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Adjudication of penalties by Registrar of Companies: Scope and its ambit

By **Noorul Hassan and Aman Gupta**

Section 454 of the Companies Act, 2013 authorises the Registrar of Companies to impose penalties against any non-compliance or default committed by the company, officer who is in default or any other person as the case may be. The article in this issue of Corporate Amicus discusses a recent decision of the RoC, NCT, adjudicating penalty for violation under Section 89 (Declaration in respect of Beneficial Interest in any share) and Section 90 (Register of Significant Beneficial Owner in a company). Elaborately analysing the decision and its implications, the authors are of the view that the RoC has taken a stricter approach with respect to compliances, and various penalty orders have been passed concerning even minutest non-compliance. The authors though laud this stricter approach in the form of detailed investigation and inquiry pursuant to the good corporate governance practice but believe that the foundation for the same should not be built on the premise of unreasonableness.

Adjudication of penalties by Registrar of Companies: Scope and its ambit

By Noorul Hassan and Aman Gupta

The 'Registrar' of Companies ('**RoC**') under the Companies Act, 2013 ('**Act**') is entrusted with the duty to register the companies in India and to discharge various functions under the Act, one of them being to adjudicate penalties in accordance with Section 454 of the Act.

Scope under the Act

Section 454 of the Act authorises the RoC to impose penalties against any non-compliance or default committed by the company, officer who is in default or any other person as the case may be. It can direct a company to rectify the default in a manner it deems fit. Further, the RoC is authorised under Rule 3 of the Companies (Adjudication of Penalties) Rules, 2014 to issue written show cause notice to submit responses with respect to the claims made by the RoC, to summon and enforce physical appearance of any person acquainted with the facts and circumstances, and to order for evidence or to produce any relevant document. The concerned provision also focuses on adjudging only the quantum of penalty i.e. penalty being monetary in nature and not otherwise.

Recently, the RoC NCT of Delhi and Haryana in exercise of its power conferred under Section 454 of the Act passed an Order dated 8 January 2024[1] ('**Penalty Order**') adjudicating penalty for violation under Section 89 (Declaration in respect of Beneficial Interest in any share) and Section 90 (Register of Significant Beneficial Owner in a company) in the matter of *Metec Electronics Private Limited* ('**Subject Company**').

Background of the Penalty Order

The RoC took decisive action against the Subject Company and its affiliated individuals for concealing beneficial ownership ties with a Chinese group of companies i.e., Metec Group.

The 38-page Penalty Order issued in this regard is one of its kind, where the RoC meticulously scrutinized every aspect of

[1] Order for Penalty for Violation Under Section 89 and 90 of the Companies Act, 2013 in the matter of Metec Electronics Private Limited (U74999DL2019PTC347291), RoC NCT of Delhi & Haryana, Ministry of Corporate Affairs.(Available here: https://www.mca.gov.in/bin/dms/getdocument?mds=WubCJs0HH%252F%252BH%252B50pbBhnaw%253D%253D&type=open)

the case around the issue of Subject Company adjudging the necessity of disclosing beneficial interest. The investigation encompassed a review of trademark registry records, scrutiny of email IDs used, assessment of the objections and statements filed, examination of the Balance Sheets along with other financial statements, and an analysis of the Chinese group's websites to establish links of the Metec Group with the Subject Company.

The RoC conducted multiple hearings summoning all relevant individuals to the proceedings, and went to the extent of inspection and conducting 'inquiry' into the affairs of the Subject Company and upon a meticulous examination of various documents, such as applications for a common trademark in both India and China, the Corporate Insolvency Resolution Process ('**CIRP**') proceeding documents filed by Metec China, and a scrutiny of websites and LinkedIn pages belonging to these companies, it has identified connections between the Subject Company and the Metec group in China.

Consequently, the RoC concluded that: (a) the Subject Company and its present shareholders failed to make a declaration of beneficial interest under Section 89 of the Act; and (b) the Subject Company, Mr. Jiangping Hu (Operations Director), and other directors failed to make a declaration of significant beneficial ownership in the Subject Company under Section 90 of the Act.

Accordingly, the RoC issued the Penalty Order adjudicating the quantum of penalty under Section 89 and 90 of the Act. Going forward, the RoC in view of Section 89(8) of the Act had surprisingly debarred the Subject Company and any of its directors, employees or agents to enter into any fresh agreements with the Metec group of companies in China and Hong Kong.

