the Companies Act, 1956 and the provisions of the Act cannot be applied retrospectively. Hence, there was no violation of section 42 of the Act.

As the Company’s response was not satisfactory, ROC imposed a penalty of Rs. 2,00,00,000/- on the Company for violation of section 42(6) of the Act. Further, ROC directed the Company to refund all the monies to the complainants along with interest @ 12% p.a. within 30 days from the date of the order.

[Read More](#)

In the matter of Blueton Paper Products Private Limited (“Company”) for the violation of section 90(4) of the Companies Act, 2013 (“Act”)

During the procedural scrutiny of e-form MGT-7, filed by the Company, the Registrar of Companies cum Official Liquidator, Jaipur, Rajasthan (“ROC”) observed that the Company had not filed e-form

BEN-2. Further, ROC had observed from the list of shareholders of the Company as at March 31, 2019 that there was a significant beneficial owner in the Company who had furnished his declaration to the Company in form BEN-1 dated May 6, 2019. The declaration was required to be filed by the Company to ROC in e-form BEN-2 by March 31, 2020. However, the Company had failed to file the aforesaid with ROC within the prescribed time limit. At the hearing, the authorised representative of the Company stated that the Company had filed e-form BEN-2 with ROC on February 1, 2024. Subsequently, ROC imposed a penalty of Rs. 5,00,000/- on the Company and Rs. 1,00,000/- on each officer in default for violation of section 90(4) of the Act.

[Read More](#)

In the matter of Maharishi Interactive Technology Limited (“Company”) for the violation of section 29 of the Companies Act, 2013 (“Act”) read with rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (“Rules”)

During the procedural scrutiny of e-form MGT-7, filed by the Company, the Registrar of Companies cum Official Liquidator, Jaipur, Rajasthan (“ROC”) observed that the Company had not opened a Demat Account and had not dematerialised its shares. Further, the authorised signatory/person of the Company stated that the shares of the Company were transferred to another shareholder in physical form. The ROC received a letter from the Company stating that it is a non-working Company and there has been no change in the shareholding pattern since 2016. Hence, the Company could not apply for Demat Account. After considering the facts of the case, ROC imposed a penalty of Rs. 2,00,000/- on the Company and Rs. 50,000/- on each officer in default for violation of section 29 of the Act read with rule 9A of the Rules.

[Read More](#)

JUDGEMENTS

In the matter of Pratapraisons Textiles Private Limited (“Company”) for violation of section 82(1) of the Companies Act, 2013 (“Act”) read with rule 8 of the Companies (Registration of Charges) Rules, 2014 (“Rules”)

The Registrar of Companies cum Official Liquidator, Jaipur, Rajasthan (“ROC”) observed from the records of the Company that the Company had created 3 charges of Rs. 7,00,00,000/- each. As per the repayment schedule and the balance sheet of the Company for the financial year 2019-20, the aforesaid charges had already been satisfied. However, the Company had not filed e-form CHG-4 with ROC on satisfaction of each charge. The Company in its reply to the Show Cause Notice stated that the charges had been satisfied in 2019

but the bank(s) had not provided any NOCs in the matter due to some technical error and by banks’ glitch the Company could not file e-form CHG-4. The ROC observed that the Company had not furnished any documentary evidence in the matter such as any communication between the bank(s) and the Company mentioning the technical difficulty at the end of bank. As the response of the Company was not found satisfactory, consequently, ROC imposed a penalty of Rs. 5,00,000/- on the Company for each default and Rs. 50,000/- on each officer in default for each violation of section 86(1) of the Act read with rule 8 of the Rules.

[Read More](#)

CORPORATE REGULATORY UPDATES

Facilitating investments by NRIs and OCIs into Indian securities through schemes/funds in an IFSC

The International Financial Services Centers Authority ("IFSCA") on May 02, 2024, issued a circular regarding facilitating investments by NRIs and OCIs into Indian securities through schemes/funds in an IFSC. The IFSCA has been in discussions with the Securities and Exchange Board of India ("SEBI") and other authorities to facilitate increased investments by NRIs and OCIs in the Indian securities through IFSC based FPIs. Pursuant to these discussions, the SEBI Board, in its meeting held on April 30, 2024, has approved the alternative routes for increased participation by NRIs and OCIs in Indian securities through IFSC based FPIs.

