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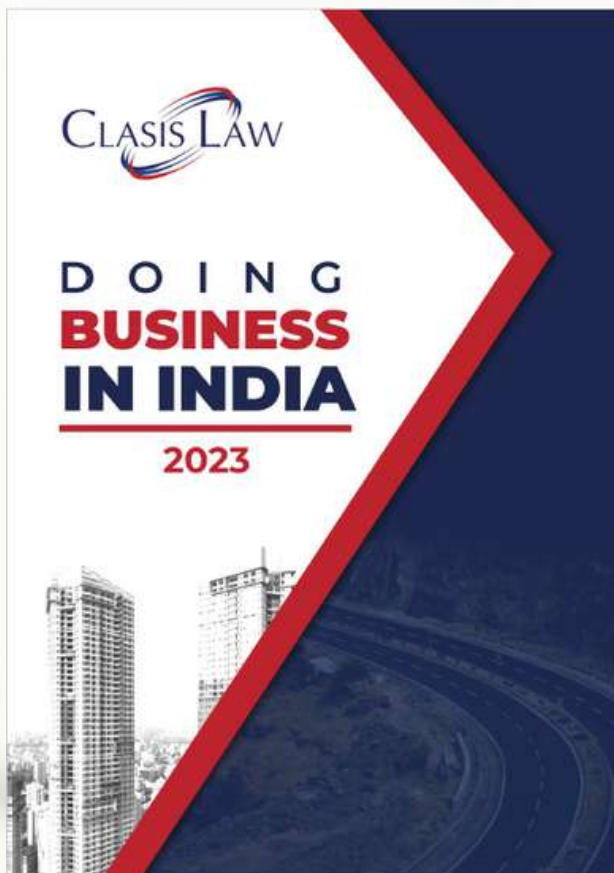
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DOING BUSINESS IN INDIA

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.



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FEATURED ARTICLE



New Data Protection Law of India and Its Implications on Insurance Sector

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On 11 August 2023, the Indian government released India's first comprehensive data protection law in the form of the Digital Personal Data Protection Act, 2023 ("**DPDP Act**"), which sets out various obligations of a data fiduciary as well as certain rights of data principals.

The new data protection norms have not come into force yet. Further, the implementation of various provisions of the DPDP Act would depend on the rules which will be notified by the Indian government in due course. However, in view of the various obligations as well as the stringent penalties prescribed for any breach/non-compliance under the DPDP Act, the Indian entities have started identifying the dos and don'ts and aligning their privacy policies with the new norms.

The DPDP Act is in addition to and not in derogation of any other law, and therefore, the sectoral regulators are free to frame their own regulations on data storage and data transfer. However, in case of any conflict between a provision of the DPDP Act and any other law, the DPDP Act will prevail to the extent of such conflict.

The insurance entities have direct access to the customers' personal data, and it will be mandatory for the insurers, the insurance intermediaries and other players operating in this sector to comply with the DPDP Act once it comes into force. Therefore, the insurance players (including insurers and insurance intermediaries) will have to revisit their data protection policies to ensure that they are fully compliant with the DPDP Act.

Last year, the insurance regulator of India constituted a task force to examine the implications of the DPDP Act on the insurance sector and submit its report. In this note, we have briefly discussed some of the key provisions of the DPDP Act and how this new legislation may impact the insurance sector in India.

Key Provisions of the DPDP Act

- The DPDP Act seeks to regulate the processing of digital personal data within the territory of India and/or outside the territory of India, provided that such processing is in connection with any activity related to the offering of goods or services to the data principals within the territory of India.

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- A data fiduciary will have to comply with various obligations, including, without limitation, obtaining the informed consent of the data principal before processing of personal data, processing personal data only for the specified purpose for which consent has been given by the data principal, and/or for the prescribed legitimate uses, protecting the personal data and preventing personal data breach.
- The DPDP Act provides for certain rights of the data principals, including, the right to obtain certain information from the data fiduciary about its personal data, right to correction, updating or completion of his/her personal data, right to appoint a nominee, and right to have his/her personal data erased.
- The cross-border transfer of personal data will generally be permitted, however the Indian government may notify the list of countries to which the personal data cannot be transferred. Further, such cross-border transfer will be subject to the data transfer and storage norms as may be prescribed by the sectoral regulators.
- The DPDP Act provides for establishment of a data protection board of India which will supervise and monitor the enforcement of the provisions of the DPDP Act. Penalties may range from upto INR 10,000 to up to INR 2.5 billion depending on the category of offences.

Existing Data Protection Norms for the Insurance Sector

The Insurance Regulatory and Development Authority of India ("IRDAI") regulates the insurance sector in India and seeks to protect the interests of the policyholders. The IRDAI has laid down various regulations and guidelines on the collection, protection and storage of the information and records of the policyholders.

- **Data Collection and Maintenance:** The insurers have to comply with the KYC norms set forth in the anti-money laundering norms issued by the IRDAI. During the KYC process, the insurance players collect the personal data of the policyholders. The insurers are required to retain the records related to verification of identity of the clients for a minimum period of 5 (five) years.
- **Data Storage:** All the records including those held in electronic mode, pertaining to all the policies issued and all claims made in India are mandatorily required to be held in data centres located and maintained in India only. The IRDAI norms also require that the insurers and the intermediaries maintain certain minimum information related to their business at their principal place of business in India.

While the insurers and the insurance intermediaries are allowed to outsource certain activities (being non-core activities which may include maintenance of records) to the third-party service providers, the outsourcing arrangement cannot diminish their obligations to the policyholders and the IRDAI. In fact, in 2016, the IRDAI had directed Bharti AXA Life Insurance Company Limited to relocate their data centre servers to India in order to ensure compliance with the data localisation norms.

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- **Data Security:** The insurers and the intermediaries are obligated to maintain the confidentiality of the data and information related to the policyholders. The IRDAI has also issued the Information and Cyber Security Guidelines, 2023 ("**Security Guidelines**"). The Security Guidelines are applicable to the insurers and the insurance intermediaries. While the Security Guidelines allow the insurers and the intermediaries to engage the third-party service providers ("**TSP**") including the cloud service providers ("**CSP**"), such service providers will be bound to comply with all the laws/regulations/guidelines related to the protection of data as applicable to the insurers and the intermediaries.

The insurance players are required to have a data privacy policy which should be compliant with the applicable data privacy norms. In the event a CSP is engaged, then the data privacy policy of the CSP must be in compliance with the laws applicable to such insurance player.

- **Data Sharing:** The Security Guidelines also regulate the data sharing between the insurer and the TSP. A valid business purpose must be defined for the data that needs to be shared with the TSP. Any data created by TSP during the course of its operations performed for organization shall belong to the organization. A TSP cannot share data with a third party without explicit approval from the organization and without an explicit contract mandating compliance with organization policies.

Key Implications of the DPDP Act on the Insurance Sector

While the IRDAI has prescribed various obligations of the insurers and the intermediaries regarding data collection, data storage and data privacy, the insurers and the insurance intermediaries would need to carefully evaluate the provisions of the DPDP Act and rules thereunder to determine the additional compliances since any failure in safeguarding policy holders' data may result in severe penalties and strict government actions.

In India, the insurance companies employ diverse distribution channels for sale and distribution of the insurance products, and therefore, they will have to implement robust measures to ensure end-to-end compliance of the DPDP Act, including regulating the end-use of personal data.

With the rapid evolution of technology, the insurers have collaborated with the insurance tech companies to increase their presence and sell insurance products. The insure-tech players collect the KYC data of the customers on behalf of the insurers and, provide assistance to the customers in their insurance related requirements (including claim handling and claim consultancy). The insurers would have to ensure that the insure-techs engaged by them for collection and processing of the customers' data and selling of their insurance products are fully compliant with the DPDP Act.

Some of the additional requirements under the DPDP Act includes, giving notice(s) to the data principals whose personal data has been collected prior to the DPDP Act coming into force, appointing a data grievance officer, aligning the data privacy policy with the DPDP Act, implementing the appropriate measures to safeguard the personal data, and reviewing the existing agreements with data processors/third parties and making necessary changes therein to align the same with the DPDP Act.

Disclaimer

This article 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. The views expressed in the article is of the author alone and does not represent any organization.

LEGAL UPDATE



Testamentary Court cannot test validity of Will u/s 67 of Indian Succession Act: Bombay High Court

Introduction

The Bombay High Court in a recent judgement in the case of *Ruby Cyril D'souza & Ors. v. Cecilia Reynold D'souza & Ors.*⁽¹⁾ has held that a Testamentary Court does not have jurisdiction to consider the validity of a bequest to attesting witnesses' husband in terms of Section 67 of the Indian Succession Act, 1925.

Facts and Issue

The sole beneficiary of a Will initiated proceedings for the issuance of Letters of Administration with the attached Will. Upon opposition from the other heirs of the testator, the proceedings were converted from Testamentary Petition to Testamentary Suit. The Court thereafter framed six issues pertinent to the authenticity and validity of the disputed Will. The Defendants in the Suit, Applicants herein, thereafter sought to introduce an additional issue questioning the validity of the inheritance specified in the Will under Ss 67 and 255 of the Indian Succession Act, 1925 ('Act'). The question before the court was whether a Testamentary Court has the authority to examine the issue outlined in the second part of Section 67 of the Succession Act, which serves as an exception to the Probate of Will or Letters of Administration with Will annexed. For ease of reference, S.67 and S.225 are reproduced as under:

"67. Effect of gift to attesting witness. – A Will shall not be deemed to be insufficiently attested by reason of any benefit thereby given either by way of bequest or by way of appointment to any person attesting it, or to his or her wife or husband; but the bequest or appointment shall be void so far as concerns the person so attesting or the wife or husband of such person or any person claiming under either of them.

255. Probate or administration, with Will annexed, subject to exception – Whenever the nature of the case requires that an exception be made, probate of a Will, or letters of administration with the Will annexed, shall be granted subject to such exception."

Arguments

The Applicants submitted that the Testamentary Court exercising jurisdiction for grant of Probate or Letters of Administration with Will annexed is the very Court that can go into the said question of applying S.67 of the Succession Act, while considering the question of the Will being void to the extent specified in the said provision. The Applicants further submitted that a semi-colon in the S.67 did not imply a break in the Section, but only a partial break, which at the same time is a link between the sentences appearing therein. To buttress this submission, the Applicants relied on commentary on Interpretation of Statutes by Vepa P. Sarathi. The Applicants finally submitted that S.255 of the Act, which deals with grant of a Probate or a LA with exception has to be read with S.67 and that the same should be applied to the facts and

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and circumstances of the present case. To buttress these arguments, the Applicant relied on the judgements of the Court of Appeal in *Re. POOLEY*(2), Hepzibah Annathai Rengachari(3), J.C. Boaz and others(4) and Lisamma(5).

The Defendants opposed the said application on the preliminary ground that the Court's jurisdiction in probate matters, is concerned only with issues pertaining to the validity of the will's execution, attestation, genuineness, and absence of undue influence or coercion. The Respondent submitted that in a Testamentary proceeding, the Courts should only be concerned of the first part of S.67 and that the second part of S.67 cannot be contemplated to be an exception envisioned under S.255. The Respondents emphasized that the exception envisioned under S. 255 of the Act could be determined only on the basis of the contents of the will and does not cover the exception made in the second part of S.67. The Respondents also submitted that the said issue could be decided in an independent proceeding and not in the present proceeding. To buttress their arguments, the Respondents relied on the judgement of the Supreme Court in *Ishwardeo Narain Singh vs Kamta Devi*(6) and Ors, and judgements of other various High Courts(7) which had further propounded the law set down in *Ishwardeo Narain Singh*.

Analysis and Conclusion

The Court noted that S.67 which is divided into two parts deals with attestation or sufficiency of attestation of will in the first part and declares bequest to attesting witnesses' spouse as void in the second part. The Court observed that the second part of S.67 has nothing to do with the first part of S.67 dealing with attestation or sufficiency of attestation by a witness. The Court further noted that S.255 deals with granting of a

Probate or Letters of Administration with Will annexed subject to exception where the nature of the case so requires.

The Court opined that because of the construction of S.255, it has to be necessarily implied that the exception contemplated u/s 255 of the Act should be an exception within the contents of the Will, whereby the bequest may be limited or conditional. The Court further opined that this exception could also apply in a situation where a part of the will is found not worthy of Probate.

With respect to the jurisdiction of the Court in Testamentary proceedings, the Court noted that the Supreme Court in *Ishwardeo Narain Singh* has categorically established that jurisdiction of the testamentary court is limited to the aspect of valid execution of the Will, as being the last Will and testament of the deceased person, having been duly executed and attested in accordance with law. The Court further noted that the same view has been endorsed by the Bombay High Court in *Ramchandra Ganpatrao Hande* and was taken by Lahore High Court in *Mt. Laso Devi*.

The Court held that Respondent's reliance on *T.K. Parathasarthi Naidu* wherein it was held that exception in S.255 would be applicable when granting probate to multiple executors appointed to contend that the exception u/s 255 of the Act is discernible from the contents of the Will is correct. The Court also found the Respondent's reliance on *C.R. Ramachandra Gowder* to assert that exception in S.255 of the Succession Act, while granting Probate or Letters of Administration with Will annexed, would be limited to specific items or a fraction of the estate, as found from the contents of the Will as justified.

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The Court noted that in the cases relied upon by the Applicant, challenge to the Will was not made in probate proceedings and that a separate proceedings were initiated to challenge the Will. The Court found the judgement of the Allahabad High Court in J.C. Boaz to be per incuriam in light of the judgment of the Supreme Court in Ishwardeo Narain Singh. The Court also opined that even if the use of semicolon in S.67 is appreciated, the issue arising in second part

therein cannot be decided by the testamentary court thereby rejecting all the contentions of the Applicant.

The Court thus held that once jurisdiction of the testamentary court is appreciated as above, the question of validity of bequest u/s 67 of the Act, is beyond the scope of jurisdiction of testamentary court and dismissed the application.

Footnotes

1. 2024:BHC-OS:1412
2. 40 Ch.D.1
3. AIR 1975 MADRAS 342
4. 1982 All LJ 1461
5. (2017) 2 KLJ 927
6. 1953 SCC OnLine SC 34
7. AIR 1936 Lah 378, 2011 (4) Mh.L.J.50, AIR 1995 MADRAS 411, AIR 1973 MADRAS 179

INTELLECTUAL PROPERTY UPDATE



Can Copyright Assignees issue Licences sans registration as Copyright Society?

Introduction

The present case⁽¹⁾ involved two suits filed by Novex Communications Pvt. Ltd. and Phonographic Performance Ltd. ("Novex" and "PPL") before the Hon'ble Bombay High Court ("Court"), wherein both plaintiffs sought an identical relief: a perpetual injunction against the defendant from publicly performing or communicating sound recordings of without obtaining licenses from Novex and PPL, the assigning and authorizing entity.

The defendants in both suits contended that Novex and PPL cannot conduct the business of issuing licenses without being registered as a Copyright Society under Section 33(1) of the Copyright Act, 1957 ("Act"). The crucial issue, therefore, was whether Novex and PPL were entitled to seek the aforesaid reliefs without being registered as Copyright Societies under the Act.

Contentions of the Parties

Plaintiffs' contention

- The Act confers full ownership on authors, owners, or assignees. Section 18(2) of the Act, treats assignees as owners for all purposes. Therefore, assignees have the same rights as owners, including the power to grant licenses under Section 30. Since Section 30 applies to owners, assignees have the authority to grant licenses directly or through agents.

- The objective of the 1994 Amendment, which introduced Chapter VII concerning copyright societies, was to promote collective administration of rights through copyright societies, benefiting both owners and the general public.
- Referring to Section 34(3) of the Act, it was emphasized that copyright societies license works of owners as duly authorized agents under Section 30. Thus, copyright societies do not possess new rights independent of owners but operate as authorized agents.⁽²⁾
- The assignment deeds executed by Novex meet the requirements of Section 19 of the Act. The deeds clearly state the assignment of ownership rights to Novex without any mention of conducting licensing business. Therefore, the defendants' argument that the assignment was solely for licensing purposes is unfounded.
- Novex, as an assignee of copyright, is fully entitled to seek relief without being a registered copyright society. The absence of registration does not hinder Novex's ability to seek the reliefs as requested.
- PPL argued that exclusive licensees, like PPL, have the right to sue for copyright infringement under Section 55 of the Act. Section 54 includes exclusive licensees in the definition of "owner of copyright" for the purpose of instituting suits. Thus, PPL, as an exclusive licensee, can sue independently of the owner in cases of infringement.
- Monetizing copyright, whether through self-exploitation, assignment, or licensing, is inherently a commercial or business activity aimed at gaining profit.

INTELLECTUAL PROPERTY UPDATE

Any restriction on the exercise of ownership rights based on factors like scale, motive, or regularity of exercise would introduce instances not provided for in the Act.

Defendant's contention

- Section 33(1) of the Copyright Act prohibits "any person or association of persons" from engaging in the "business of issuing or granting licenses" without registration as a copyright society. Since PPL and Novex are clearly "persons" and engage in commercial activities that qualify as "business," they fall under the purview of Section 33(1).
- The assignment agreements relied upon by the Plaintiffs are void and do not transfer actual ownership rights for several reasons:
 - They fail to identify the "work" as required by Section 19(2) of the Act.
 - They do not specify payment of royalties to authors, violating another requirement.
 - They do not confer actual ownership rights but are merely designed to circumvent Section 33(1).
 - In the case of PPL, there is no assignment or transfer of ownership for 40% of the sound recordings.
- PPL and Novex have not filed a straightforward suit for injunction based on infringement. Instead, their entire case revolves around their purported entitlement to issue licenses and collect fees. This approach contradicts the principle of *ex turpi causa non oritur actio*, which states that a plaintiff cannot base its claim on an illegal act or a violation of positive law.
- If the Plaintiffs' argument is accepted and assignees or owners are allowed to conduct the business of issuing licenses without registration, Section 33 of the Act would become redundant and meaningless.

Analysis and Finding of the Court

Upon thorough consideration of the submissions, the court observed that PPL and Novex were partially assigned the copyright under Sound Recording Agreements, specifically for the purpose of communicating sound recordings to the public. Section 14 of the Act defines copyright, and Chapter IV outlines the ownership of copyright, including through assignment under Sections 18 and 19.

It was noted that Section 18(2) establishes that the assignee of a copyright is treated as the owner concerning the assigned rights, while Section 18(1) acknowledges the owner's right to assign copyright, either wholly or partially. The court emphasized that partial assignment confers ownership rights on the assignee.

Further, the court found that Section 30 of the Act granted owners of copyright the authority to license their work, either directly or through duly authorized agents. It was observed that this also empowered owners or assignees to grant any interest in the copyright by license, including the communication of sound recordings to the public.

Thereafter, the court examined the scope and intent of the 1994 Amendment, which introduced Chapter VII to facilitate collective administration of rights through Copyright Societies. It emphasized that Copyright Societies operate as authorized agents or assignees, administering rights on behalf of owners. However, owners retain the right to withdraw authorization from Copyright Societies, enabling them to independently exercise their licensing rights under Section 30. Relying on judicial precedents⁽³⁾, the court affirmed that Chapter VII does not diminish owners' rights but provides them with the option to exploit their copyrights individually or through Copyright Societies.

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The court emphasized that Copyright Societies act as virtual agents of owners, enabling them to enforce and administer their rights effectively.

The court rejected the defendants' interpretation of Section 33(1), which purported to restrict owners' licensing rights, stating that such an interpretation would undermine owners' rights conferred under Section 30. It concluded that Section 33(1) does not curtail the owners' power to grant licenses and Copyright Societies operate in a distinct sphere from individual licensing by the owners.

The court also dismissed arguments related to the legislative history and parliamentary debates, finding that Section 30 remained the primary provision governing owners' licensing rights. It stated that Section 33(1) does not prevent owners from carrying on the business of granting licenses, and the first proviso recognizes owners' rights even after joining Copyright Societies. In light of the above findings, the Court concluded that Novex and PPL, as owners/exclusive licensees of copyright, were entitled to seek reliefs without being registered as Copyright Societies under Section 33(1) of the Act.



Footnotes

- 1. Novex Communications (P) Ltd. v. Trade Wings Hotesl Ltd., 2024 SCC OnLine Bom 252.
- 2. Entertainment Network India Ltd. v. Super Cassette Industries Ltd" and the Delhi High Court in "Phonographic Performance Ltd. vs Lizard Lounge & Ors, (2008) 13 SCC 30.
- 3. Entertainment Network India Ltd. v. Super Cassette Industries Ltd" and the Delhi High Court in "Phonographic Performance Ltd. vs Lizard Lounge & Ors, (2008) 13 SCC 30; Phonographic Performance Ltd. vs Lizard Lounge & Ors, (2009) ILR 2 Delhi 726; K.M. Nanavati v. State of Bombay, AIR 1961 SC 112; Novex Communications vs DXC Technology Pvt Ltd, (2021) SCC OnLine MHC 6266.

JUDGEMENTS

In the matter of Syndrome Pharmaceuticals Private Limited (“Company”) for violation of section 143 of Companies Act, 2013 (“Act”)

During the examination of the records of the Company, it was observed that M/s Manish M. Maheshwari (“Auditor”) had failed to specify the disclosure regarding the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, in their Auditor's report for the FY 2016-17.

A show cause notice was issued by the Registrar of Companies, Bihar (“ROC”). The auditor accepted the default and stated in its reply that the error was inadvertently made during the audit of the Company. Consequently, ROC levied a penalty of INR 5,000/- on the Auditor for violation of provisions of section 143 of the Act.

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In the matter of Basis Vectors India Private Limited (“Company”) for violation of section 89 of Companies Act, 2013 (“Act”)

It was observed from eform MGT-7 of the Company filed for the financial year 2022-23, that while the Company had two shareholders, Basis Vectors, Inc was mentioned as 100% shareholder of the Company. However, the declaration of beneficial holder (Form MGT-6) in this respect had not been filed with the Registrar of Companies, NCT of Delhi & Haryana (“ROC”). In this regard, show cause notice dated September 29, 2023 was issued by

the ROC to Company and a hearing was scheduled. At the hearing, the authorized representative of the Company submitted that form MGT-6 has been filed with the MCA on October 10, 2023 and therefore no penal action shall be taken against the Company. Thereafter, ROC requested additional documents such as authorization letter concerning MGT-5, proof of receipt of declaration under section 89(1) and 89(2). Upon reviewing the reply, ROC discovered that while MGT-4 and MGT-5 were received on July 23, 2022, the form MGT-6 was filed with MCA on October 10, 2023. Hence, it was evident that form MGT-6 was filed only after the issuance of show cause notice by the ROC. Consequently, ROC levied a penalty of INR 414,000/- on the Company and INR 200,000/- on each director of the Company for violation of section 89 of the Act.

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In the matter of Rajvansh Auto Wheels Private Limited (“Company”) for violation of section 62 of Companies Act, 2013 (“Act”)

During the examination of the records of the Company, it was observed that the Company had taken loan from Mr. Pradeep Garg amounting to INR 5,000,000/- and INR 4,000,000/-. However, the Company had not filed the necessary resolution with respect to such loan amounts in eform MGT-14 with the Registrar of Companies, Jaipur (“ROC”). This failure constitutes a violation of Section 62(3) of the Act. An adjudication notice was issued by the ROC to the Company and its directors.

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The authorized representative of the Company appeared in the hearing and the ROC concluded that the Company had not complied with the provisions of Section 62(3) of the Act. Consequently, ROC levied a penalty of INR 100,000/- on the Company and INR 25,000/- on each director of the Company for violation of section 62(3) of the Act.

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In the matter of Metec Electronics Private Limited (“Company”) for violation of section 89 and 90 of Companies Act, 2013 (“Act”)

During the course of adjudication under section 118 of the Act regarding improper maintenance of minutes of the board meeting of the Company, the Registrar of Companies, NCT of Delhi & Haryana (“ROC”), observed that M/s Metec Electronics Co. Ltd., incorporated under Chinese/Hong Kong laws, closely resembled the Company's name and operated in the same business. Further, ROC observed that Dongguan Meisen Electronics Limited and Shenzhen Beyear Appliance Co. Ltd., both Chinese-incorporated companies, were the primary suppliers of the Company. The Company, in its financial statements for the financial year 2021-22 mentioned that, Dongguan Meisen Electronics Co. Ltd., Shenzhen Applesun Electronics Co. Ltd. and Shenzhen Beyear Appliances Co. Ltd. were entities under common control, however, as per annual return of the Company the shareholders of the Company are individuals. The ROC suspected a mismatch between the registered and beneficial owners of the Company, Consequently, ROC issued show

cause notices under Section 89 and 90 of Act to the Company. In response, the authorized representative of the Company submitted that the Company is independently incorporated by individual shareholders and has no legal relationship with the Metec group of companies of China except for a supply-purchase relationship. In addition to the aforesaid, the ROC noted that the Company had applied for the trademark on the word ‘MEISEN’ in India and had stated in its trademark application that such trademark was being used by them in China. It was found that the company which had applied for the above trademark in China had individuals as ultimate beneficial owner and general manager, who were also working as employees in the Company. In view of the aforesaid and several other findings, the ROC concluded that Company misrepresented its shareholding, presenting itself as a standalone entity controlled by individual shareholders, while it was entirely managed by Metec Electronics Co. Ltd. and its group companies. Further, the Company failed to undertake the necessary steps to identify individual(s) who is/are its significant beneficial owners.

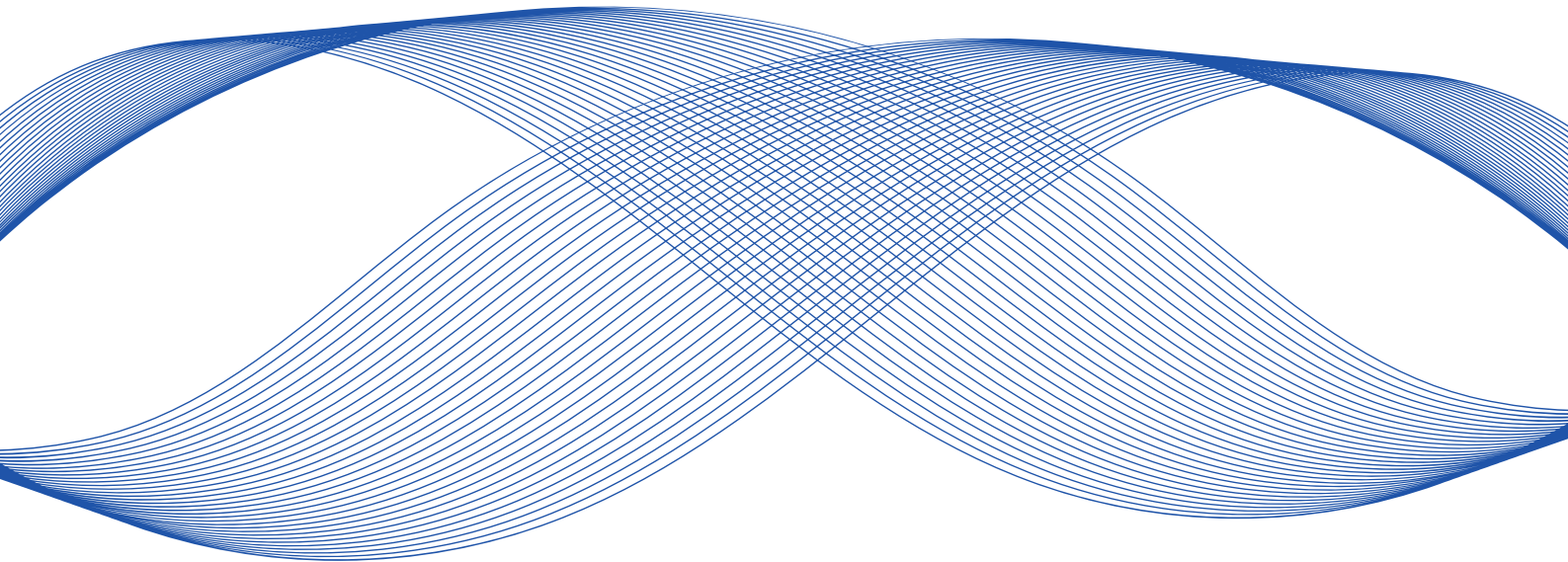
The defaults under sections 89 and 90 of the Act were established and the ROC levied a penalty of INR 255,400/- each on the registered shareholders and the beneficial holder of the Company.

Further, ROC imposed restrictions on entering new agreements or making payments to any entities or person of the Metec group in China/Hong Kong, except for received or in-transit goods as of the order date. This restriction persists until the Company

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completes the necessary filings to declare the registered and beneficial owners of its shares. ROC also imposed a penalty of INR 500,000 on Metec Electronics Pvt Ltd, INR 200,000 on Jiangping Hu (the significant beneficial owner of Metec Electronics Pvt Ltd), INR 100,000 on Vikash Bhardwaj, INR 100,000 on Chen Feiyan, INR 83,400 on Subodh Kumar and INR 32,800 on Mohd Rafeek Saifi. The ROC directed the Company to file BEN-2 for all such individuals within a period of 60 (sixty) days from the date of the order.

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CORPORATE REGULATORY UPDATES

Master Direction – Reserve Bank of India (Commercial Paper and Non Convertible Debentures of original or initial maturity upto one year) Directions, 2024

On 3 January 2024, the Reserve Bank of India (“RBI”) issued the Master Direction on Reserve Bank of India (Commercial Paper (CPs) and Non Convertible Debentures (NCDs) of original or initial maturity upto one year) Directions, 2024. These Directions shall be applicable to all persons/agencies dealing in Commercial Paper and/or Non-Convertible Debentures of original or initial maturity upto one year. These Directions shall come into force with effect from 1 April 2024.

CPs and NCDs may be issued by the following entities subject to the condition that all fund-based facilities availed, if any, by the issuer from banks/ AIFIs/ NBFCs are classified as Standard at the time of issue: (i) Companies; (ii) NBFCs, including Housing Finance Companies (HFCs); (iii) InvITs and REITs; (iv) All India Financial Institutions (AIFIs); (v) Any other body corporate with a minimum net worth of INR 1000 Million, provided that the body corporate is statutorily permitted to incur debt or issue debt instruments in India; and (vi) Any other entity specifically permitted by the Reserve Bank. (b) Co-operative societies and limited liability partnerships with a minimum net worth of INR 1000 Million, may also issue CPs under these Directions, subject to the condition that all fund-based facilities availed, if any, by the issuer from banks/ AIFIs/ NBFCs are classified as Standard at the time of issue. Further, all residents are eligible to invest in CPs and NCDs. However, non-residents are eligible to invest in CPs and NCDs to the extent permitted under Foreign Exchange Management Act (FEMA), 1999 or the rules/regulations framed thereunder. Provided that no person, resident or non-resident, can invest in CPs and NCDs issued by related parties either in the primary or through the secondary market.

Amendment to the Master Direction (MD) on KYC

On 4 January 2024, the RBI issued an amendment to the Master Direction (MD) on KYC. Reference is made to the Master Direction (MD) on KYC dated 25 February 2016, as amended from time to time, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers. In the extant Direction, the definition of Politically Exposed Persons (PEPs) is provided in sub-clause (xvii) of clause (a) of Section 3 of the MD on KYC. However, in order to provide better clarity, RBI has decided to include the definition of PEPs as an explanation to Section 41 of the Master Direction as under:

“Explanation: For the purpose of this Section, “Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.”

Consequently, the sub-clause (xvii) of clause (a) of Section 3 of the above quoted Master Direction has been removed. The relevant Sections of the MD on KYC have accordingly been amended to reflect the changes as mentioned above.

Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024

On 22 January 2024, the Insurance Regulatory and Development Authority of India notified the Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024.

CORPORATE REGULATORY UPDATES

The objective of these regulations is to enable and provide flexibility to the insurers to manage their expenses, including commissions, within the overall limits as specified by the Authority to optimally utilize their resources for enhancing benefits to policyholders and to improve insurance penetration. The Regulations shall be applicable to Insurers transacting Life Insurance Business, General Insurance Business or Health Insurance Business in India. These Regulations shall come into force from 1 April 2024. These Regulations shall be reviewed once in every three years from the date of notification, unless the review or repeal or amendment is warranted earlier.