Analysis of the Penalty Order and its implications

Extension of jurisdiction to conduct inquiry and inspection under Section 206 & 207 of the Act

Section 206 (Power to Call for Information, Inspect Books and Conduct Inquiries) and Section 207 (Conduct of inspection and inquiry) of the Act specifically authorises the RoC to conduct inquiry and inspection if it is of such opinion upon scrutiny of any document received by the company. While adjudicating this Penalty Order, it appears that the RoC conducted extensive inquiry and inspection (as explained above) beyond its jurisdiction under Section 454. To substantiate this, it is important to note that Companies (Adjudication of Penalties)

Amendment Rules, 2019 dated 19 February 2019, specifically excluded the word 'inquiry' from the ambit of Section 454 and therefore it can be interpreted that RoC's shall not be exercising its power of inquiry while adjudicating penalty under Section 454. Hence, the RoC's conduct while adjudicating the concerned Penalty Order might be questionable.

Extent of RoC's direction to rectify the default

Section 454(3)(b) of the Act authorises RoC to issue directions to rectify the default '*wherever he considers fit.*' This discretion must be utilised reasonably on case-to-case basis. Table-IB of the Penalty Order states about further directions issued pursuant to Section 454(3)(b) of the Act. It provides that the Subject Company is debarred from entering into any fresh agreements with entities of Metec group in lieu of the embargo placed under Section 89(8) of the Act on the beneficial owner to exercise or enforce its rights whether through itself or any other persons till the e-Form MGT-6 is filed by the Subject Company. It is evident that any 'direction' ought to be issued only for the purpose of rectification of the default. The linkage between debarment and rectification of default i.e., filing of e-Form MGT-6 appears to be ambiguous in nature. As far as rectification of default is concerned, a plain order for filing e-Form MGT-6 by the Subject Company would suffice and its subsequent non-filing can be very well covered under the ambit of Section 454(8) of the Act.

Hence, such debarment can be interpreted as overstepping of the RoC's discretion of '*wherever he considers fit*' and the same falling under the purview of adjudging penalties and giving directions might be questionable.

Implications under Press Note-3 released by Department for Promotion of Industry and Internal Trade (DPIIT)

Press Note-3 was released by DPIIT under the Ministry of Commerce and Industry[2]. It states that '*….an entity of a country, which shares land border with India or beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route.*' Any subsequent investment subsequent to this Press Note-3 shall attract compliance under it. The Penalty Order by the RoC concluded that concerned operations director is a significant beneficial owner (SBO) of the Subject Company as he exercises significant influence by virtue of his majority shareholdings in entities of

[2] Press Note 3 (2020 Series), Department for Promotion of Industry and Internal Trade (Available here: https://dpiit.gov.in/sites/default/files/pn3_2020.pdf).

Metec group. If this conclusion is followed, an application before the DPIIT must be placed for acting as a beneficial owner of an investment into India. This conclusion would create implications for the Subject Company as the beneficial owner belongs to a country which share land border with India i.e., China, which would now be required to undertake specific approval from the DPIIT for the same. Separate prosecution by the RBI under Foreign Exchange Management Act, 1999 (FEMA) can be foreseen in such circumstances. Hence, the ambit of this Penalty Order would have far reaching implications for the Subject Company.

Concluding thoughts

It has been observed that the RoC has taken a stricter approach with respect to compliances and various penalty orders are being passed concerning even minutest non-compliance. Although this stricter approach in the form of detailed investigation and inquiry is lauded pursuant to the good corporate governance practice but the foundation for the same shall not be built on the premise of excessive authority and unreasonableness.

[The authors are Partner and Associate, respectively, in Corporate and M&A practice at Lakshmikumaran & Sridharan Attorneys, Hyderabad]

Notifications & Circulars

- Foreign investment in Alternative Investment Funds (AIFs) – SEBI Circular
- Framework for Short Selling – SEBI Circular
- Guidelines for AIFs with respect to holding their investments in dematerialized form and appointment of custodian – SEBI Circular
- Ease of doing investments by investors – Facility of voluntary freezing/ blocking of trading accounts by clients – SEBI Circular
- Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk – RBI Circular
- Amendment to the Master Direction (MD) on KYC – RBI

Foreign investment in Alternative Investment Funds (AIFs) – SEBI Circular

Securities Exchange Board of India (SEBI) *vide* Circular SEBI/HO/AFD/PoD1/CIR/2024/2 dated 11 January 2024 ('**Circular**') has modified para 4.1.2. under Chapter 4 of SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated 31 July 2023, for AIFs. This Circular is released considering the changes in the threshold in determining the beneficial ownership under Prevention of Money Laundering (Maintenance of Records) Rules, 2005 ('**PMLA Rules**'). In accordance with this Circular, it modifies para. 4.1.2 and states the following:

> *'The investor, or its beneficial owner as determined in terms of sub-rule (3) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, is not the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as –*
>
> *(i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or*
>
> *(ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.'*

It provides that an investor already on-boarded to scheme of AIF, if does not meet the aforementioned conditions, the manager of the AIF would not drawdown any further capital contribution from such investor for making any investment.

Framework for Short Selling – SEBI Circular

The Securities and Exchange Board of India (SEBI) *vide* its Circular SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/1, dated January 05, 2024, has stipulated the broad framework for short selling. This comes in light of Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated 16 October 2023, on stock exchanges and clearing corporations. Described in 'Annexure 3' of Chapter 1, this framework outlines the definition of short selling, allows all types of investors to participate in short selling, forbids naked short selling, and imposes specific responsibilities on institutional investors, such as limitations on day trading and compulsory gross basis transactions.

In addition, the framework includes measures such as implementing a Securities Lending and Borrowing (SLB) system,

permitting short selling of securities traded in the F&O segment, and requiring institutional investors to disclose information upfront. Brokers would be required to gather and submit specific information on short sale positions to stock exchanges prior to engaging in trading and the stock exchanges shall then consolidate such information and disseminate the same on their websites for the information of the public on a weekly basis. The purpose of this circular is to provide a well-organized and clear regulatory framework for short selling, with the goal of enhancing investor trust and maintaining market fairness.

Guidelines for AIFs with respect to holding their investments in dematerialized form and appointment of custodian – SEBI Circular

SEBI amended the SEBI (Alternative Investment Funds) Regulations, 2012, [No. SEBI/LAD-NRO/GN/2024/163] on 5 January 2024 ('**AIF Regulations**') with respect to AIFs holding their investments in dematerialised form and appointment of custodian and accordingly SEBI notified specific guidelines for this purpose *via* Notification dated 12 January 2024 [SEBI/HO/AFD/PoD/CIR/2024/5] ('**Circular**'). This Circular puts forth the following requirements:

(i) AIFs shall hold their investments from 1 October 2024, in dematerialized form. Any investment prior to it is exempted;

(ii) The aforementioned exemption shall not be applicable if the: (a) Investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities; and (b) the AIF exercises control over the investee entity and in such cases, the investments made by the AIF shall be held in dematerialized form on or before 31 January 2025;

(iii) A custodian shall be appointed for the safe keeping of the securities of the AIF prior to the date of first investment of the scheme and the existing schemes of Category I and II AIFs having corpus less than or equal to INR 500 crore and holding at least one investment as on date of this Circular shall appoint custodian on or before 31 January 2025;

(iv) In terms of reporting of investments of AIFs under custody, in this regard, a pilot Standard Setting Forum for AIFs ('**SFA**'), in consultation with SEBI, shall formulate implementation standards for reporting, which shall be adopted by the managers of AIFs and must be published on websites of industry associations, which are part of the SFA.

The trustee/sponsor of AIF shall ensure that the 'Compliance Test Report' prepared by the manager shall include compliance provisions of this Circular.

Ease of doing investments by investors – Facility of voluntary freezing/ blocking of trading accounts by clients – SEBI Circular

Securities Exchange Board of India (SEBI) *vide* Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated 12 January 2024, has proposed for providing the facility to the clients of the trading members for voluntary blocking/ freezing of their trading accounts in a similar manner as available for the voluntary blocking/freezing of their demat accounts. To enhance ease of doing business and ease of investment, the Brokers' Industry Standards Forum (ISF) in consultation with SEBI would establish the guidelines for Trading Members voluntary freezing/blocking the online access of the trading account of the clients on account of suspicious activities and the same shall be laid down on or before 1 April 2024. The proposed guidelines shall deal with the following: (i) modes through which a client can request/communicate to the Trading Member for voluntarily blocking the trading accounts; (ii) issuing of acknowledgement to the clients on receipt of message; (iii) time period within which the request shall be processed, and the trading account shall be frozen/blocked.

Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk – RBI Circular

Reserve Bank of India (RBI) *vide* RBI/2023-24/108 A. P. (DIR Series) Circular No. 13, dated 5 January 2024, brings significant changes to the laws governing foreign exchange derivative contracts. The circular highlights the need of using hedging strategies to effectively manage foreign exchange risk. Accordingly, Section I of Part A – Risk Management of the Master Direction - Risk Management and Inter-Bank Dealings dated 5 July 2016, is revised effective from 5 April 2024 ('**Directions**'). The revised Directions incorporate the provisions in respect of all types of foreign exchange transactions (including cash, tom and spot) and further, the directions contained in the Currency Futures (Reserve Bank) Directions, 2008 and Exchange Traded Currency Options (Reserve Bank) Directions, 2010 has also been incorporated. The Directions now deals with 'Foreign exchange derivative contracts', 'Leverage Derivative', 'Exchange traded currency derivative' and 'Over-the-counter (OTC) derivative' and its user classification framework, products, and purpose.

Amendment to the Master Direction (MD) on KYC – RBI

Reserve Bank of India (RBI) *vide* RBI/2023-24/107, DOR.AML.REC.66/14.01.001/2023-24 dated 4 January 2024, clarifies the concept of Politically Exposed Persons (PEPs) pursuant to an update to the Master Direction (MD) on Know Your Customer (KYC) dated 25 February 2016. This revision aims to provide more clarity within the KYC framework for Regulated Entities (REs). This modification adds a specific definition under Section 41 of the Master Direction to clarify the term 'PEPs.' PEPs refer to persons who hold important public positions in other nations. The specified category encompasses Heads of States/Governments, high-ranking politicians, government/judicial/military officials, executives of state-owned companies, and political party officials. As a result, sub-section (xvii) of clause (a) of Section 3 in the MD has been eliminated. Regulated Entities are strongly advised to ensure compliance with the revised Master Direction in order to correspond with the new definition of Politically Exposed Persons (PEPs) and adhere to the enhanced Know Your Customer (KYC) processes.

Ratio Decidendi

- Resolution Professional under IBC Section 25(1) is empowered to reject the Committee of Creditors' proposal for renewal of bank guarantee by Corporate Debtor – NCLAT, Chennai
- Optionally Convertible Debentures are Financial Debt under Insolvency and Bankruptcy Code, 2016 – NCLAT, New Delhi
- Committee of Creditors can decide on liquidation even without completing all the steps regarding resolution of Corporate Debtor – NCLAT, New Delhi
- Disputes between parties cannot be referred to arbitration if the notice invoking same is ex-facie time-barred – Telangana High Court
- Contract prohibiting right of contractor to seek damages for delay attributable to the employer is illegal and against public policy – Delhi High Court

Resolution Professional under IBC Section 25(1) is empowered to reject the Committee of Creditors' proposal for renewal of bank guarantee by Corporate Debtor

The NCLAT, Chennai has held that Section 25 of the Insolvency and Bankruptcy Code ('**IBC**') empowers the RP to reject the CoC's proposal in relation to the renewal of the bank guarantee given by the Corporate Debtor ('**CD**') before the initiation of the CIRP process if such renewal would not provide any valuable gain or advantage to the CD as a 'going concern'.

KSL Mahanadi Power Company Limited ('**KMPCL/ CD**') imported goods from China to construct a power plant. Pursuant to this, 5 banks ('**Appellants**') issued customs bank guarantees with the condition that the bank guarantee shall be continued or kept alive until units 2 and 5 achieve Mega Power Plant ('**MPP**') status from the government. However, in the meanwhile, an IBC proceeding was initiated against the CD.

After the initiation of the IBC proceedings, the banks requested the renewal of the bank guarantee, which the CoC approved, but the RP rejected the same. The RP informed that the renewal of the bank guarantee would increase the financial burden of the CD and is not necessary for the 'going concern' nature of the KMPCL. The Appellants challenged the decision of the RP before the Adjudicating Authority, which was dismissed. Further, to which an appeal was made before the NCLAT.