Issuance of derivative instruments against Indian securities by non-bank entities in GIFT-IFSC

The IFSCA on May 02, 2024, issued a circular regarding issuance of derivative instruments against Indian securities by non-bank entities in GIFT-IFSC. The authority has decided to permit IFSCA registered non-bank entities, registered with SEBI as FPIs, to issue derivatives with Indian securities as underlying, in GIFT-IFSC.

Framework for the administration and supervision of Research Analysts and Investment Advisers

The SEBI issued a new circular, on May 2, 2024, introduced a comprehensive framework for the administration and supervision of Research Analysts (RAs) and Investment Advisers (IAs). This framework aims to streamline processes, enhance investor protection, and promote market development.

SEBI Issues Master Circular for Alternative Investment Funds (AIFs)

The Securities and Exchange Board of India ("SEBI") has issued a Master Circular for Alternative Investment Funds ("AIF Master Circular") dated May 7, 2024. The provisions of all circulars issued until March 31, 2024, regarding Alternate Investment Funds ("AIFs") have been incorporated into the AIF Master Circular, which supersedes the Master Circular for AIFs dated July 31, 2023, containing all the circulars issued by SEBI up to March 31, 2023. In addition to the requirements mentioned under this circular, AIFs shall independently comply with other requirements specified by SEBI for market intermediaries such as the 'Levy of Goods & Services Tax (GST) on the fees payable to SEBI', 'Approach to securities market data access and terms of usage of data provided by data sources in the Indian securities market', 'Digital mode of payment', 'Information regarding Grievance Redressal Mechanism', and 'Guidelines on Outsourcing of Activities by Intermediaries', etc.

SEBI Issues Circular for Investment Advisors (IA) with Periodic Reporting Format

SEBI has issued a Circular to all Investment Advisors, Investment Adviser and Administration and Supervisory Board ("IA Circular") dated May 7, 2024, with the Periodic Reporting format. At present, the Investment Adviser and Administration and Supervisory Board has been seeking reports from Investment Advisors on an ad-hoc basis. Accordingly, this circular shall standardize the format for periodic reporting for Investment Advisors. Following are the key points of the IA Circular:

- The periodic reporting format is mentioned under Annexure 1 of the IA Circular.

CORPORATE REGULATORY UPDATES

- Investment Advisers shall be required to submit periodic reports for half-yearly periods ending on September 30 and March 31 of every financial year.
- The Investment Adviser and Administration and Supervisory Board has been directed to make necessary arrangements for obtaining periodic reports and other procedural requirements and accordingly shall issue a circular to Investment Advisers within thirty days from the date of issuance of this circular.

Consultation paper on International Financial Services Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024

The International Financial Services Centers Authority (“**IFSCA**”) on May 09, 2024, issued a consultation paper on International Financial Services Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024 (“**Regulations**”). The objective of this consultation paper is to seek comments/views/suggestions from the public on the proposed the Regulations. IFSCA may, for the purposes of exercising the powers and performing the functions and discharging the duties conferred on it by or under the Payment and Settlement Systems Act, 2007, by regulation, constitute a committee to be known as the Board for Regulation and Supervision of Payment and Settlement Systems (“**BPSS**”). The Regulations, inter alia, proposes to (a) specify the duties, powers and functions of the BPSS, and (b) specify the procedure to be followed at the meetings of the BPSS. The general public and stakeholders can forward their comments/suggestions till May 30, 2024.

Competition Commission of India (General) Regulations

The Competition Commission of India (“**CCI**”) on

May 10, 2024, notified Competition Commission of India (General) Amendment Regulations, 2024 (“**CCI Amendment Regulations**”). The objective of the CCI amendment regulations is to streamline the process for creation of Confidentiality Ring(s) to provide access to the parties to the confidential information and document(s) of the other parties, during proceedings before the CCI, in terms of regulation 35 read with regulation 37 and regulation 50 of the CCI General Regulations.

