



Lakshmikumaran
Sridharan
attorneys
SINCE 1985

exceeding expectations

LKS | CORPORATE PRACTICE

QUARTERLY
UPDATE

2024

JANUARY - MARCH

FOREWORD

We are pleased to present the latest edition of our quarterly newsletter, where we have covered significant amendments under company law, banking laws, securities laws and environmental laws.

On the corporate law front, there have been a slew of regulatory updates. A regulatory framework for listing of securities by public companies on the India International Exchange and the NSE International Exchange was introduced. Further, the Ministry of Corporate Affairs amended the Companies (Registration Offices and Fees) Rules, 2014 to establish a Central Processing Center to examine every application, e-form or document required or authorised to be filed for approval, registration or to be taken on record by the Registrar of Companies. Another major change included an amendment to India's foreign direct investment policy to further liberalise investment in the Indian space sector and to provide inter alia for the types of activities that can be undertaken and the investment limits in relation to such activities.

Under banking laws, the Reserve Bank of India ("**RBI**") issued a master direction in relation to Commercial Papers ("**CPs**") and Non-Convertible Debentures ("**NCDs**") of original or initial maturity upto 1 (one) year in order to establish a comprehensive framework for the issuance and governance of CPs and NCDs, boost transparency and curb risks associated with the money markets. Further, to address concerns flagged in various representations received from stakeholders, the RBI amended the earlier issued guidelines in relation to preventing evergreening of loans by regulated entities.

Key amendments by the Securities and Exchange Board of India ("**SEBI**") included amendments to the SEBI (Alternative Investment Funds) Regulations, 2012 to provide for dematerialization of the securities held by the Alternative Investment Funds ("**AIF**"). Further, SEBI also amended the SEBI (Real Estate Investment Trusts) Regulations, 2014, expanding the definition of Real Estate Investment Trusts ("**REITs**") to highlight the pooling of funds and the purpose of acquiring and managing real estate assets and introducing a new chapter, VI-B for small and medium REITs. SEBI has also amended its circular dated 24 August 2023 which mandates additional disclosures for foreign portfolio investors ("**FPIs**"). The circular has been amended to provide for removal of exemptions to disclose additional information given to certain FPIs. Lastly, SEBI issued a circular on foreign investments in AIFs to bring foreign investments in AIFs in line with the recent amendments made to Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

Under environmental laws, in a significant move the Ministry of Environment, Forest and Climate Change ("**MoEFCC**") amended the Water (Prevention and Control of Pollution) Act, 1974 decriminalising several violations. The amendment did away with imprisonment for all offences except for discharging polluting matter and establishing new outlets for discharge without permission from the concerned state board. Further, the MoEFCC amended the E-Waste Management Rules, 2022. To inter alia substitute the definition of a 'dismantler', insert Rule 9A to allow the government to relax any period within which any return or report is to be filed under these rules etc. The ministry also amended the Hazardous

and Other Waste (Management and Transboundary Movement) Rules, 2016 to provide a comprehensive management plan deposition centre for monitoring the transparency and accountability of the registered producers of hazardous wastes. Finally, the MoEFCC amended the Plastic Waste Management Rules 2016 to include provisions mandating compliance with registrations, extended producer responsibility and annual filing of returns.

Our team has curated this publication to provide an overview of the key amendments that have a bearing on Indian businesses, investors and other stakeholders.

Do reach out to us with your feedback and/or suggestions.



CONTENTS

Key Updates under Companies Laws	5
Key Updates under Banking Laws	12
Key Updates under Securities Laws	16
Key Updates under Environment Laws	23

Key Updates under Companies Laws

1. Regulatory Framework for Listing of Securities by Public Companies on International Exchanges of GIFT IFSC

The Indian Ministry of Law and Justice on 28 September 2020, published the Companies (Amendment) Act, 2020 ("**Amendment Act**") on 24 January 2024, to bring about changes to certain provisions of the Companies Act, 2013 ("**Act**"). One of the key changes brought about includes permitting public companies to issue certain classes of securities on stock exchanges in permissible foreign jurisdictions.

Pursuant to the Amendment Act, the Ministry of Corporate Affairs ("**MCA**") issued the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 ("**Listing Rules**") and the Department of Economic Affairs, Ministry of Finance amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**NDI Rules**"); which provides for the regulatory framework for listing of securities by public companies in foreign jurisdictions ("**Listing Framework**").

I. Companies (Listing of equity shares in Permissible jurisdiction) Rules, 2024

Below is the summary of the key provisions of the Listing Rules:

a. Applicability:

The Listing Rules will be applicable to: (a) unlisted public companies and (b) listed public companies if they abide by the regulations framed or directions issued in this regard by the Securities and Exchange Board of India ("**SEBI**") or the International Financial Services Centres ("**IFSC**") Authority.

b. Conditions for listing:

- i. An unlisted company which has no partly paid-up shares, may issue equity shares¹ for the purposes of listing on the IFSC in India ("**Permissible Jurisdiction**").
- ii. Unlisted public companies or its existing shareholders shall also comply with the requirements of the Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme ("**Scheme**").
- iii. Listing of equity shares on permitted stock exchanges in the Permissible Jurisdiction by an unlisted public company which also intends to get its equity shares listed with any recognised stock exchanges in India shall also comply with such conditions as may be specified by SEBI.

¹ equity shares shall include, offer for sale of equity shares by existing shareholders of the unlisted public company for listing on a stock exchange in a Permissible Jurisdiction.

- iv. Unlisted public companies shall file the prospectus in Form LEAP 1 of the Listing Rules along with the fees within a period of 7 (seven) days after the same has been finalised and filed in the permitted exchange.
- v. After the listing of the equity shares on any of the stock exchanges in the Permissible Jurisdiction, the company is required to comply with applicable Indian Accounting Standards in preparation of their financial statements.

c. Ineligible companies:

A company shall not be eligible for issuing its equity shares for listing in accordance with the Listing Rules, in case it:

- i. has been registered under Section 8 or declared as Nidhi under section 406 of the Act;
 - ii. is a company limited by guarantee and also having share capital;
 - iii. has any outstanding deposits accepted from the public as per Chapter V of the Act and rules made thereunder;
 - iv. has a negative net worth;
 - v. has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holder or any other secured creditor;²
 - vi. has made any application for winding-up under the Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016 ("**IBC Code**") and in case any proceedings against the company for winding-up under the Act or for resolution or winding-up under the IBC Code is pending;
 - vii. has defaulted in filing annual returns under Section 92 of the Act or financial statements under Section 137 of the Act within the specified period.
- d.** A company can list its equity shares on India International Exchange and the NSE International Exchange ("**International Exchange**") in Gujarat International Finance Tech ("**GIFT**") - IFSC

II. Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024 ("NDI Amendment**")**

Below is a summary of the key changes brought about by the NDI Amendment to the extant NDI rules:

a. Amendment to the definition of 'listed Indian company':

The definition of 'listed Indian company' has been amended to include an Indian company which has any of its equity instruments or debt instruments listed on an International Exchange.

² This restriction will not apply if the company had made good the default and a period of 2 (two) years had lapsed since the date of making good the default.

b. Conditions for listing in International Exchange:

A public Indian company may issue equity shares or offer equity shares of existing shareholders, subject to the following conditions:

- i. such issue or offer of equity shares of existing shareholders shall be listed on any of the specified International Exchange.
- ii. such issue or offer of equity shares of existing shareholders shall be subject to prohibited activities, and sectoral caps prescribed in Paragraph 2 and 3 of Schedule I to the NDI Rules.
- iii. such equity shares to be issued by the public Indian company or offered by its existing shareholders on an International Exchange shall be in dematerialised form and rank *pari passu* with equity shares listed on a recognised stock exchange in India.

c. Permissible holder:

- i. Permissible holder means a holder of equity shares of the company which are listed on International Exchange, including its beneficial owner.³
- ii. Permissible holder shall not be a person resident in India.
- iii. The permissible holder, including its beneficial owner, shall be responsible for ensuring compliance with the NDI Rules and the Scheme. The public Indian company, in its offer document, shall make a disclosure to this effect.
- iv. A permissible holder may purchase or sell equity shares of an Indian company listed on an International Exchange subject to limit specified for foreign portfolio investment under the NDI Rules.

d. Obligations of companies:

- i. The company shall ensure compliance with requirements prescribed, under the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, the Foreign Exchange Management Act, 1999, the Prevention of Money-laundering Act, 2002 or the Act and rules and regulations made thereunder, as applicable.
- ii. The company shall ensure that the aggregate of equity shares which may be issued or offered in the Permissible Jurisdiction, along with equity shares already held in India by persons resident outside India, shall not exceed the limit on foreign holding under the Schedule I of the NDI Rules.

³A permissible holder who is a citizen of a country which shares land border with India, or an entity incorporated in such a country, or an entity whose beneficial owner is from such a country, shall hold equity shares of such public Indian company only with the approval of the Central Government.

- e. **Voting Rights:** Companies shall ensure that the voting rights on such equity shares listed on Foreign Exchange shall be exercised directly by the permissible holder or through their custodian pursuant to voting instruction only from such permissible holder.
- f. **Pricing:**
- i. Where equity shares are listed on recognised stock exchange in India, the same shall be issued at a price, not less than the price applicable to a corresponding mode of issuance of such equity shares to domestic investors under the applicable laws.
 - ii. In case of initial listing of equity shares on the International Exchange, the price shall be determined by a book- building process as permitted by the said International Exchange and shall not be less than the fair market value under applicable rules or regulations under the Foreign Exchange Management Act, 1999.
- Provided that subsequent issuance post initial listing would be based on applicable pricing norms of the International Exchange and the Permissible Jurisdiction.
- g. **Eligibility criteria:**
A company may issue equity shares on International Exchange; or the existing shareholders may offer equity shares in such exchange, if:
- i. the company, any of its promoters, promoter group or directors or selling shareholders are not debarred from accessing the capital market by the appropriate regulator;
 - ii. none of the promoters or directors of the public Indian company is a promoter or director of any other Indian company which is debarred from accessing the capital market by the appropriate regulator;
 - iii. the company or any of its promoters or directors is not a willful defaulter;
 - iv. the company is not under inspection or investigation under the provisions of the Act; and
 - v. If none of its promoters or directors is a fugitive economic offender.



LKS COMMENT:

The Listing Framework has been introduced pursuant to the Central Government's announcement dated 28 July 2023 where the government decided to enable direct listing of Indian Companies at GIFT- IFSC exchanges.

The Listing Framework will allow the Indian companies to raise capital in foreign currency from investors across the globe. This will lead to increased valuation of Indian companies in line with the global standards.

2. Incorporation Related Services to Now Be Accessible through the National Single Window System

The MCA through a notification dated 12 February 2024 has stated that incorporation related services can also be accessed through the National Single Window System (NSWS) by going through the following link ([India's National Single Window System for Business Approvals | NSWS](#)).



LKS COMMENT:

This is a welcome move in furtherance of the government's efforts towards ease of doing business in India. The decision by MCA on the collaboration with the National Single Window System ("**NSWS**") seeks to offer businesses a one-stop seamless integrated portal system for accessing incorporation related services by companies and LLPs. The NSWS will serve as a one-stop-shop for procuring pre-establishment and pre-operation approvals and permits required to establish a business in India. The aim is to establish a single-window mechanism by integrating the services provided by various Central Ministries, Departments, and State Governments at one place.

3. Companies (Registration Offices and Fees) Amendment Rules, 2024

The MCA through a notification dated 15 February 2024 amended the Companies (Registration Offices and Fees) Rules, 2014 through the Companies (Registration Offices and Fees) Amendment Rules, 2024 ("**Amended Rules**"). Through this amendment, the MCA has established the Central Processing Center to examine every application or e-form or document required or authorised to be filed or delivered for approval, registration or taking on record by the Registrar of Companies ("**RoC**").

The RoC shall take a decision on the application, e-forms or documents within 30 (thirty) days from the date of its filing excluding the cases in which an approval of the central government or any other competent authority is required.

The RoC of the Central Processing Center shall exercise jurisdiction all over India in respect of the examination of following application, e-Forms or documents:

- a. Filing of resolutions and agreements to the RoC under Section 117 of the Act in e-Form MGT14.
- b. Notice to the RoC of any alteration of share capital under Section 64 of the Act in e-Form SH 7.
- c. Application for approval of the central government for change of name under Section 13 of the Act in e-Form INC 24.
- d. One person company -application for conversion under Section 18 of the Act in e-Form INC 6.
- e. Conversion of public company into private company or private company into public company under Sections 14 and 18 of the Act in e-Form INC 27.
- f. Intimation to the RoC of revocation / surrender of license issued under section 8 of the Act in e-Form INC 20.
- g. Return of deposits under Sections 73 and 76 of the Act in e-Form DPT 3.
- h. Application to RoC for obtaining the status of dormant company under Section 455(1) of the Act in e-Form MSC 1.
- i. Application for seeking status of active company under Section 455 (5) of the Act in e-Form MSC 4.
- j. Letter of offer under Section 68 of the Act in form e-Form SH 8.
- k. Declaration of solvency under Section 68(6) of the Act in e-Form SH 9.
- l. Return in respect of buy-back of securities under Section 68(10) of the Act in e-Form SH 11.



LKS COMMENT:

The establishment of the Central Processing Center is in line with the Indian government's endeavour to facilitate ease of doing business in India. This amendment will enable the government to process various forms filed by the companies and limited liability partnerships in a more efficient manner requiring no physical interaction with the stakeholders.

4. FDI Reform to Accelerate Development of India's Space Sector

The Union Cabinet approved an amendment to India's Foreign Direct Investment Policy ("**FDI Policy**") in relation to the Indian space sector on 21 February 2024 ("**FDI Amendment**"). The said FDI Amendment has been confirmed vide press note no. 1 of 2024 dated 4 March 2024, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**").

The FDI Policy currently permits up to 100% (one hundred per cent) investment in the establishment and operation of satellites, only through the government route (i.e., an investment route wherein investment by a person resident outside India requires prior government approval, in the Indian space sector. Such investment must also be compliant with sectoral guidelines laid down by the Department of Space / Indian Space Research Organisation ("**Guidelines**").

The FDI Amendment aims to further liberalise investment in the Indian space sector and provides a description of: (a) the types of activities that can be undertaken; (b) the investment limits in relation to these activities; and (c) the instances in which such activities will fall within the government route or the automatic route (i.e., an entry route through which investment by a person resident outside India does not require the prior approval of the Reserve Bank of India or the Central Government).

The table below captures this description.

Type of Activity	Investment Limit (Automatic Route)	Investment Limit (Government Route)
Manufacturing and operation of satellites, satellite data products, ground segments and user segments.	Upto 74%	75%-100%
Launch vehicles and associated systems or subsystems, creation of spaceports for launching and receiving spacecraft.	Upto 49%	50%-100%
Manufacturing of components and systems/ sub-systems for satellites, ground segments and user segments.	Upto 100%	N.A.

The investee entity shall continue to adhere with the Guidelines issued from time to time.



LKS COMMENT:

Indian space startups have increasingly been the subject of investment over the past few years. Data available on the 'Start-Up India Portal' of DPIIT, shows that there were 189 (one hundred eighty-nine) space-related startups in 2023. Investment in Indian space startups, during the same year, reached USD 124.70 million (one hundred twenty-four million seven hundred thousand dollars). The Indian space sector is projected to expand to USD 44 billion (forty-four billion dollars) by 2033. Thus, the RBI Amendment, once implemented will be a major milestone for the Indian space sector and a step in the right direction as it will permit non-governmental entities with greater ease of access to foreign investment and help unlock India's potential in the global space economy.

Key Updates under Banking Laws

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

The Reserve Bank of India ("RBI") through a notification dated 3 January 2024 issued master direction in relation to Commercial Paper ("CPs") and Non-Convertible Debentures ("NCDs") of original or initial maturity up to one year ("Directions"). These Directions came into effect on 1 April 2024.

Following are the key highlights of the Directions:

a. Eligible issuers:

CPs and NCDs may be issued by the following entities subject to the condition that all fund-based facilities availed, if any, by the issuer from banks / All India Financial Institutions ("AIFIs") Non-Banking Financial Companies ("NBFCs") are classified as 'standard' at the time of issue:

- i. Companies;
- ii. NBFCs, including Housing Finance Companies;
- iii. InvITs and REITs;
- iv. AIFIs;
- v. Any other body corporate with a minimum net-worth of INR 100 Crore (one hundred crore rupees), provided that the body corporate is statutorily permitted to incur debt or issue debt instruments in India; and
- vi. Any other entity specifically permitted by the RBI.

b. Eligible investors:

All residents are eligible to invest in CPs and NCDs. Non-residents are eligible to invest in CPs and NCDs to the extent permitted under Foreign Exchange Management Act, 1999 or the rules/regulations framed thereunder.

c. Primary Issuance:

- i. CPs and NCDs shall be issued in dematerialised form and held with a depository registered with SEBI;
- ii. CPs and NCDs shall be issued in minimum denomination of INR 5,00,00 (five lakh

rupees) and in multiples of INR 5,00,00 (five lakh rupees) thereafter.