The NCLAT observed and held that by the virtue of Sections 20(1) and 25(1) read with Section 23(2) of the IBC, the RP is duty-bound to preserve the property of the CD and manage it effectively as a 'going concern'. It was also observed that expenses incurred by the RP in managing the business of the CD as a 'going concern' form a part of CIRP costs.

Therefore, it was held that the CD should not be burdened with additional financial expenses when there is no guarantee of MPP status to the units and no goods are imported by the CD as it is undergoing the CIRP process. Also, the NCLAT stated that the RP can reject such a claim of renewal of a custom bank guarantee under Section 25(1) of the IBC. [*IDBI Bank & Ors.* v. *Sumit Binani*, – Company Appeal (AT) (CH) (INS.) No. 385 /2023, Judgement dated 21 December 2023, NCLAT Chennai]

Optionally Convertible Debentures are Financial Debt under Insolvency and Bankruptcy Code, 2016

The 3-member Bench of the National Company Law Appellate Tribunal ('**NCLAT**') has clarified that the Optionally Convertible

Debentures ('**OCD**') are Financial Debt within the meaning of Section 5(8)(c) of the Insolvency and Bankruptcy Code.

In the present appeal, the Appellant/Suspended Director of the Corporate Debtor had challenged the order of the Adjudicating Authority to admit the Section 7 Petition that the Financial Creditor preferred.

The Appellant *inter alia* contended that the OCD subscribed by the Appellants was of the nature of equity and not debt. The Appellant placed reliance on the recent judgement of the Hon'ble Supreme Court of India in *IFCI Limited* v. *Sutanu Sinha & Ors.* 2023 SCC OnLine SC 1529, wherein it was held that the Compulsorily Convertible Debentures ('**CCD**') are in the nature of equity and do not constitute debt under Section 5(8)(c) of the IBC.

However, the NCLAT placing reliance on its earlier judgement in *MAIF Investments India Pte. Limited* v. *Ind Bharath Energy (Utkal) Limited*, Company Appeal (AT) (Ins.) No. 597 of 2018 held that the OCD holders are Financial Creditors. The NCLAT has distinguished the judgement of the Hon'ble Supreme Court in *IFCI Limited*, as it was limited to CCDs and had not considered OCDs. [*Santosh Kumar* v. *ASK Trusteeship Services Private Limited* – Company Appeal (AT) (Insolvency) No. 1575 of 2023, Judgement dated 10 January 2024, NCLAT New Delhi]

Committee of Creditors can decide on liquidation even without completing all the steps regarding resolution of Corporate Debtor

National Company Law Appellate Tribunal ('**NCLAT**') has set aside the order by the National Company Law Tribunal ('**NCLT**'), New Delhi, in issuing a Show Cause Notice ('**SCN**') against the CoC for deciding the liquidation of the Corporate Debtor without considering the option of resolution.

In this matter, NCLT issued SCN after making observations that there was malicious intent on the part of the CoC since they recommended liquidation of the Corporate Debtor without exploring the possibility of CIRP.

NCLAT, against the decision of NCLT in issuing SCN, held that the CoC has the jurisdiction to pass the order of liquidation of the Corporate Debtor with the approval of more than 66 % of the voting share. However, it should be before the Adjudicating Authority has approved the resolution plan. [*ACRE - 81 Trust Through its trustee Assets Care & Reconstruction Enterprise Ltd. & Ors.* v. *Pawan Kumar Goyal. Interim Resolution Professional of. SARE Realty Projects Private Ltd & Ors* – Comp. App. (AT) (Ins) No. 447 of 2023, Judgment dated 12 January 2024, NCLAT New Delhi]

Disputes between parties cannot be referred to arbitration if the notice invoking same is *ex-facie* time-barred

A Single-Judge Bench of Telangana High Court has held that a dispute cannot be referred to arbitration when the notice invoking the arbitration is *ex facie* time-barred.

The parties had entered a Development Agreements-cum-General Power of Attorney in relation to the construction of certain properties, which was required to be completed within a span of 18 months. The project was constructed and handed over to the applicant after a delay of 12 months. Certain defects in the construction were pointed out to the respondent after taking possession of the project. Regarding the defects and delay in the project, the parties kept on negotiating among themselves, and the appellant, after a period of 7 years, issued notice for invoking arbitration proceedings.