Report of the Working Group for development of non-resident individual (both Indian as well as foreign) business and ease of registration in International Financial Services Centres

The International Financial Services Centers Authority published report of the working group for the development of non-resident individual (both Indian as well as foreign) business and ease of registration on May 15, 2024. The recommendations were made on the matters:

- (a) Tax exemption for income from insurance sector and on dividend income;
- (b) Minimum corpus to start a Restricted Scheme Non-Retail investing in only listed securities;
- (c) Taxation of Family Investment Fund;
- (d) Classification of income between Income from Business and Capital Gains;
- (e) Retail Scheme Taxation;
- (f) Ease of Onboarding and KYC; and
- (g) Other general matters.

SEBI (Listing Obligations and Disclosure Requirements) Regulations

The Securities and Exchange Board of India (“**SEBI**”) on May 17, 2024, notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 (“**LODR Amendment Regulations**”). This amendment specifies that the determination of market capitalisation for the purpose of applicability of LODR and revamped the

CORPORATE REGULATORY UPDATES

existing regulations on rumour verification by listed companies by specifically linking the disclosure of events or information to material price movement as may be specified by the stock exchanges.

SEBI (Buy-Back of Securities) Regulations

The Securities and Exchange Board of India (“SEBI”) on May 17, 2024, notified Securities and Exchange Board of India (Buy-Back of Securities) (Amendment) Regulations, 2024 (“*Buy-back Amendment Regulations*”). This amendment specifies that the determination of the volume weighted average market price under regulation 19 and for calculation of the lower end of the price range under regulation 22B, the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded.

Regularization of issuances of partly paid units by Alternative Investment Funds (“AIFs”) to persons resident outside India

The Reserve Bank of India (“RBI”) issued a circular on May 21, 2024 with respect to issuance of partly paid units to persons resident outside India by investment vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019. The circular has been issued to regularize the issuances of partly paid units by AIFs to persons resident outside India prior to the notification of Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2024 dated March 14, 2024, through compounding under Foreign Exchange Management Act, 1999. The Authorised Dealer banks have been instructed to ensure that the necessary administrative actions such as reporting of AIFs to the RBI through Foreign Investment Reporting and Management System (FIRMS) portal and issuing of conditional acknowledgements for such reporting is completed before submitting compounding application to RBI.

SEBI Issues Master Circular on Listing Obligations and Disclosure Requirements for NCS/SDI/CP

The Securities and Exchange Board of India (“SEBI”) has issued a Master Circular detailing the listing obligations and disclosure requirements for Non-convertible Securities (“NCS”), Securitised Debt Instruments (“SDI”), and Commercial Paper (“CP”) (“**Master Circular-LODR for NCS/SDI/CP**”). The Master Circular-LODR for NCS/SDI/CP integrates the provisions of all relevant circulars issued up to May 20, 2024, under the SEBI (LODR) Regulations 2015. These regulations mandate continuous disclosure requirements for issuers of listed NCS, SDI, and CP. By consolidating these circulars, SEBI aims to provide stakeholders with easy access to all applicable guidelines in one comprehensive document. The Master Circular-LODR for NCS/SDI/CP covers various aspects, including formats for filing financial information and formats for Limited Review Report/Audit Report for issuers of Non-convertible Securities. It also includes provisions for the disclosure of the impact of audit qualifications by listed entities, and formats for statements indicating the utilization and deviation/variation in the use of proceeds from the issue of listed Non-convertible Securities. Additionally, it outlines disclosures by listed entities regarding defaults on payment of interest or repayment of principal on loans from banks/financial institutions and unlisted debt securities, and details schemes of arrangement involving NCDs/NCRPS issued in lieu of specified securities. The circular specifies formats for disclosure of corporate governance and outlines the disclosure obligations of listed entities regarding related party transactions. It addresses non-compliance with continuous disclosure provisions and provides formats for statements/reports to be submitted to Stock Exchange(s) by entities that have listed their Securitised Debt Instruments. Furthermore, it includes formats relating to the review of ratings

CORPORATE REGULATORY UPDATES

and payment obligations, schemes of arrangement by entities with listed NCDs/NCRPS, and the procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities, as well as the manner for investors to claim such amounts. This structured approach ensures that all relevant information and requirements are systematically organized, facilitating better compliance and transparency for issuers and stakeholders alike.