Listing of securities of a public company on foreign stock exchanges

The Ministry of Corporate Affairs (“MCA”) vide its notification dated October 30, 2023, had notified the enforcement of the provisions of section 5 of the Companies (Amendment) Act, 2020. Through this notification, certain classes of public companies have been allowed direct listing of certain class of securities on permitted stock exchanges in permissible foreign jurisdictions.

In order to prescribe the eligibility criteria and conditions for the companies to list their equity shares on permitted stock exchanges in permissible jurisdictions, MCA introduced relevant rules i.e., Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 (“Rule”) on January 24, 2024.

Extension of timeline for verification of market rumours by listed entities

On 25 January 2024, the Securities and Exchange Board of India (“SEBI”) issued a circular regarding extension of timeline for verification of market rumours by listed entities. The proviso to

Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) inter-alia requires top 100 listed entities by market capitalization and thereafter the top 250 listed entities by market capitalization to mandatorily verify and confirm, deny or clarify market rumours from the date as may be specified by SEBI. Further, SEBI vide Circular dated 30 September 2023, made the said provision applicable to top 100 listed entities by market capitalization from 1 February 2024 and to top 250 listed entities by market capitalization from 1 August 2024. Considering the fact that the industry standards are under finalization and certain amendments to LODR Regulations are required for implementation of the aforesaid provision, SEBI decided to extend the timeline for effective date of implementation of the proviso to regulation 30(11) of the LODR Regulations for top 100 listed entities by market capitalization, to 1 June 2024 and for top 250 listed entities by market capitalization, to 1 December 2024.

Streamlining of Regulatory Reporting by Designated Depository Participants (DDPs) and Custodians

On 25 January 2024, SEBI issued a circular streamlining regulatory reporting by Designated Depository Participants (DDPs) and Custodians. SEBI reviewed various reports submitted by DDPs and Custodians in order to have uniform compliance standards, for ease of compliance reporting and for regulatory purposes. In terms of Regulation 31(4) of SEBI (Foreign Portfolio Investors) Regulations, 2019, and Regulation 20 of the SEBI (Custodian) Regulations, 1996 read with the provisions of Master Circular for Custodians dated 27 April 2023 (referred as Master Circular for Custodians) all DDPs and Custodians shall submit the reports specified by the Board from time to time. Subsequent to the review, SEBI decided that

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the following reports shall henceforth be submitted on the SEBI Intermediary Portal (SI Portal) by DDPs and Custodians:

- Annual audit reports on internal controls of DDPs under Regulation 31(6) of SEBI (Foreign Portfolio Investors) Regulations, 2019 – Annual;
- Annual review report of the systems, procedures & controls of the Custodian by an expert under Regulation 14 (2) of Custodian Regulations read with Clause 8 of Chapter IV of the Master Circular for Custodians – Annual;
- Audited Annual report along with Net worth certificate under Clause 7 of Chapter IV of the Master Circular for Custodians – Annual;
- AI/ML report under Clause 9 (v) of Chapter IV of the Master Circular for Custodians – Half yearly;
- Custodian Quarterly report under Clause 6 of Chapter IV of the Master Circular for Custodians – Quarterly
- FPI General Information to assess the eligibility under Regulation 4 of FPI Regulations, 2019 – Quarterly;
- NRI/OCI/RI requirements under Clause 1(ii) of Part A of Master Circular for FPIs and DDPs dated December 19, 2022 – Quarterly;
- FPIs non-compliant with Legal entity identifier requirements under circular dated 27 July 2023 – Quarterly;
- FPIs who have not submitted granular BO details under circular dated 24 August 2023 – Quarterly;
- Details of FPIs granted exemption under circular dated 24 August 2023 – Quarterly;
- Change in material information where there is a delay of 6 months as provided under Clause 14(iii) of Part A of the Master Circular for FPIs and DDPs – Monthly;
- Report of short sales by FPIs under Clause 4 of Chapter IV of the Master Circular for Custodians – Monthly.

The reporting formats which were finalised in consultation with the pilot Custodians and Designated Depository Participants Standard Setting Forum (CDSSF) shall be shared by CDSSF with all the DDPs and Custodians, who shall disclose the same on their websites. Reporting by DDPs under Clause 14(iii) of Part A of Master Circular for FPIs and DDPs shall be on monthly basis on SI portal. However, the DDPs shall continue to submit delay in intimation of certain material changes (excluding change in Name, Change in Senior Managing Official and Change in Beneficial owner not leading to change in Investor Grouping), within 2 working days from the receipt of intimation by FPI by email to misc-fpi@sebi.gov.in.

Timelines for submission of reports –

These reports shall be submitted by DDPs and Custodians on the SI portal on monthly, quarterly, half yearly and annual basis as specified. The monthly and quarterly reports shall be uploaded within 15 calendar days from the end of each month and quarter, respectively. The other reports shall be uploaded as per timelines specified in the Master Circular. The provisions of this Circular shall come into effect from month ending February – 2024 onwards.

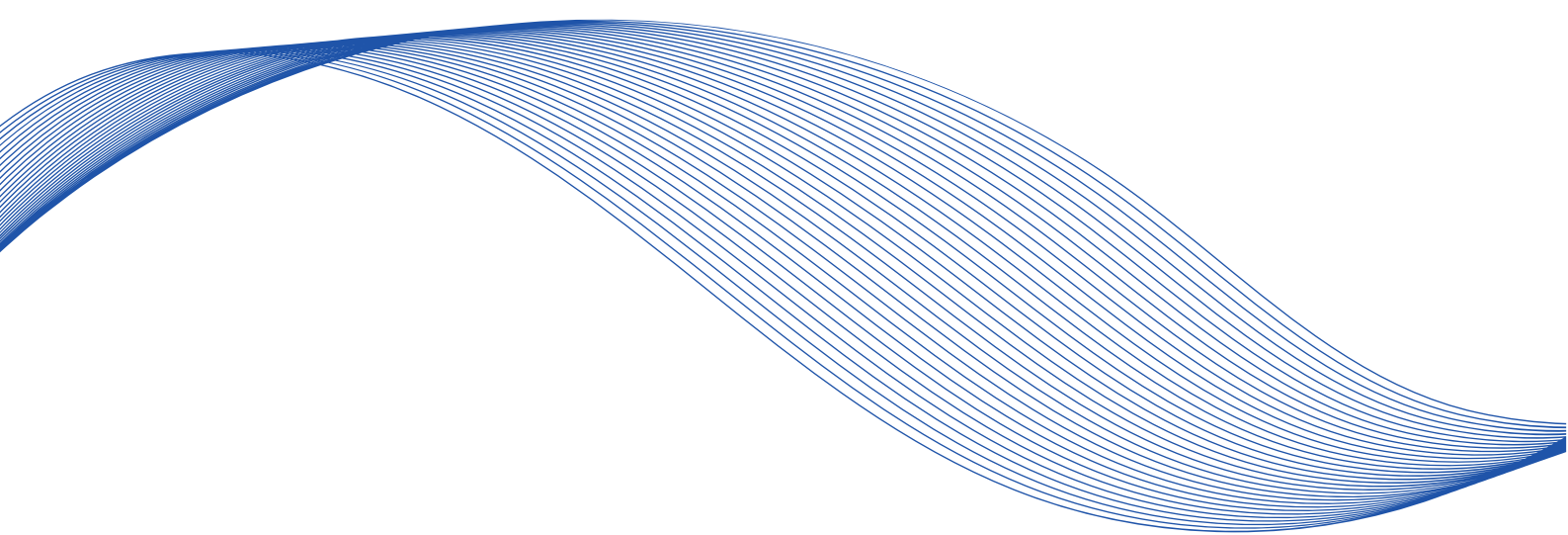
Accredited Investors in IFSC

On 25 January 2024, the International Financial Services Centres Authority (IFSCA) issued a circular specifying the eligibility criteria for Accredited Investors and the modalities related thereto. The IFSCA (Fund Management) Regulations, 2022 provide for certain flexibility with respect to investors who are considered to be better aware of and have wherewithal to withstand the risks emergent from their investments.

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Such investors have been termed as “Accredited Investors” and are referred to in clause (c) of sub-regulation (1) of regulation 2 of IFSCA (Fund Management) Regulations, 2022. Further, the regulatory framework for Distributors of capital market products and services, specified vide Circular dated 21 December 2022 under IFSCA (Capital Market Intermediaries) Regulations, 2021, enables distribution of a wider bouquet of products and services to such Accredited Investors as compared to other investors. Comments from public and the views of the Fund Management Advisory Committee (FMAC) of International

Financial Services Centres Authority (IFSCA or Authority) were sought on the (a) proposed eligibility criteria for Accredited Investors in IFSC and (b) the modalities for accrediting the investors. Based on the review of comments received during the public consultation process, the recommendations of the FMAC and in exercise of the powers conferred under Sections 12 and 13 of the International Financial Services Centres Authority Act, 2019, read with clause (c) of sub-regulation (1) of regulation 2 of the IFSCA (Fund Management) Regulations, 2022, the IFSCA specified the eligibility criteria for Accredited Investors and the modalities related thereto.



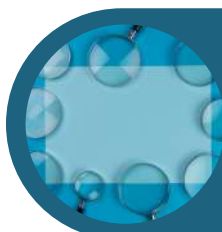


Off Beat Section

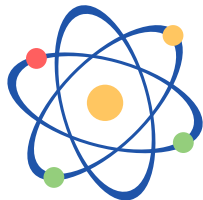


National Science Day (India): Celebrating Scientific Achievements and Inspiring the Future

National Science Day in India is celebrated on **February 28th** every year. This date marks the anniversary of the discovery of the "**Raman Effect**" by Indian physicist Sir C.V. Raman on February 28th, 1928. This groundbreaking discovery, for which Raman received the *Nobel Prize* in Physics in 1930, shed light on the inelastic scattering of light and its significance in understanding the molecular structure of materials. Let's read about some interesting facts about this day.



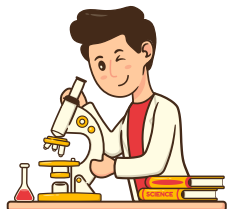
Unique Discovery: The Raman Effect, celebrated on National Science Day, was initially met with skepticism by Western scientists. Raman's persistence and meticulous data collection eventually convinced the scientific community of his discovery.



First Scientist from Asia: Sir C.V. Raman was the first Asian scientist to win the Nobel Prize in Physics. His achievement sparked scientific enthusiasm and pride in India, inspiring future generations of scientists.



Global Collaborations: The theme of National Science Day often emphasizes international cooperation in tackling global challenges. This highlights the importance of scientific collaboration to address issues like climate change, pandemics, and sustainable development.



Beyond Borders: While primarily celebrated in India, National Science Day also resonates with the Indian diaspora abroad. Many Indian scientific communities around the world organize events to mark the day.



National Recognition: The Government of India awards prestigious science prizes on National Science Day, recognizing outstanding contributions from scientists and researchers across different disciplines.





Notable Recognitions & Accolades



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