The construction company declined arbitration, asserting that the matter was time-barred and, therefore, not legally maintainable. In response, the applicants initiated an Arbitration Application under Section 11(5) & (6) of the Arbitration and Conciliation Act, 1996.

The Court observed that the applicants have taken over the possession and have been enjoying the property for more than seven years, thereby disentitling them from invoking the arbitration clause by contending that limitation starts running from the date of issuance of the legal notice and mere negotiation between the parties does not extend the period of limitation. Hence, based on the same the Court did not hold Section 11(6) Petition to be maintainable. [*Sri Athelli Mallikarjun & Ors* v. *S.S.B Constructions* – Arbitration Application No. 169/2022, Judgement dated 8 January 2024, Telangana High Court]

Contract prohibiting right of contractor to seek damages for delay attributable to the employer is illegal and against public policy

M/s MBL Infrastructure Ltd. ('**Petitioner**') entered into a contract with the Delhi Metro Railway Corporation ('**Respondent**') to construct Sarai Station. However, there was a delay in handing over the site for the Petitioners to carry out the construction activity, on account of which the Petitioner suffered losses.

Being aggrieved by the same, the Petitioner initiated an Arbitration Proceeding. The Arbitral Tribunal found the Respondent in breach of contract and responsible for the project

delay. However, the claim in relation to the loss suffered was not allowed in favour of the Petitioner since the clauses of the Contract prohibited such claims. Aggrieved by the same, the Petitioner challenged the award.

The Court, under Section 34 proceeding, noted that as per the findings of the Arbitral Tribunal, the Respondent was responsible for the delay caused in implementing the Contract, which caused loss to the Petitioner. Despite clear findings about the same, the Arbitral Tribunal did not award damages since the Contract's provisions did not permit damages to be awarded in case of delay.

The Court noted that any clause in the Contract which prohibits the aggrieved party from getting damages for the loss suffered is illegal and against public policy. Hence, the same is not binding on the Arbitral Tribunal. In such a scenario, the Arbitral Tribunal can travel beyond the Contract to grant relief to the aggrieved party. [*MBL Infrastructure Ltd* v. *DMRC* – OMP(COMM) 311 of 2021, Judgement dated 12 December 2023, Delhi High Court].

News Nuggets

- Acquisition of GVK's power plant by the Punjab Government gets CCI nod
- No progress on the digital competition law as the term of the committee ends
- NCLT approves merger of Tata Metaliks with its parent entity
- India and US set to increase engagement in order to address issues in the medical devices trade
- CCI to probe further into the Minda–Pricol merger
- IT rules set to be revised in order to tackle the issue relating to deepfakes
- Greenwashing – ASCI introduces Guidelines

Acquisition of GVK's power plant by the Punjab Government gets CCI nod

The Competition Commission of India has approved the proposed acquisition of the 100% shareholding of the GVK Power (Goindwal Sahib) Limited ('**GVK**') by the Punjab State Power Corporation Limited. With such acquisition, the Government of Punjab shall now own the 540 MW thermal power plant at GVK.

No progress on the digital competition law as the term of the committee ends

The Government of India had appointed a panel to prepare a report on the digital competition law in February 2023 with an initial mandate of 3 months. The panel has not been successful in finalising its report in December even after another of its many extensions came to an end.

[*Source:* Business Standard, published on 14 January 2024]

NCLT approves merger of Tata Metaliks with its parent entity

The National Company Law Tribunal, Mumbai (**NCLT**) has ordered sanctioning of the scheme of amalgamation of Tata Metaliks into its parent entity i.e., Tata Steel Limited.

India and US set to increase engagement in order to address issues in the medical devices trade

During the 14 Trade Policy Forum meeting which was co-chaired by the US Trade Representative Katherine Tai and Commerce and Industry Minister of India, Shri Piyush Goyal, it was mutually decided that the countries shall increase their engagement to resolve issues that could negatively impact the trade in the medical devices sector.

[*Source:* Moneycontrol, published on 12 January 2024]

CCI to probe further into the Minda–Pricol merger

The Competition Commission of India has said that *prima facie*, the proposed combination of Minda Corporation Limited and Pricol Limited is likely to result in an appreciable adverse effect on the competition in the market for multiple reasons and therefore it has planned to inquire further into the combination.