Audiovisual (AV) presentation of disclosures made in Public Issue Offer Documents

The Securities and Exchange Board of India (“SEBI”) on May 24, 2024, has issued a circular regarding “Audiovisual (AV) presentation of disclosures made in Public Issue Offer Documents”. According to this circular, the issuer companies are required to create audio-video presentation of the salient disclosures made in the Draft Red Herring Prospectus (DRHP), Red Herring Prospects (RHP) and Price Band Advertisement for public issues. Such AV shall be prepared and placed in the public domain for all main board public issues. This initiative aims to facilitate an easier understanding of the key features of an offer to stakeholders.

SEBI Amends Regulations for Infrastructure Investment Trusts (InvITs)

The Securities and Exchange Board of India (“SEBI”) issued the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2024 (“*InvITs Amended Regulations*”) effective from May 27, 2024. The InvITs Amended Regulations allow subordinate units to be issued by a privately placed

Infrastructure Investment Trust (“InvIT”) upon the acquisition of an infrastructure project subject to the following conditions:

- The subordinate units shall be issued only to the sponsor, its associates, and the sponsor group and shall be deemed to be a part of the consideration for the acquisition of the infrastructure project from such sponsor, its associates, and the sponsor group.
- The subordinate units shall not carry any voting rights or distribution rights. The subordinate units shall be issued in dematerialized form with an International Securities Identification Number, distinct from that of the ordinary units.
- The subordinate units shall be listed on a recognized stock exchange after their reclassification into ordinary units in accordance with the provisions contained in these regulations.
- The subordinate units may be issued by way of an initial offer or any offer subsequent to the initial offer, either along with the issue of ordinary units or without the issue of ordinary units.
- The issue of subordinate units made after the initial offer by the InvIT shall require the approval of the unitholders where votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution.
- The price of subordinate units shall be determined according to the pricing guidelines applicable for issuance of ordinary units.
- Prior to the issuance of subordinate units, the investment manager shall obtain in-principle approval from the recognized stock exchange for listing such subordinate units after their reclassification into ordinary units.
- The enabling provisions authorizing the issuance of subordinate units shall be specified in the Trust Deed.

Off Beat Section

“World Environment Day - Our Land, Our Future”

World Environment Day is celebrated annually on June 5th, serves as a global call to action for environmental protection. The theme of World Environment Day 2024, **“Land Restoration, Desertification, and Drought Resilience,”** emphasizes on the critical need to restore degraded land through sustainable practices such as reforestation, agroforestry, and soil conservation. This encourages individuals, communities, governments, and businesses to actively participate in land restoration efforts, adopt sustainable land management practices, and support initiatives that promote drought resilience. Let's delve into a few notable endeavors undertaken in the recent years by different countries.




India: As the global host of World Environment Day 2018, India pledged to eliminate all single-use plastic by 2022, launching campaigns to raise awareness and promote sustainable alternatives.



China: In 2019, China focused on air pollution, implementing stricter regulations on industrial emissions and promoting clean energy sources.



UK: In 2022, the UK government announced a ban on single-use plastic cutlery, plates, and polystyrene cups, while several local councils launched initiatives to promote reusable coffee cups and water bottles.



US: In 2023, the US Department of the Interior launched a campaign to promote outdoor recreation and highlight the importance of preserving natural spaces. Several cities also organized "plogging" events (jogging while picking up litter) to raise awareness about plastic pollution.



Notable Recognitions & Accolades



LEXOLOGY

Legal Influencer



Q2 | 2022



Tolstoy House,
4th Floor, Tolstoy Marg,
New Delhi – 110 001, India
Tel : +91 11 4213 0000
Fax : +91 11 4213 0099

Bajaj Bhawan,
1st Floor, 226, Nariman Point,
Mumbai – 400 021, India
Tel : +91 22 4910 0000
Fax : +91 22 4910 0099

Scan & Connect



Follow us



DISCLAIMER: This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to herein. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions.