



WHITESPAN
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WINS

(WHITESPAN INFORMATION AND NEWS SERVICES)

A GATEWAY TO KNOWLEDGE

Monthly Newsletter
NOVEMBER 2024

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Team Whitespan

+91 0124 4014262 | +91 9810624262

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MAA FOUNDATION ACTIVITIES



MAA Foundation organizes regular skill development workshops and training programs to enhance women's professional and vocational skills. During the month of October 2024, MAA Foundation organized various POSH awareness sessions and also imparted vocational skills training to young girls under the "SUI DHAGA PROJECT"..

GLIMPSE OF 11th ANNUAL DAY OF WHITESPAN



MESSAGE FROM THE CHIEF EDITOR

“When I let go of what I am, I become what I might be.” – Lao Tzu

It gives us immense satisfaction to share the 90th Edition of “WINS – E-Newsletter” for November 2024, covering legal updates released during the month of October 2024, articles shared by respected professionals, Case Laws and compliance calendar for the month of November 2024.

In this issue, we have covered the following:

1. Corporate Updates from SEBI, RBI, CBIC, CBDT and other miscellaneous Laws
2. Articles on ESG in the Corporate World, the Essentials of Wills: Types, procedures and Legal nuances, Registration and licensing of factories under the Factories Act, 1948.
3. Case Laws- Competition Complaint against Hero Moto Corp, NCLAT to hear Google’s Appeal on CCI’s on Rs. 936.44 crore fine., CCI approves Carlsberg Breweries acquisition of additional stake, Liquidated damage require proof of actual loss.
4. Compliance checklist for the month of November 2024.

Trust, WINS not only helps you to keep yourself updated, but also saves your time with crisp summary, in the form of Editor’s Quick Take.

My sincere gratitude to each one of you for sparing your precious time in reading this newsletter and sharing your valuable feedback. Your suggestions and ideas have been a source of inspiration for us and have motivated and guided us to scout for better contents, every month, in timely manner. We take this opportunity to invite articles on topics of professional interest. Please ensure that the article is original, written in good style and adds value for the readers.

You may reach to us at vinayshukla@whitespan.in or [+91 9810 624 262](tel:+919810624262)

With warm regards,

TEAM WINS (Whitespan Information and News Services)
November, 2024

OUR EDITORIAL BOARD COMPRISES THE FOLLOWING PROFESSIONALS

- 1. Mr. Vinay Shukla**, a fellow member of The Institute of Company Secretaries of India (ICSI), a graduate in Law, Commerce and Management and the co-founder of WsA having more than thirty years' experience in wide spectrum of corporate functions.
- 2. Ms. Jaya Yadav**, a practicing company secretary based at Gurgaon is a fellow member of The Institute of Company Secretaries of India (ICSI) and a graduate in Law and Commerce from Delhi University.
- 3. Ms. Divya Shukla**, a practicing advocate enrolled in the Bar Council of Delhi and a graduate in Law and Commerce from Christ University, Bengaluru.
- 4. Mr. Shubham Tyagi**, a practicing advocate enrolled in the Bar Council of Delhi and a graduate in Law and Commerce from Delhi University.
- 5. Mr. Pushkar Garg**, Senior Associate at Whitespan Law Offices and member of The Institute of Company Secretaries of India (ICSI) and a graduate in Law and Commerce from MJP Rohilkhand University.
- 6. Mr. Anuj Pathak**, Cleared CS Professional Exam and a graduate in Commerce from Lucknow University.
- 7. Ms. Geetanjali Arya**, CS Professional Student and pursuing LLB from Choudhary Charan Singh University, Meerut and graduated in Commerce from Maharishi Dayanand University, Rohtak.

Ministry of Corporate Affairs (MCA)

1. Companies (Adjudication of Penalties) Second Amendment Rules, 2024

Date of Notification: October 09, 2024

Effective Date : October 09, 2024

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=KO%252B0RaVxZKLvrlI4cHQFFw%253D%253D&type=open>

MCA, via its notification dated October 9, 2024, has enacted amendments to the Companies (Adjudication of Penalties) Rules, 2014, under the powers granted by sections 454 and 469 of the Companies Act, 2013.

The key change involves the insertion of a proviso in sub-rule (1) of rule 3A of the existing rules, which states that any proceedings currently pending before the Adjudicating Officer or Regional Director at the time of this amendment will continue under the provisions that were in place prior to the new rules coming into effect. This ensures continuity and clarity for ongoing cases during the transition to the amended rules.

2. IEPFA (Form of Annual Statements of Accounts) Amendment Rules, 2024

Date of Notification: October 03, 2024

Effective Date : October 03, 2024

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mids=H5yg0%252FiduJtZc%252Bh79PyXgg%253D%253D&type=open>

MCA, vide its notification dated 3 October 2024, has exercised its powers under sub-section (11) of section 125, read with section 469 of the Companies Act, 2013, to amend the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 by notifying Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Amendment Rules, 2024. The amendment introduces changes to the existing rules, specifically aimed at updating the format and structure of annual statements of accounts for the Investor Education and Protection Fund Authority (IEPF Authority).

The amendment revises rule 5, sub-rule (2) of the 2018 rules. Previously, the provision mentioned "one Member" as responsible for the relevant action in the authority's framework. However, under the new amendment, the term "one Member" has been replaced by "the chief executive officer," indicating that the CEO will now be responsible for the corresponding duties or roles in the IEPF Authority. This change reflects a shift in the authority's governance structure to align with contemporary administrative practices.

Securities Exchange Board of India (SEBI)

1. Measures to Strengthen Equity Index Derivatives Framework for Increased Investor Protection and Market Stability

Date of Circular: October 01, 2024

Effective date: October 01, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/measures-to-strengthen-equity-index-derivatives-framework-for-increased-investor-protection-and-market-stability_87208.html

SEBI vide circular dated October 01, 2024, outlined several key measures to enhance the equity index derivatives framework, aiming to improve market integrity and investor protection. The circular highlights the importance of Stock Exchanges and Clearing Corporations in ensuring effective risk management, surveillance, and product development within the derivatives market. This initiative responds to the evolving market dynamics, particularly with increased retail participation and speculative trading on expiry days.

The measures introduced include the upfront collection of option premiums, effective from February 1, 2025, to mitigate undue intraday leverage for clients. Additionally, the circular specifies the removal of calendar spread treatment on expiry days, meaning that positions cannot offset across different expiries on the day of contract expiration. This decision aims to reduce basis risk and align margin requirements with current market conditions. Furthermore, the monitoring of position limits will transition to intraday assessments starting April 1, 2025, ensuring compliance throughout the trading day.

Other notable measures include adjustments to contract sizes for index derivatives, which will now require a minimum value of Rs. 15 lakhs, and the rationalization of weekly index derivatives products, limiting contracts to one benchmark index per exchange. These changes, effective from November 20, 2024, are designed to enhance market stability and protect investors from excessive speculative trading. Additionally, an increase in tail risk coverage for options contracts expiring on the same day will provide an additional ELM of 2% to better manage risks associated with heightened trading activity.

2. Review of Stress Testing Framework for Equity Derivatives segment for determining the corpus of Core Settlement Guarantee Fund (Core SGF)

Date of Circular: October 01, 2024

Effective date: October 01, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/review-of-stress-testing-framework-for-equity-derivatives-segment-for-determining-the-corpus-of-core-settlement-guarantee-fund_87209.html

SEBI vide circular dated October 01, 2024, introduced new guidelines for determining the credit exposure of Clearing Corporations (CCs) towards their participants in the equity derivatives segment. The circular outlines updated stress testing methodologies to assess credit risk, including both hypothetical and historical scenarios. Notable changes include the introduction of Stressed VaR, Filtered Historic Simulation, and a Factor Model, aimed at enhancing the understanding of tail risk in equity derivatives.

Additionally, the circular allows for a one-time inter-segment transfer of funds from the Core Settlement Guarantee Fund (SGF) of the equity cash segment to the equity derivatives segment under specific conditions, enabling CCs to meet increased Minimum Required Corpus (MRC) needs. The framework stipulates that such transfers are contingent on the average stress loss for the month being below 50% of the MRC, while also maintaining minimum contribution requirements in both segments.

CCs are required to formulate a Standard Operating Procedures (SOP) document within 30 days of the circular's issuance, detailing aspects such as initial stress periods, operational mechanisms for new stress testing models, and frameworks for staggered contributions. The existing stress testing methodologies will remain in place alongside the newly introduced approaches, ensuring a comprehensive strategy for managing credit risks in the equity derivatives market.

3. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Date of Circular: October 03, 2024

Effective date: October 03, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_87323.html

SEBI vide circular dated October 03, 2024, announced the extension of relaxations concerning the applicability of certain regulations under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) for Annual General Meetings (AGMs) and general meetings conducted in electronic mode. Initially established on October 7, 2023, these relaxations were based on the Ministry of Corporate Affairs (MCA) General Circular No. 09/2023, allowing companies to forgo sending physical copies of financial statements to shareholders until September 30, 2024.

Following further developments, the MCA issued General Circular No. 09/2024 on September 19, 2024, extending the relaxation period for sending physical copies of financial statements to shareholders for AGMs conducted until September 30, 2025. In light of these extensions and representations received from various stakeholders, SEBI decided to similarly extend the previously mentioned relaxations until September 30, 2025.

It is important to note that listed entities must continue to comply with the conditions set forth in the Master Circular dated July 11, 2023, while availing themselves of these relaxations. This circular is issued under the powers conferred by the Securities and Exchange Board of India Act, 1992, and the provisions remain subject to the Companies Act, 2013, and its rules, as modified over time.

4. Timelines for disclosures by Social Enterprises on Social Stock Exchange (“SSE”) for FY 2023-24.

Date of Circular: October 07, 2024

Effective date: October 07, 2024

Link:

<https://www.sebi.gov.in/legal/circulars/oct-2024/timelines-for-disclosures-by-social-enterprises-on-social-stock-exchange-sse-87387.html>

SEBI, vide circular dated October 07, 2024, announced an extension of the outer timelines for annual disclosures and annual impact reports required under Regulation 91C(1) and Regulation 91E(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) by Social Enterprises on the Social Stock Exchange for the fiscal year 2023-24.

Originally set in the circular dated May 27, 2024, these timelines have now been modified to extend the deadlines for submitting both the annual disclosures and the annual impact reports to January 31, 2025.

5. Specific due diligence of investors and investments of AIFs

Date of Circular: October 08, 2024

Effective date: October 08, 2024

Link:

https://www.sebi.gov.in/legal/regulations/sep-2024/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-second-amendment-regulations-2024_86784.html

SEBI, vide circular dated October 08, 2024, introduced specific due diligence requirements for Alternative Investment Funds (AIFs), their managers, and key management personnel to prevent the circumvention of regulatory laws. This follows the insertion of Regulation 20(20) into the SEBI (Alternative Investment Funds) Regulations, 2012, which mandates rigorous checks regarding investors and their investments.

The circular outlines due diligence procedures related to various regulatory frameworks, including benefits for Qualified Institutional Buyers (QIBs) under the ICDR Regulations and Qualified Buyers (QBs) under the SARFAESI Act. For AIF schemes with significant contributions from specific investors, comprehensive due diligence must be conducted to ensure compliance with applicable laws and to avoid facilitating ineligible investors.

Additionally, the circular addresses concerns regarding ever-greening of stressed loans by RBI-regulated entities through AIFs, requiring that investments do not allow these entities to bypass restrictions. AIFs must conduct due diligence on existing investments and report findings to their custodians by April 07, 2025. The compliance mechanisms and implementation standards for these due diligence checks are to be published by relevant industry associations, ensuring adherence to the outlined provisions.

6. Extension of timeline for implementation of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024

Date of Circular: October 10, 2024

Effective Date : October 10, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/extension-of-timeline-for-implementation-of-sebi-circular-sebi-ho-mirsd-mirsd-pod1-p-cir-2024-75-dated-june-05-2024_87508.html

SEBI, via circular dated October 10, 2024, mandated that the pay-out of securities must be made directly to clients' demat accounts to enhance operational efficiency and reduce risk. Initially set to take effect on October 14, 2024, the implementation date was extended to November 11, 2024, following consultations with the Brokers' Industry Standards Forum. This extension aims to ensure a smooth transition without disrupting market operations. Stock exchanges, depositories, and clearing corporations are required to inform their members, establish compliance systems, and amend relevant regulations accordingly.

7. Change in timing for securities payout in the Activity schedule for T+1 Rolling Settlement

Date of Circular: October 10, 2024

Effective Date : October 10, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/change-in-timing-for-securities-payout-in-the-activity-schedule-for-t-1-rolling-settlement_87512.html

SEBI, vide circular dated October 10, 2024, has mandated that Clearing Corporations (CC) credit the pay-out of securities directly to client accounts. This change, effective in Phase-1, applies to the equity cash segment, including netted cash and F&O Physical Settlement. As a result, the timing of the securities pay-out will shift from 1:30 PM to 3:30 PM, allowing clients to receive their securities in their demat accounts on the same settlement day instead of the previous one working day delay.

This adjustment reflects an effort to streamline processes and enhance the efficiency of the securities pay-out system. The revised timing aligns with the T+1 Rolling Settlement framework, updating the existing Activity Schedule as outlined in SEBI's Master circular on Stock Exchanges and Clearing Corporations from October 16, 2023. The changes aim to facilitate quicker access to securities for investors.

In light of this circular, Stock Exchanges, Clearing Corporations, and Depositories are instructed to amend relevant bye-laws, rules, and regulations to implement this decision. They are also required to inform market participants of these updates and ensure that the information is readily available on their websites.

8. Monitoring Shareholding of Market Infrastructure Institutions (MIIs)

Date of Circular: October 14, 2024

Effective Date : October 14, 2024

Link:

<https://www.sebi.gov.in/legal/circulars/oct-2024/monitoring-shareholding-of-market-infrastructure-institutions-miis-87535.html>

SEBI, vide its circular dated October 14, 2024, has introduced a revised framework for the monitoring and compliance of shareholding norms for Market Infrastructure Institutions (MIIs), including Stock Exchanges, Clearing Corporations, and Depositories. These changes aim to ensure that both listed and unlisted MIIs comply with the shareholding limits and fit and proper criteria set forth in the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018) and the SEBI (Depositories and Participants) Regulations, 2018. These regulations, previously applicable only to listed MIIs, will now also cover unlisted MIIs, with clear guidelines for disclosure of shareholding patterns and compliance monitoring.

One of the key provisions of the circular is that every MII must appoint a Designated Depository (DD) to monitor their shareholding limits as prescribed by SECC and D&P Regulations. The DD will be responsible for ensuring that trading members (TMs), their associates, and agents do not exceed the 49% shareholding limit, and will monitor daily demat holdings of TMs, issuing alerts in case of breaches. The framework also includes detailed provisions for freezing voting rights and corporate benefits if shareholders exceed the regulatory shareholding limits.

Further, the circular outlines specific responsibilities for clearing corporations, requiring that at least 51% of a clearing corporation's equity be held by recognized stock exchanges. SEBI has also stressed that all shareholders must meet the fit and proper criteria at all times, with quarterly reports to SEBI detailing any shareholders found to be in violation of this requirement.

This new framework will come into effect 90 days from the date of the circular's issuance. Additionally, relevant provisions from previous SEBI Master Circulars dated October 2023 and August 2023, as well as SEBI's 2017 guidelines on compliance with SECC and D&P Regulations, will be rescinded. MIIs are expected to make the necessary amendments to their by-laws and ensure that the market participants are made aware of these changes.

9. Corrigendum to Circular on Ease of Doing Business in the context of Standard Operating Procedure for payment of “Financial Disincentives” by Market Infrastructure Institutions (MIIs) as a result of Technical Glitch

Date of Circular: October 14, 2024

Effective Date : October 14, 2024

Link:

<https://www.sebi.gov.in/legal/circulars/oct-2024/corrigendum-to-circular-on-ease-of-doing-business-in-the-context-of-standard-operating-procedure-for-payment-of-financial-disincentives-by-market-infrastructure-institutions-miis-as-a-result-of-te-87534.html>

SEBI, vide its circular dated October 14, 2024, issued clarifications regarding amendments to the Standard Operating Procedure (SOP) for the payment of financial disincentives by Market Infrastructure Institutions (MIIs) due to technical glitches. These amendments, introduced in SEBI's circular dated September 20, 2024 (SEBI/HO/MRD/TPD-1/P/CIR/2024/124), apply to all MIIs, including Commodity Derivatives Exchanges and Clearing Corporations. However, the September circular did not explicitly reference relevant sections of the Master Circular for the Commodity Derivatives Segment issued on August 4, 2023. The new circular addresses this by specifying the necessary references to ensure alignment between both regulatory frameworks.

The amendments incorporate cross-references to various sections of the Master Circular. For instance, paragraphs 1 and 4 of the September 20, 2024 circular are now linked to paragraph 16.8 of the Master Circular, while other paragraphs are connected to Clauses in Annexure-ZF. This ensures consistency in regulatory standards for handling technical glitches that result in financial disincentives. Additionally, SEBI has established a process wherein MIIs are given the opportunity to make submissions on technical glitches, while also mandating internal examinations to identify individual accountability within MIIs.

SEBI retains the authority to initiate enforcement actions against individuals at MIIs if sufficient grounds exist.

10. Monitoring of Position Limits for Equity Derivative Segments

Date of Circular: October 15, 2024

Effective Date : April 1, 2025

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/monitoring-of-position-limits-for-equity-derivative-segment_87567.html

SEBI, vide its circular dated October 16, 2023, has outlined the revised position limits for Trading Members (TMs) in the context of index Futures and Options contracts. The overall position limit, which includes both proprietary and client trades, is set at the higher of INR 7,500 crore or 15% of the total Open Interest (OI) in the market. This new limit is applicable separately for index futures and index options, reflecting feedback from market participants and discussions within the Secondary Market Advisory Committee (SMAC).

Additionally, the circular addresses the dynamic nature of open interest, emphasizing that position limits will now be monitored based on the total open interest at the end of the previous trading day, similar to the practice in the currency derivatives segment. In cases where market OI decreases compared to the previous day's OI, market participants may exceed their specified position limits without penalties, provided their positions remain unchanged throughout the day.

The provisions of this circular will be implemented in phases: the new position limits for TMs will take effect immediately, while the monitoring provisions related to passive breaches will come into effect from April 1, 2025. Stock Exchanges and Clearing Corporations are instructed to amend their relevant bye-laws and regulations accordingly and to disseminate this information to market participants through their websites.

11 Introduction of Liquidity Window facility for investors in debt securities through Stock Exchange mechanism

Date of Circular: October 16, 2024

Effective Date : November 01, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/introduction-of-liquidity-window-facility-for-investors-in-debt-securities-through-stock-exchange-mechanism_87674.html

SEBI, via a circular dated October 16, 2024, has introduced measures to enhance liquidity in the corporate bond market, addressing concerns about perceived illiquidity. The circular outlines the establishment of a Liquidity Window facility, which allows issuers to provide put options to investors on specified dates. This initiative aims to broaden the investor base and improve participation, particularly among retail investors, by offering a structured mechanism for early redemption of debt securities.

The Liquidity Window framework enables issuers to provide put options that can be exercised after one year from the issuance of debt securities. This facility is applicable only to prospective issuances, whether through public or private placements. Issuers may choose to implement this facility at their discretion, ensuring that it is applied uniformly across eligible investors, while also maintaining compliance with risk management and market integrity norms.

Key features of the Liquidity Window include the requirement for prior approval from the issuer's Board of Directors, oversight by a Stakeholders Relationship Committee (SRC), and transparency in operation. The facility must not compromise liquidity management or market integrity and will be available for a minimum of 10% of the final issue size, with a designated stock exchange for operational purposes.

Eligible investors wishing to utilize the Liquidity Window must hold their debt securities in dematerialized form. The window will remain open for three working days, with the potential for monthly or quarterly operations. Issuers must communicate the schedule for these liquidity windows in advance and provide necessary notifications to eligible investors via SMS or WhatsApp.

Finally, issuers are mandated to disclose detailed information regarding the Liquidity Window on their websites, including ISIN specifics, outstanding amounts, credit ratings, and utilization of the facility. They must report to the stock exchanges within three working days post-window closure and ensure that any changes in relevant information are updated promptly. This transparency aims to foster investor confidence and facilitate smoother transactions within the corporate bond market.

12. Clarification with regard to usage of 3 – in – 1 type accounts for making an application in public issue of securities

Date of Circular: October 18, 2024

Effective Date : October 18, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/clarification-with-regard-to-usage-of-3-in-1-type-accounts-for-making-an-application-in-public-issue-of-securities_87747.html

SEBI, vide its circular dated October 18, 2024, has issued a clarification regarding the use of 3-in-1 accounts for submitting applications in public issues of debt securities, non-convertible redeemable preference shares, municipal debt securities, and securitized debt instruments.

This clarification follows feedback received by SEBI on the need to explicitly specify the usage of 3-in-1 accounts, which integrate online trading, demat, and banking facilities. In accordance with the circular, investors are permitted to continue utilizing these 3-in-1 accounts for submitting bid-cum application forms online. This is in addition to the other existing modes of application as detailed in SEBI's earlier circulars, including the May 2024 Master Circular and the September 2024 update.

13. Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015

Date of Circular: October 22, 2024

Effective Date : November 01, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/inclusion-of-mutual-fund-units-in-the-sebi-prohibition-of-insider-trading-regulations-2015_87833.html

The Securities and Exchange Board of India (SEBI), vide its Circular dated October 22, 2024, has strengthened the regulatory framework for insider trading in mutual fund units. This follows the inclusion of mutual fund units under the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations), as notified on November 24, 2022. These amendments, aim to prevent insider trading and require asset management companies (AMCs), trustees, and their immediate relatives to disclose their holdings and report transactions above a threshold amount. The holdings as of October 31, 2024, must be disclosed on stock exchange platforms by November 15, 2024, and all subsequent disclosures are to be made quarterly.

To streamline the implementation of these amendments, SEBI constituted a working group comprising representatives from AMCs, the Association of Mutual Funds in India (AMFI), stock exchanges, registrars and transfer agents (RTAs), and depositories. Based on the group's recommendations, SEBI has mandated that transactions involving mutual fund units that exceed INR 15 lakhs in a calendar quarter must be reported to the compliance officer within two business days. These disclosures, along with any violations of PIT Regulations, are to be made in prescribed formats detailed in the annexures of the circular.

Additionally, SEBI has amended Clause 6.6 of the Master Circular for Mutual Funds (June 2024) to align it with the updated PIT Regulations. The revised clause removes restrictions on mutual fund investments and redemptions for employees of AMCs and trustees, and mandates strict adherence to insider trading regulations for mutual fund units.



14. Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015

Date of Circular: October 22, 2024

Effective Date : October 22, 2024

Link:

<https://www.sebi.gov.in/legal/circulars/oct-2024/modification-in-annexure-to-common-application-form-caf-87849.html>

SEBI vide its Circular dated October 22, 2024, amended the Common Application Form ("CAF") for Foreign Portfolio Investors ("FPIs") operating within International Financial Services Centres ("IFSCs"). This circular is issued pursuant to SEBI's earlier circular dated June 27, 2024, which provided flexibility for up to 100% aggregate contributions by Non-Resident Indians ("NRIs"), Overseas Citizens of India ("OCIs"), and Resident Indians ("RIs") in FPIs regulated by the International Financial Services Centres Authority ("IFSCA").

The modifications include the insertion of an additional option under Section B-II of the CAF, applicable to applicants based in IFSCs, whereby NRI/OCI/RI contributions to the corpus of the FPI may exceed 50%, provided that individual contributions by any single NRI/OCI/RI remain below 25% of the total corpus. Furthermore, the circular details the requisite documents and declarations to be submitted for compliance with these provisions. These changes are effective immediately, and depositories are directed to make necessary updates to the CAF modules hosted on their respective websites.

15. Annual Compliance Certificate for Client Level Segregation by Non-individual Investment Advisers and timeline for submission of periodic reports

Date of Circular: October 25, 2024

Effective Date : October 25, 2024

Link:

https://www.sebi.gov.in/legal/circulars/oct-2024/annual-compliance-certificate-for-client-level-segregation-by-non-individual-investment-advisers-and-timeline-for-submission-of-periodic-reports_87975.html

SEBI vide its Circular dated October 25, 2024, amended the compliance requirements for non-individual investment advisers (IAs). This circular introduces two primary modifications to existing regulations. Firstly, it permits non-individual IAs to obtain an annual compliance certificate related to client-level segregation from any auditor, rather than exclusively from a statutory auditor. This provision enhances operational flexibility for IAs, aligning with SEBI's broader goals to ease compliance burdens. Secondly, the circular revises the reporting timeline for non-individual IAs, granting them 30 days after each half-yearly period to submit periodic reports to the Investment Adviser Administration and Supervisory Body (IAASB).

These regulatory adjustments take effect immediately, aiming to streamline compliance procedures while maintaining robust investor protections. SEBI has directed the IAASB to disseminate these updates to all investment advisers and amend relevant regulatory documentation to reflect the changes.



**RESERVE BANK
OF INDIA
(RBI)**

1. Compounding of Contraventions under FEMA, 1999

Date of Circular: October 01, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12736&Mode=0>

RBI, vide circular dated October 01, 2024, has notified the Foreign Exchange (Compounding Proceedings) Rules, 2024, superseding the previous rules from 2000. These rules, established under Section 15 of the Foreign Exchange Management Act (FEMA) 1999, empower the Reserve Bank to compound contraventions defined in Section 13 of FEMA, except for those under Section 3(a). This circular also reviews and supersedes earlier directions and provides a list of previous circulars affected, as detailed in an appendix.

Additionally, the Reserve Bank has reiterated its authority under Section 11(2) of FEMA to require authorized persons to furnish necessary information for compliance purposes. Authorized Dealers are advised to implement effective checks and balances in their systems to prevent contraventions of FEMA provisions. The Reserve Bank may impose penalties on authorized persons for non-compliance with its directions or failure to submit required returns. All AD Category-I banks and Authorized banks are instructed to disseminate these guidelines to their constituents.

2. Due diligence in relation to non-resident guarantees availed by persons resident in India

Date of Circular: October 04, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12736&Mode=0>

RBI vide circular dated October 04, 2024, has identified instances of guarantees, including Standby Letters of Credit (SBLCs) and performance guarantees, issued by non-residents to residents in India that violate existing FEMA regulations. The circular instructs AD Category-I banks to ensure that any guarantee contracts they advise their resident clients on comply with these regulations and to inform their constituents accordingly.

3. Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit.

Date of Circular: October 09, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12738&Mode=0>

RBI vide circular dated October 09, 2024, refers to the Government of India's Trade Notice No. 18/2024-2025, which extends the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit by three months, until December 31, 2024, with modifications. The fiscal benefits for each MSME will be capped at ₹50 lakhs for the Financial Year 2024-25, and MSME manufacturer exporters who have already received ₹50 lakhs or more in benefits as of September 30, 2024, will not be eligible for further assistance during the extension. All other terms and conditions of the existing instructions remain unchanged.

4. Implementation of Credit Information Reporting Mechanism subsequent to cancellation of license or Certificate of Registration.

Date of Circular: October 10, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12739&Mode=0>

RBI vide circular dated October 10, 2024, emphasizes that only Credit Institutions (CIs) can provide credit information to Credit Information Companies (CICs) as per the Credit Information Companies (Regulation) Act, 2005 (CICRA). Following the cancellation of a license or Certificate of Registration (CoR) by RBI, entities can no longer be considered CIs, and their credit information cannot be accepted by CICs, leading to unupdated repayment histories for borrowers. To address this issue, RBI directs CICs and CIs to establish a credit information reporting mechanism for borrowers from banks and Non-Banking Finance Companies (NBFCs) post-cancellation. These CIs will still be governed by CICRA and associated regulations, and the new instructions must be implemented within six months.

5. Submission of information to Credit Information Companies (CICs) by ARCs

Date of Circular: October 10, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12740&Mode=0>

RBI vide circular dated October 10, 2024, has revised guidelines for Asset Reconstruction Companies (ARCs) regarding their membership and data submission to Credit Information Companies (CICs). Previously, ARCs were advised to be members of at least one CIC; the new guidelines mandate that ARCs must now join all CICs and submit necessary data in accordance with the Uniform Credit Reporting Format established by the Reserve Bank, ensuring consistency with regulations applicable to banks and NBFCs.

Under the updated guidelines, ARCs are required to keep their information current, updating it on a fortnightly basis or more frequently if mutually agreed with the CICs. Additionally, any rejected data from CICs must be rectified and uploaded within seven days. ARCs are also encouraged to adopt best practices, which include providing comprehensive customer information, ensuring timely updates on repayments, and centralizing the issuance of no-objection certificates to prevent non-updating of repayment details.

The circular emphasizes the importance of establishing a standard operating procedure for CIC-related matters, appointing a nodal officer for communications with CICs, and prioritizing customer grievance redressal, particularly for issues related to credit information updates. These guidelines, issued under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, apply to all ARCs and must be implemented by January 1, 2025.

6. Facilitating accessibility to digital payment systems for Persons with Disabilities – Guidelines.

Date of Circular: October 11, 2024

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12741&Mode=0>

RBI vide circular dated October 11, 2024, references the Master Circular on Customer Service in Banks and the recently issued "Accessibility Standards and Guidelines for Banking Sector" by the Ministry of Finance, aimed at enhancing banking services for Persons with Disabilities (PWDs). The circular emphasizes the importance of ensuring that all sections of the population, including differently abled individuals, can effectively access digital payment systems as they increasingly adopt these technologies.

To facilitate this access, payment system participants (PSPs), including banks and authorized non-bank payment providers, are advised to assess their payment systems and devices for accessibility. They should implement necessary modifications to ensure that devices such as Point-of-Sale machines are user-friendly for Persons with Disabilities. Compliance with the Ministry of Finance's Accessibility Standards is recommended, while ensuring that any enhancements do not compromise the security of the systems.

PSPs are required to submit a detailed report to the Reserve Bank within one month, outlining the systems or devices that need modifications along with a time-bound action plan for these changes. This report should be directed to the Department of Payment and Settlement Systems at the Reserve Bank, accompanied by the contact information of a designated Nodal Officer for any further queries or clarifications.

Central Board of Direct Taxes (CBDT)

1. Extension of due date for furnishing return of income for the Assessment Year

2024-25

Date of the Circular: October 25, 2024

Link: <https://incometaxindia.gov.in/communications/circular/circular-13-2024.pdf>

The Central Board of Direct Taxes (CBDT), exercising its powers under Section 119 of the Income-tax Act, 1961, has extended the due date for furnishing the Return of Income under sub-section (1) of Section 139 for Assessment Year 2024-25. For assessee, covered under clause (a) of Explanation 2 to sub-section (1) of Section 139, the due date is now extended from October 31, 2024, to November 15, 2024.

This extension provides additional time for eligible taxpayers to complete and submit their returns in compliance with the Act.

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2. CBDT Order on Authorizing Income-tax Authorities for Condonation of Delay in Filing Returns for Refunds and Loss Carry Forwards

October 01, 2024

Link: <https://incometaxindia.gov.in/communications/circular/circular-11-2024.pdf>

The Central Board of Direct Taxes (CBDT) has issued a comprehensive order under Section 119(2)(b) of the Income-tax Act, 1961, to replace earlier instructions regarding applications for condoning delays in filing returns to claim refunds and carry forward losses. The new order outlines the procedures and authorities responsible for handling such applications.

Key Points:

Delegation of Powers for Applications/Claims:

Principal Commissioners (Pr. CsIT/CsIT): Authorized to accept/reject applications if claims do not exceed ₹1 crore per assessment year.

Chief Commissioners (CCsIT): Authorized for claims exceeding ₹1 crore but not more than ₹3 crores per assessment year.

Principal Chief Commissioners (Pr. CCsIT): Authorized for claims over ₹3 crores per assessment year.

Commissioner of Income-tax, CPC (Bengaluru): Has authority to handle condonation of delay in verifying returns sent to CPC.

Five-Year Time Limit:

No applications for condonation of delay will be entertained beyond five years from the end of the assessment year in question.

This time limit applies to applications submitted on or after October 1, 2024, and is mandatory for all authorities.

Conditions for Condonation:

The delay must be due to "reasonable cause," with the assessee experiencing genuine hardship.

Authorities may instruct the jurisdictional Assessing Officer to conduct inquiries to verify claims.

In cases of refunds arising from a Court order, the period of litigation will be excluded from the five-year limit, provided the condonation application is submitted within six months of the Court order.

Supplementary Claims for Refund:

Supplementary refund claims (additional claims after the initial assessment) can be admitted for condonation if other conditions are met.

Conditions include:

- **Income is not assessable in another person's name.**
- **No interest on delayed refunds.**
- **Refunds must arise from excess TDS, advance tax, or self-assessment tax.**

Pending Applications:

The powers granted apply to all pending applications for condonation of delay as of October 1, 2024.

Grievance Redressal:

CBDT reserves the right to review grievances related to orders passed (or not passed) by the authorities and can issue directions for proper implementation.

This order aims to streamline the process for condonation applications, ensuring clarity on authorities' roles and setting clear conditions for accepting such claims.

CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS (CBIC)

1. Update on launch of GSTN e-Services App to Replace e-Invoice QR Code Verifier App

October 01, 2024

Link: <https://services.gst.gov.in/services/advisoryandreleases/read/528>

We are excited to announce the recent launch of the GSTN e-Services app, which replaces the old e-Invoice QR Code Verifier App. Key features include:

- a) e-Invoice Verification: Scan QR codes and check the live status of Invoice Reference Numbers (IRN).
- b) GSTIN Search: Easily find GSTIN details using GSTIN or PAN.
- c) Return Filing History: View return filing history for any GSTIN.
- d) Multiple Input Methods: Search using text, voice, or scan.
- e) Result Sharing: Share results directly through the app.

The app is now available on the Google Play Store (<https://play.google.com/store/apps/details?id=com.gstn.eservicesapp&pli=1>) and App Store (<https://apps.apple.com/in/app/gstn-e-services/id6736352933>), with no login required. A detailed manual will be shared soon.

2. Advisory on New GST Provision for Metal Scrap Transactions

October 13, 2024

Link: <https://services.gst.gov.in/services/advisoryandreleased/read/531>

The government has issued Notification 25/2024-Central Tax on October 9, 2024, mandating compliance for businesses dealing with metal scrap under GST Section 51 of the CGST Act, 2017.

Key Updates:

- a) Compliance Requirement:** Businesses involved in metal scrap transactions must adhere to the new provisions outlined in the notification.
- b) Registration Process:** The GST portal will soon be updated to facilitate compliance through FORM GST REG-07 for this category of registered persons.
- c) Background:** This update aims to streamline the tax framework for metal scrap transactions, ensuring greater accountability and transparency within the sector.

3. Advisory on Invoice Management System (IMS)

October 14, 2024

Link: <https://services.gst.gov.in/services/advisoryandreleased/read/532>

We are pleased to announce that the Invoice Management System (IMS) has been available to taxpayers from October 14, 2024. This new system will assist taxpayers in matching their records and invoices with those issued by their suppliers, ensuring the correct availing of Input Tax Credit (ITC).

Key Points:

- a) Action on Invoices:** Taxpayers can begin taking action on the invoices reflected in the IMS from today.
- b) GSTR-2B Generation:** The first GSTR-2B for the return period of October 2024 will be generated on November 14, 2024, based on the actions taken within the IMS.

Important Note: While taxpayers are encouraged to act on the invoices in the IMS dashboard, it is not mandatory for the generation of GSTR-2B.

Aim to encourage all taxpayers to familiarize themselves with the IMS to optimize their ITC claims.

4. Advisory on New Auto-Population of ITC in GSTR-9 from FY 2023-24

October 15, 2024

Link: <https://services.gst.gov.in/services/advisoryandreleased/read/533>

Starting from the Financial Year 2023-24, the GST system will now auto-populate eligible Input Tax Credit (ITC) for domestic supplies (excluding ITC on reverse charge and imports) from Table 3(I) of GSTR-2B to Table 8A of GSTR-9. This enhancement is designed to simplify the reconciliation process for taxpayers and is now live on the GST portal as of today, October 15, 2024.

Additionally, a validation utility is being rolled out progressively for taxpayers to verify the auto-population of GSTR-9 from GSTR-2B for the period April 2023 to March 2024. We encourage all taxpayers to utilize this utility to ensure accurate filings.

5. Advisory on GST REG-07 Compliance Update for Metal Scrap Buyers

October 22, 2024

Link: <https://www.gst.gov.in/newsandupdates/read/539>

In line with the new GST provisions for buyers of metal scrap, GSTN has introduced an update to simplify compliance through Form GST REG-07. As outlined in the advisory issued on October 13, buyers in this category must now select "Others" in Part B of Table 2 under the "Constitution of Business" section. Upon selection, a text box will appear, requiring the entry "Metal Scrap Dealers." This entry is mandatory for taxpayers selecting the "Others" option to correctly classify their business type.

After this step, complete the remaining details in Form GST REG-07 and submit the form on the common portal to fulfil the registration requirements as specified in Notification No. 25/2024 - Central Tax, dated October 9, 2024.

Miscellaneous Laws

EPFO

1. Utilization of Reserves and Surplus for crediting interests to the existing Trust beneficiaries

Date of Circular: October 07, 2024

Effective Date: October 07, 2024

Link:

https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2024-2025/circular_exemption_11102024.pdf

EPFO, vide its circular dated October 7, 2024, clarified the use of reserves and surplus by exempted establishments' Trusts. The circular addresses the illegal practice of certain exempted establishments crediting interest to beneficiaries at rates higher than those declared by the EPFO, either before or during the surrender of their exemption status. The EPFO emphasized that such practices violate Para 60 of the Employees' Provident Fund (EPF) Scheme and Section 17 of the Indian Trusts Act, which requires impartiality in the management of Trusts.

The circular strictly prohibits the overdrawal of reserves and clarifies that any interest credited to beneficiaries must be in line with the actual earnings of the fund. The use of surplus funds to provide higher interest rates to select beneficiaries is classified as unjust enrichment, as it unfairly benefits a few at the expense of others within the Trust.

Furthermore, the EPFO clarified that upon surrendering or cancellation of exemption status, all accumulated funds, including any undistributed interest, must be transferred to the Central Board of Trustees (CBT), EPFO, as per Para 28(2) of the EPF Scheme.

The circular also supersedes earlier guidelines issued in 2010 and 2011, which are now withdrawn. Zonal and Regional Offices have been directed to ensure strict compliance with these new instructions and to communicate the same to all exempted establishments under their jurisdiction. Non-compliance with these guidelines will be addressed during audits, ensuring that Trusts adhere to the legal and ethical standards set by the EPFO.

INTELLECTUAL PROPERTY

NOTICE- ALERT ON FRAUDSTERS

Date of Circular: October 17, 2024

Link:

https://www.ipindia.gov.in/writereaddata/Portal/News/1019_1_Alert_on_Fraudsters_17_Oct_2024.pdf

It has come to the attention of the Office that certain fraudulent individuals are obtaining data and status updates of Intellectual Property (IP) applications from its official website and subsequently soliciting unsuspecting applicants via phone calls and emails, falsely claiming that payment is required for the acceptance of their applications by this Office. All stakeholders who have applied or are considering applications for IP protections—namely, Patents, Designs, Trade Marks, Geographical Indications (GIs), Integrated Circuit Layout Designs, or Copyright—are hereby advised not to be misled by such false claims or to make any payments in response. The processing of IP applications by the Office strictly adheres to statutory provisions, and they maintain zero tolerance towards unethical practices. Should any stakeholder receive such deceptive solicitations, they are encouraged to promptly report the incident to this Office. Furthermore, Office reserves the right to pursue appropriate legal action against individuals engaging in such fraudulent activities, as provided by law.

Article 1

ESG IN THE CORPORATE WORLD

Environment, Social and Governance (ESG), is becoming an integral part of strategy in the corporate world. The three Alphabets 'E', 'S' and 'G' have gained prominence in the business world for sustainable growth. Corporates have become more aware towards their responsibilities to look after the interests of all the stakeholders in the business ecosystem. There are various reporting frameworks emphasizing on environmental protection, corporate social obligations and ethical & robust governance practices. In India market regulator SEBI has introduced Business Responsibility and Sustainability Reporting (BRSR) for top listed companies. These companies are publishing BRSR as a part of their Annual Report. SEBI has also standardized the ESG rating and ESG rating providers are to get themselves registered with SEBI. The companies are working consistently to improve their ESG scores as it offers both tangible and intangible benefits. It is high time for Corporates to introspect and fill up the gaps to achieve the set targets of ESG parameters. This is necessary to showcase their concern and preparedness towards the environment, society, and governance.

Environment (E)

In today's context, environment has gained major significance as the world is under threat of climate change/global warming. The temperature of earth is rising due to excessive carbon emissions in the environment, causing weakening of ozone layer and thereby causing global warming. The member nations showed their commitments in the Paris convention way back in 2005 to reduce carbon footprints and work for net zero emissions. Progress are reviewed in various Conference of Participants (COPs) on annual basis. Both developed and developing nations are preparing themselves to meet net zero emissions deadlines.

India is not far behind in its commitment towards environment protection by reducing carbon emissions. The energy transition from fossil fuels to renewals is underway and it is estimated that installed capacity in renewable space would reach to 500 GW by 2030. India has set target to meet net zero emission by 2070.

National commitment can be met when it is percolated to corporates which have a larger role to play in reducing carbon emissions in their entire value chain i.e. (Scope 1,2, &3). Big Corporates have already announced their net zero targets much ahead of 2070.

Social (S)

In the present business environment, corporates are expected to behave as responsible corporate citizens. Their performance is not measured merely by financial numbers, but by other non-financial parameters such as their contribution to society. Corporate Social Responsibility (CSR) is considered to be an important parameter for sustainability of the Corporates.

Society constitutes an important ingredient of business. Corporates have realized their duties and have come forward to support public health, education, skill development, cleanliness, women empowerment, poverty alleviation and development of infrastructure in their nearby areas of operations. These philharmonic acts and deeds of the corporates are acknowledged by the local community and society at large. Such corporates earn goodwill, which enhances their brand equity. Needless to say, that support of society is necessary for sustainability of the business. Corporates meeting prescribed criteria are now required to spend 2% of their average profits for the last 3 financial years towards CSR. This has become compulsory under the Companies Act, 2013.

Now, corporates have separate Board level CSR Committees to oversee the CSR activities. Annual CSR Report, which forms part of Annual Report gives an overview of CSR expenditure and activities.

Governance (G)

Corporate governance is one of the most important constituents for sustainability and growth of the business. Corporates having robust corporate governance command respect and are preferred by the investing community.

Now a days, corporates give due emphasis to ethical business practices, compliances and strong systems & procedures in day to day functioning. Transparency, Disclosures, Accountability and responsibility are being given weightage to safeguard the interests and to create value for the stakeholders. There has been an increase in shareholders activism, which keeps the corporates alert. Code of conduct, Anti bribery policies, whistle blower or vigil policies, Stakeholders Committee, Audit Committee, independent directors, Proxy advisory firms, analyst's interactions and SEBI Regulations are all in the direction of strengthening corporate governance.

In India, SEBI the market regulator is constantly working to raise the bar of corporate governance by providing/updating regulatory framework from time to time. SEBI (LODR) Regulations, 2015, Insider Trading Regulations, Takeover Regulations and other Regulations are meant for strengthening the corporate governance of listed companies. Good Corporate Governance Companies are recognized at various forums.

ESG Reporting Framework for Corporates

These are a number of ESG Reporting Framework, which can be followed by the Corporates. Each framework provides reporting requirements in the area of Environment, Social and Governance by the corporates. The reporting format consists of various sections ranging from general, company specific, materiality assessment and governing principles.