IT rules set to be revised in order to tackle the issue relating to deepfakes

In his response to the increasing threat of deepfake video incidents occurring on social media sites, the Union Minister Rajeev Chandrasekhar has announced that the Ministry of Electronics and Information Technology (**MeitY**) will release a

revised set of Information Technology Rules within the next week.

[*Source:* DD News, published on 17 January 2024]

Greenwashing – ASCI introduces Guidelines

The Advertising Standards Council of India (ASCI) has on 15 January 2024 issued its guidelines to prevent false pro-environment claims, also known as greenwashing, that has been seen across sectors. The guidelines aim to – i) demonstrate how advertisers can make true, clear, evidence-based claims that consumers can understand and trust; ii) assist consumers make more informed choices if they want to make purchasing decisions based on environmental claims and iii) explain the approach ASCI would take in investigating whether environmental claims are likely to contravene the ASCI Code. The Guidelines are effective from 15 February 2024.

[*Source:* Advertising Standards Council of India, Press Release dated 18 January 2024]

NEW DELHI 5 Link Road, Jangpura Extension, Opp. Jangpura Metro Station, New Delhi 110014 Phone : +91-11-4129 9811 --- B-6/10, Safdarjung Enclave New Delhi -110 029 Phone : +91-11-4129 9900 E-mail : lsdel@lakshmisri.com	**MUMBAI** 2nd floor, B&C Wing, Cnergy IT Park, Appa Saheb Marathe Marg, (Near Century Bazar)Prabhadevi, Mumbai - 400025 Phone : +91-22-24392500 E-mail : lsbom@lakshmisri.com
CHENNAI 2, Wallace Garden, 2nd Street, Chennai - 600 006 Phone : +91-44-2833 4700 E-mail : lsmds@lakshmisri.com	**BENGALURU** 4th floor, World Trade Center, Brigade Gateway Campus, 26/1, Dr. Rajkumar Road, Malleswaram West, Bangalore-560 055. Phone : +91-80-49331800 Fax:+91-80-49331899 E-mail : lsblr@lakshmisri.com
HYDERABAD 'Hastigiri', 5-9-163, Chapel Road, Opp. Methodist Church, Nampally Hyderabad - 500 001 Phone : +91-40-2323 4924 E-mail :lshyd@lakshmisri.com	**AHMEDABAD** B-334, SAKAR-VII, Nehru Bridge Corner, Ashram Road, Ahmedabad - 380 009 Phone : +91-79-4001 4500 E-mail : lsahd@lakshmisri.com
PUNE 607-609, Nucleus, 1 Church Road, Camp, Pune-411 001. Phone : +91-20-6680 1900 E-mail : lspune@lakshmisri.com	**KOLKATA** 2nd Floor, Kanak Building 41, Chowringhee Road, Kolkatta-700071 Phone : +91-33-4005 5570 E-mail : lskolkata@lakshmisri.com
CHANDIGARH 1st Floor, SCO No. 59, Sector 26, Chandigarh -160026 Phone : +91-172-4921700 E-mail :lschd@lakshmisri.com	**GURGAON** OS2 & OS3, 5th floor, Corporate Office Tower, Ambience Island, Sector 25-A, Gurgaon-122001 phone: +91-0124 - 477 1300 Email: lsgurgaon@lakshmisri.com
PRAYAGRAJ (ALLAHABAD) 3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg), Allahabad -211001 (U.P.) Phone : +91-532-2421037, 2420359 E-mail : lsallahabad@lakshmisri.com	**KOCHI** First floor, PDR Bhavan, Palliyil Lane, Foreshore Road, Ernakulam Kochi-682016 Phone : +91-484 4869018; 4867852 E-mail : lskochi@laskhmisri.com
JAIPUR 2nd Floor (Front side), Unique Destination, Tonk Road, Near Laxmi Mandir Cinema Crossing, Jaipur - 302 015 Phone : +91-141-456 1200 E-mail : lsjaipur@lakshmisri.com	**NAGPUR** First Floor, HRM Design Space, 90-A, Next to Ram Mandir, Ramnagar, Nagpur - 440033 Phone: +91-712-2959038/2959048 E-mail : lsnagpur@lakshmisri.com

Lakshmikumaran & Sridharan attorneys
An ISO 27001:2013 certified law firm