Important international ESG/Sustainability Reporting Framework are as under:

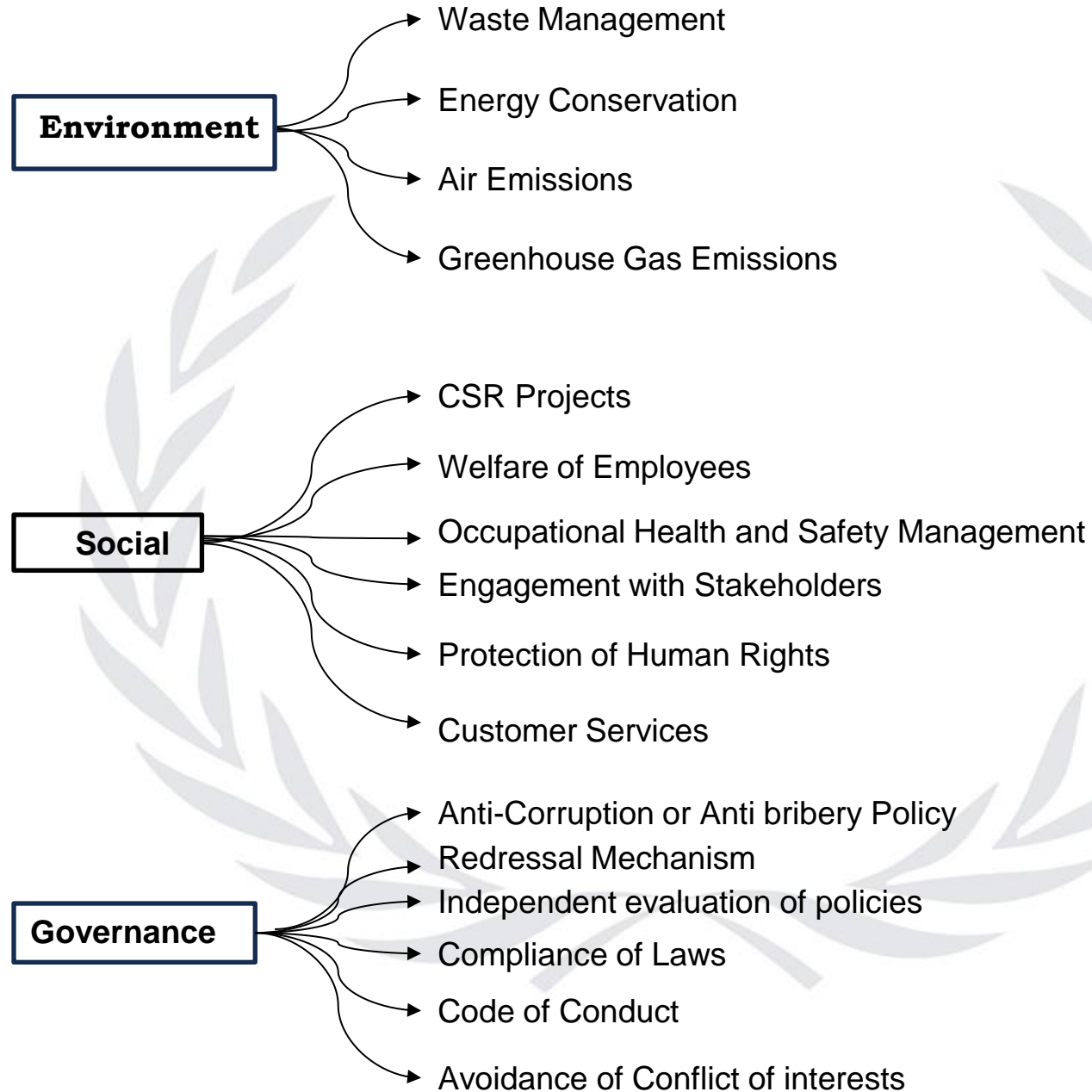
- (i) Global Reporting Initiative (GRI)
- (ii) Morgan Stanley Capital Index (MSCI)
- (iii) Sustainability Accounting Standard Board (SASB)
- (iv) United Nations Sustainability Development Program (UNSDP)

In India SEBI has come out with Business Responsibility & Sustainability Report (BRSR) applicable to Top 1000 Companies by market cap. This reporting requirement is mandatory from the financial year 2022-23. As a step further, BRSR core has been introduced for these companies in a phased manner with the requirement of reasonable assurance.

BRSR has been categorized into three sections namely General disclosure, Management disclosure and nine Principles wise disclosures. In Principles, the questions are both essential (mandatory) and leadership (voluntary).

This report would create more awareness among corporates towards environmental, Social and governance issues and to do work diligently in these areas to improve their performance front.

BRSR contains ESG performance indicators apart from other business responsibility and sustainability parameters.



Value Proposition for ESG focused Corporates

ESG focused companies shall be adding value both in tangible and intangible form. Benefits can be by way of raising funds at lower cost, attracting investments from Institutional Investors, brand equity and value enhancement in Share Price. Moreover, business models of ESG compliant companies give confidence for sustainable growth.

There are a number of ESG mutual funds which invest only in the shares of ESG friendly Companies. This gives an edge to ESG Companies to get better visibility and value appreciation.

ESG focused corporates can take advantage of Green financing by easy availability of funds at better rate of interests.

In the past, Reserve Bank of India issued for the first time Sovereign Green bonds of Rs. 8000 crores. These bonds are also called Climate Bonds as the proceeds of these bonds are invested in environment friendly projects. These bonds command premium which is called 'Greenium'. Issuance of sovereign green bonds is at beginning stage in India and may attain maturity in future years to fund environment friendly projects of Corporates.

Corporate ESG Scores & ESG Rating Providers (ERPs)

These are a number of ESG rating providers which prepare corporate ESG Reports and assign ESG Scores. These ERPs collect data from different sources i.e. print media, social media, annual reports, regulatory filings, corporate presentations, websites, interviews, presentations to analysts by the corporates.

In India SEBI has made registration of ESG rating providers compulsory to standardized the methodologies and to regulate them.

The ESG reports help the stakeholders in assessing the risks associated with Environment, Social and Governance areas and thereby judging business sustainability of Corporates.

Takeaways for Corporates

In this evolving landscape of ESG and its growing importance, Corporates need to prepare themselves for robust implementation of ESG framework and showcase their achievements to stakeholders. In this regard, corporates can take following steps.

Assessment - At first instance Corporate are required to collate data on various ESG parameters required for reporting. This exercise shall bring out the gaps, which need to be filled up.

Capacity Building - ESG reporting requires detailed information and data which can be handled well by a cross functional team. Corporates can constitute a team comprising of representatives from various functional departments to act as coordinators and help the nodal person(s). Training and awareness sessions can be arranged for better understanding and development of requisite skills & expertise.

Reporting - Corporates need to prepare ESG reports with adequate disclosures, clarity and transparency. The reports are to be rich in contents and not merely in designs.

Dissemination- Apart from preparing annual ESG report, the Corporates can disseminate information about their work and achievements in the area of ESG through social media or other means of communication. Disclosure of information pertaining to initiatives in the area of ESG such as conservation of biodiversity, recycling of waste, reduction in carbon footprints, adoption of villages etc. help them in improving their ESG scores.

Materiality Assessment-Corporates can priorities their focus areas based on the feed from stakeholders. Such focus areas can be carbons emissions, occupational health and safety, Product Safety, energy management, local communities, corporate governance, Customer satisfaction etc. Materiality assessment helps corporate to focus on priority areas and work for further strengthening the same for sustainability.

Improvement in ESG Scores-There are a number of ESG Rating providers (ERP) which assign ESG scores on each parameter of E, S & G and overall score to corporates. Corporates should keep them aware about such scores and take steps to improve them. In this regard, corporates can first understand the methodology of working out ESG scores by EPRs and can disseminate their ESG related information and achievements in Public domain from time to time.

Preparation of Sustainability Policy - In view of the growing importance of ESG, there is a need for Corporates to prepare Sustainability Policy and draw action plans for its implementation.

Net Zero Plans – In India big corporates have already drawn their Net Zero plans and others are in process of doing Carbon Accounting and make Net Zero plans i.e. the year by which they shall be carbon neutral.

Conclusion

ESG landscapes is fast evolving in the Corporate world. Environmental, Social and Governance are becoming an integral part of Corporate Strategy for sustainable growth. There are a number of ESG reporting framework including BRSR introduced by SEBI. Corporates need to gear themselves to implement robust ESG framework to reap tangible and intangible benefits. Government on its part is pushing ESG by making policies/ guidelines in this space. Mobilization of Resources, technological innovations and requisite skill sets are going to be important ESG enablers. The future years are going to be crucial for effective implementation of ESG framework, improving the ESG scores, and to work upon Net Zero plans by the Corporates.

**At Whitespan, we have started providing services relating to ESG/Business Responsibility and Sustainability Reporting (BRSR) and of Risk Management.
For any assistance/query you can contact us or email at : skjain@whitespan.in**

AUTHOR:

Mr. SK Jain

Mr. SK Jain is an alumni of Shri Ram College of Commerce. He is a qualified Company Secretary, Cost & Management Accountant and Law graduate from Delhi University. Mr. Jain held key positions in renowned organizations and superannuated as Executive Director from Indraprastha Gas Limited (IGL). He held the position of Chairman of IGL Genesis Technologies Ltd. (A Subsidiary Company of IGL). He has more than 35 years of enriched Corporate experience in varied fields and expertise in ESG, Risk Management, M&A and Corporate matters. Presently, he is a senior advisor with Whitespan Group.



Article 2

THE ESSENTIALS OF WILLS: TYPES, PROCEDURES, AND LEGAL NUANCES

What is Will?

- Will means a legal declaration of the intention of a testator with respect to his property which he desires to be carried into effect after his death.
- It can be revoked or altered by the maker of it, at any time he is competent to dispose of his property.
- A will made by a Hindu, Buddhist, Sikh or Jain is governed by the provisions of the Indian Succession Act, 1925, however, Muslims are not governed by the Indian Succession Act, 1925 and they can dispose their property according to Muslim Law.

Necessity of Will

- After death it becomes relatively convenient for the beneficiaries to receive the property which has been left for them through the medium of a will, especially when the beneficiaries are more than one.
- Making a will also prevents disputations as far as property is concerned in the event of death of the testator.

Process of Registration of Will

Will registration is a legal process by which you ensure the validity and authenticity of your Will and Testament. It involves recording your Will with the appropriate authorities to create an official record of your final wishes regarding asset distribution, property inheritance, and more.

Wills can be registered under the Registration Act, 1908. Will registration is not mandatory under the Indian Succession Act, However it offers numerous benefits.

STEPS INVOLVED IN REGISTRATION PROCESS

Step 1- Drafting the Will

During the drafting of the Will, the testator may mention his/her desires for asset distribution, the nomination of an executor, and any other relevant instructions.

Step 2 -Visit the Sub-Registrar Office

After Drafting the Will, identify the Sub-Registrar office within the testator residential jurisdiction or the area where the assets are situated. Once the office is identified, the testator has to visit the registrar's office for further Will Registration process.

Step 3 - Presence of Testator & Witnesses

Will registration requires the presence of the testator, the person making the will, and at least two witnesses. The witnesses must be competent people who are not linked to the testator and are not beneficiaries specified in the will.

This step assures the witnesses' trust and impartiality, which contributes to the will's legal validity.

Step 4 - Submit Required Documents

1. Two passport-size photographs of the Testator. In some jurisdictions, photographs and thumb imprints are electronically captured
2. Medical certificate from an MBBS/MD doctor in written form verifying that the testator is of sound mind and fully capable of making decisions
3. The original Will that is signed by the Testator
4. Two attesting witnesses should also be present at the sub registrar's office to sign. They must also carry their photo proof
5. ID proof of the Testator and two witnesses
6. Address proof of the Testator
7. PAN card of the Testator as well as the two witnesses

Step 5 - Pay the Will Registration Fees

Pay the Will Registration Fees, which vary according to the asset values stated. This cost guarantees that your will is legally legitimate. Obtain a receipt as verification of the transaction after payment.

NOMINATION VS. WILL

Nomination

- In nomination the owner of the assets designates a nominee who will inherit the assets after his death immediately.
- It applies to specific financial holdings like life insurance policies, retirement accounts, stocks, bank accounts, shares etc.
- The nominee (BENEFICIARY) becomes the rightful recipient of the specified benefits only after the owner of the asset has passed.
- No need of any legal process for execution.

Will

- A Will under the Indian Succession Act is a vital tool by which clearly outline who will receive what, minimizing ambiguity, providing peace of mind and clarity for both the testator and their loved ones
- Will is a legal document that outlines how the individual property or asset distributed after his death.
- The individual property or asset distributed after his death according to the testator's wishes as stated in the Will
- A Will can cover a wide range of assets, including real estate, bank accounts, and personal belongings.
- Requires a legal process for execution of the will called probate.
- The testator can modify or revoke the Will during their lifetime, provided they are of sound mind

In essence, while both a Will and nomination serve the purpose of asset allocation after death, a Will provides a holistic approach to distributing all assets and liabilities, whereas nomination focuses solely on specific financial assets, allowing for a more streamlined transfer process. Each instrument serves unique functions in estate planning, catering to different needs and preferences.

Inheritance and Succession

Inheritance is the process through which people receive property or assets from a family member who has passed away, heirs (like children or relatives).

Properties like: **Property** includes ancestral property land and buildings also Self acquire property (acquired from his own resources) like money, cars, or jewelry.

Inheritance is about how belongings are shared after someone dies, whether through legal rules when there's no will or following specific wishes if there is one. It can involve different kinds of property, and understanding these concepts helps clarify how families manage assets after a loss.

Succession is the legal process that transfers a deceased person's property, rights, and obligations to their beneficiaries. It can be classified into two types: **intestate succession**, which occurs when someone dies without a valid will, leading to asset distribution based on local laws, and **testamentary succession**, where a will specifies how assets should be divided among designated heirs. Succession helps ensure a clear and orderly transfer of property, reducing disputes and providing legal certainty for heirs regarding ownership and distribution of the deceased's assets.

Hindu laws on Will:

Governed by the Indian Succession Act, 1925, which applies to Hindus, Buddhists, Jains, and Sikhs. It allows individuals to create a Will outlining how their property should be distributed after death.

Hindus enjoy testamentary freedom, meaning they can distribute their property as they wish in their Will, subject to certain restrictions (e.g., provisions for dependents).

Must be signed by the testator and witnessed by at least two individuals who are not beneficiaries.

Can be oral or written, but a written Will is preferred for clarity. Registration is not mandatory but is advisable for legal validity and ease of enforcement.

The testator can specify the distribution of both movable and immovable property according to their wishes.

Can be revoked or modified by the testator at any time while they are alive.

Muslim laws on Wills:

Governed by personal laws derived from the Quran and Hadith. The Muslim Personal Law (Shariat) Application Act, 1937, and related Islamic principles dictate the distribution of property.

Muslims have limited testamentary freedom. They can only bequeath up to one-third of their estate through a Will; the remaining two-thirds must be distributed according to Islamic inheritance laws among heirs.

While not explicitly stated, it is advisable to have witnesses for a Will. The practice may vary, but having witnesses can help in establishing the Will's validity.

Can be oral or written. Written Wills are preferred, and registration is advisable but not required.

Distribution follows Islamic principles, which prioritize specific shares for relatives. The Will can only alter the distribution of one-third of the estate.

Muslims can revoke or change their Will, but it must be done according to Islamic principles.

AUTHORS:



Adv. Adivitya Raj Tanwar
Senior Legal Associate
(Whitespan Law Office)



Ms. Jaya Tiwari
Junior Associate
(Jaya Yadav & Associates)



Adv. Krishnandu Haldar
Junior Legal Associate
(Whitespan Law Office)

Article 3

REGISTRATION AND LICENSING OF FACTORIES UNDER THE FACTORIES ACT, 1948

The Factories Act, 1948, is a cornerstone of industrial legislation in India, aimed at regulating labour conditions and ensuring the safety and welfare of workers in factories. One of the fundamental requirements of this Act is the registration and licensing of factories. This article explores the intricacies of registration and licensing, shedding light on the procedures, importance, and consequences of compliance.

Understanding Factory Registration and Licensing

1. Registration of Factories

Factory registration is the initial step in establishing a factory under the Factories Act. It involves obtaining formal recognition from the government, signifying that the factory complies with the essential legal standards.

A. Applicability: The Act requires registration for any establishment that employs 10 or more workers with the aid of power or 20 or more workers without power. This threshold ensures that the Act covers a wide range of industrial activities, from large manufacturing units to smaller production facilities.

B. Procedure:

a) Application: The factory owner must submit an application for registration to the Chief Inspector of Factories or the relevant authority in the state. The application typically includes details such as the factory's name, address, nature of operations, number of employees, and information about the premises and machinery.

b) Documentation: Alongside the application, certain documents must be provided, including proof of ownership or lease of the premises, a layout plan of the factory, and details of the factory manager. The specifics may vary depending on state regulations.

- c) **Inspection:** Once the application is submitted, an inspector may visit the factory to verify the details and assess compliance with health, safety, and welfare provisions.
- C) **Registration Certificate:** Upon successful processing of the application and inspection, the factory is issued a registration certificate. This certificate must be prominently displayed within the factory premises and serves as proof of legal recognition.

2. Licensing of Factories

Factory licensing is a more detailed process that follows registration. It involves obtaining permission to operate the factory and must be renewed periodically.

- A. **Applicability:** All registered factories are required to obtain a license. The license specifies the number of workers, the nature of operations, and the permissible working hours, among other details.
- B. **Procedure:**
 - a) **Application for License:** After registration, the factory owner must apply for a license to operate. This application includes details about the factory's operations, safety measures, and welfare facilities.
 - b) **Fees:** The application is often accompanied by a fee, which varies based on the size and type of the factory.
 - c) **Inspection:** Similar to registration, the licensing process involves an inspection by factory inspectors. The focus here is on ensuring that the factory meets all the prescribed safety and health standards.

- d) License Issuance:** If the inspection is satisfactory and all requirements are met, the factory is issued a license. This license is usually valid for one year and must be renewed annually.
- C) Renewal of License:** Factories must apply for renewal of their license before it expires. The renewal process involves updating the information provided at the time of the original application and undergoing another inspection if necessary.

Importance of Registration and Licensing

1. Legal Compliance

Registration and licensing ensure that factories comply with the Factories Act, 1948. By adhering to these requirements, factories demonstrate their commitment to maintaining legal standards, which is crucial for avoiding penalties and legal disputes.

2. Worker Protection

The primary objective of the Act is to safeguard the health, safety, and welfare of workers. Registration and licensing are vital in ensuring that factories adhere to the Act's provisions related to working conditions, safety measures, and welfare facilities.

3. Operational Legitimacy

A registered and licensed factory gains operational legitimacy, enhancing its credibility and reputation. This is important for establishing trust with clients, suppliers, and stakeholders. It also facilitates access to various incentives and benefits provided by the government to compliant businesses.

4. Regulatory Oversight

Registration and licensing enable government authorities to monitor and regulate factory operations effectively. This oversight is crucial for enforcing compliance, conducting inspections, and addressing any issues that may arise.

Consequences of Non-Compliance

Failure to obtain or renew registration and licensing can have serious repercussions:

1. Legal Penalties

Factories that operate without proper registration and licensing face substantial penalties, including fines and imprisonment. The Act provides for stringent enforcement measures to ensure compliance, and violators may be subject to legal action by factory inspectors.

2. Operational Disruptions

Non-compliance can lead to disruptions in factory operations. Authorities may issue stop-work orders or shut down factories that do not meet the legal requirements. This can result in significant financial losses and reputational damage.

3. Worker Discontent

Operating without proper registration and licensing can lead to dissatisfaction among workers. They may face unsafe working conditions or inadequate welfare facilities, which can result in strikes, protests, and legal claims against the factory.

4. Ineligibility for Incentives

Factories that are not registered and licensed may be ineligible for various government incentives, subsidies, and support programs. This can affect their competitiveness and ability to grow in the market.

Best Practices for Ensuring Compliance

1. Regular Updates and Renewals

Factories should keep track of registration and licensing renewal dates and ensure timely applications. Regular updates to the authorities about any changes in factory operations or worker numbers are also essential.

2. Maintaining Accurate Records

Accurate and up-to-date records of all factory operations, including employee details and safety measures, are crucial. These records are necessary for both registration and licensing processes and during inspections.

3. Employee Training

Training employees on their rights and the factory's compliance with the Factories Act can help in fostering a culture of safety and legal adherence. Well-informed employees are more likely to report issues and contribute to maintaining standards.

4. Engaging with Legal Experts

Consulting legal experts or compliance officers can help in navigating the complexities of registration and licensing. They can provide guidance on meeting legal requirements and preparing for inspections.

Conclusion

Registration and licensing are fundamental components of the Factories Act, 1948, crucial for ensuring that factories operate within the legal framework and adhere to safety and welfare standards. By understanding and fulfilling these requirements, factory owners can avoid legal repercussions, protect their workers, and contribute to a safe and productive industrial environment. Regular compliance, timely renewals, and adherence to best practices not only ensure legal conformity but also enhance the overall reputation and operational efficiency of factories.

AUTHOR:



Ms. Jaya Yadav
Director
Whitespan



Mr. Anuj Pathak
Member- Compliance Team
Whitespan Advisory



Ms. Priya Sharma
Member- Compliance Team
Whitespan Advisory

Case Laws

1. Competition Complaint Against Hero Moto Corp Limited

Shri Balaji Enterprises, acting as the Informant, lodged a complaint under Section 19(1)(a) of the Competition Act, 2002 (the Act) against a group of entities collectively termed 'OPs,' including Hero Moto Corp Limited and its regional affiliates. The allegations were based on breaches of Sections 3 and 4 of the Act, primarily revolving around Hero Moto Corp's trade discount policies and other operational practices. The complaint highlighted issues such as restrictive trade practices, mandatory advance payments, penalties, and unequal stakeholder treatment. Specific concerns were raised regarding Hero Moto Corp's 2019-20 discount policies, which the Informant claimed created financial and operational burdens, favoring other OPs while impacting their business due to alleged counterfeit goods in the market and other restrictive practices. Despite attempting to resolve these concerns with the OPs, the Informant maintained that their actions amounted to discriminatory practices and market suppression. However, the Competition Commission of India (CCI) found no substantial evidence of violations of Sections 3 or 4, concluding that the claims lacked adequate competition-related substance.

2. NCLAT to Hear Google's Appeal on CCI's Rs 936.44-Crore Fine

The National Company Law Appellate Tribunal (NCLAT) will begin hearing on November 28 regarding Google's appeal against a Rs 936.44-crore penalty imposed by the Competition Commission of India (CCI). This penalty, initially imposed on October 25, 2022, addresses alleged abuses of dominance by Google over its Play Store policies. Following Justice Rakesh Kumar's earlier recusal from the case, the NCLAT bench, led by Justice Ashok Bhushan, has directed all parties to submit their responses within a month, with a potential two-week rejoinder period for Google. Google previously sought a stay on the penalty, but the NCLAT denied interim relief in January 2023.

3. CCI Approves Carlsberg Breweries' Acquisition of Additional Stake

The Competition Commission of India (CCI) has approved Carlsberg Breweries' acquisition of a further 33.33% stake in Carlsberg South Asia Pte Ltd (CSAPL) via the green channel route, which signifies an absence of competitive concerns. Carlsberg Breweries A/S (CBAS), involved in beverage manufacturing and distribution, holds no other direct business presence in India beyond Carlsberg India Pvt Ltd (CIPL). The CCI noted no competitive overlaps or vertical links between the entities, thereby granting a green channel clearance for the acquisition.

4. Liquidated Damages Require Proof of Actual Loss

In *Vivek Khanna v. OYO Apartments Investments LLP*, the Delhi High Court held that liquidated damages cannot be awarded without evidence of actual loss. The parties had entered into a lease agreement containing a liquidated damages clause, yet the tribunal found the claimant's termination claim unsupported due to a lack of substantiated loss. The Court reaffirmed that liquidated damages are not punitive but represent a pre-estimated sum agreed upon for anticipated losses.

5. Appeals from Workers' Compensation Commission Limited to Questions of Law

In *Fulmati Dhramdev Yadav v. New India Assurance Co.*, the Supreme Court of India clarified that appeals under the Workmen's Compensation Act, 1923, are confined to substantial questions of law. The Court overturned a Gujarat High Court decision that had negated compensation awarded to the deceased employee's family, underscoring that legislation for social welfare should receive beneficial interpretation.

6. CIRP Exclusion for Defaults Under Section 10-A of IBC

The NCLAT, in *Vikram Kumar v. Aranca (Mumbai) Private Limited*, held that defaults occurring within the period exempted under Section 10-A of the Insolvency and Bankruptcy Code (IBC) cannot initiate a Corporate Insolvency Resolution Process (CIRP). Since the Financial Creditor's invocation of the Corporate Guarantee occurred within the specified exempt period, the NCLAT upheld the NCLT's decision, preventing CIRP proceedings for defaults within this excluded timeframe.

Compliance Checklist

COMPLIANCE CALENDAR FOR NOVEMBER 2024

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

TAX COMPLIANCE

7th	Due date for deposit of TDS/TCS for the month of October 2024. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax
10th	<ul style="list-style-type: none">• GSTR-7 (GST-TDS)• GSTR-8 (GST-TCS)
11th	GSTR-1-Other than QRMP scheme
13th	<ul style="list-style-type: none">• GSTR-5-Non-Resident Taxable Person• GSTR-6-Input Service Distributor
14th	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194M in the month of September, 2024
15th	Quarterly TDS Certificate for the quarter ending September 30, 2024.
18th	GST-CMP-08 (Composition Scheme Dealers)
20th	<ul style="list-style-type: none">• GSTR-3B-Other than QRMP scheme• GSTR-5A-OIDAR Services
30th	<ul style="list-style-type: none">• Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194-M, 194 S in the month of September, 2024• Return of income for the assessment year 2024-25 in the case of an assessee if he/it is required to submit a report under section 92E pertaining to international or specified domestic transaction(s)• Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2024• Due date for filing of statement of income distributed by business trust to unit holders during the financial year 2023-24. This statement is required to be filed electronically to Principal CIT or CIT in form No. 64A.• Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is November 30, 2024).

MCA COMPLIANCE

28th	MGT-7/7A- Filing of annual returns
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FEMA COMPLIANCE

07th	FEMA ECB (ECB-2)
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MISCELLANEOUS

15th	ESIC payment EPF payment
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FOR FURTHER INFORMATION OR ASSISTANCE PLEASE CONTACT:

vinayshukla@whitespan.in

HEAD OFFICE

NCR OF DELHI

416, 4th Floor, Tower –A,

SpazEdge Commercial Tower,

Sector-47, Sohna Road Gurgaon 122-018

Telephone – 0124-2204242, 63

Other Locations: Kanpur, Delhi, Kolkata, Bangalore, Chennai, Dubai

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