- iii. Issuance of a CP/NCD with options (call/put) is not permitted.
- iv. Issuance of a CP/NCD is not permitted to be underwritten or co-accepted.
- v. The primary issuances of CPs and NCDs, including both payment of funds to the issuer and issue of CPs and NCDs to the investors, shall be settled within a period not exceeding T+4 (four) working days, where "T" represents the deal date, i.e., the date on which the trade details, including price/rate are agreed by the issuer and the investor(s).
- vi. Total subscription by all individuals, including Hindu Undivided Families, in any primary issuance of CPs or NCDs shall not exceed 25% (twenty-five per cent) of the total amount issued.

d. Appointment of Issuing and Paying Agent ("IPA") / Debenture Trustee:

An IPA is required to be appointed for each issue of CPs and NCD, and each NCD issuance is required to have a debenture trustee.

e. Credit Enhancement:

Banks and AIFIs may, based on their commercial judgement and subject to prudential guidelines issued by the RBI, choose to provide stand-by assistance/credit, back-stop facility, etc., by way of credit enhancement for a CP/NCD issue. Non-bank entities (including corporates) may provide unconditional and irrevocable guarantee for credit enhancement of CPs and NCDs issued by a group entity subject to making appropriate disclosures.

f. Defaults in repayment:

- i. The issuer who has defaulted on the repayment of a coupon / redemption, partially or in full, of a CP and / or NCD shall inform the details of any default in payments related to a CP / NCD to the IPA before 5:00 pm on the date of the default. In the case of NCDs, the details shall also be informed to the debenture trustee.
- ii. Information about any default in payments related a CP/NCD shall be publicly disseminated (e.g., through its website) by the issuer.
- iii. Repayments of obligations under a defaulted CP or NCD can be made directly to the investor/s by the issuer or can be routed through the IPA or debenture trustee. Partial repayments, if any, of a CP / NCD shall be distributed to investors of the CP / NCD in proportion to the investment made in the CP / NCD.
- iv. Details of the repayment of the obligations related to defaulted CPs / NCDs shall be informed to the IPA and the debenture trustee by the issuer on the date of the repayment.
- v. In the event of a CP/ NCD, being converted into another financial instrument after

default, as part of any bilateral / multilateral agreement or restructuring scheme, the CP/ NCD shall stand extinguished on the date of its conversion.

- vi. In the event of default of a CP/ NCD, the issuer shall not be allowed to issue CPs or NCDs till full repayment of the defaulted obligation or 6 (six) months after the date of default, whichever is earlier.
- vii. Any event of conversion of a CP/ NCD into another financial instrument shall be reported by the issuer to the IPA and the debenture trustee.



LKS COMMENT:

CPs are a type of unsecured debt tool that pays a fixed rate of interest which is typically issued by companies to cover short-term receivables and meet short-term financial obligations. CPs provide companies with a quick, cost-effective and timely option to raise funds. It provides greater flexibility to companies by having a high liquidity value and flexible maturity range thereby making it an attractive alternative source of short-term borrowings. The Directions establish a comprehensive framework for the issuance and governance of CPs and NCDs and are aimed to boost transparency and curb risks associated with the money markets.

2. Investments in Alternative Investment Funds ("AIFs")

The RBI through a notification dated 19 December 2023 issued certain guidelines to prevent evergreening of loans by Regulated Entities ("REs") through investments in AIFs ("**Circular**").

To address concerns flagged in various representations received from stakeholders, the RBI through a notification dated 27 March 2024 amended the earlier issued guidelines. Key provisions of the notification are as follows:

- a. Downstream investments referred shall exclude investments in equity shares of the debtor company of the RE, but shall include all other investments, including investment in hybrid instruments.
- b. Provisioning in terms of paragraph 2(iii) of the Circular shall be required only to the extent of investment by the RE in the AIF scheme which is further invested by the AIF in the debtor company, and not on the entire investment of the RE in the AIF scheme.
- c. Paragraph 3 of the Circular shall only be applicable in cases where the AIF does not have any downstream investment in a debtor company of the RE. If the RE has investment in subordinated units of an AIF scheme, which also has downstream exposure to the debtor company, then the RE shall be required to comply with paragraph 2 of the Circular.
- d. Investments by REs in AIFs through intermediaries such as fund of funds or mutual funds are not included in the scope of the Circular.



LKS COMMENT:

Changes brought about by the notification such as excluding investments in equity shares of the debtor company of the RE is a welcome move. Further, excluding investments through fund or mutual funds will increase capital participation in AIFs. However, exclusion of equity shares from the definition of downstream investments is limited to investments in listed companies. This exclusion does not extend to private equity and venture capital investments.

Key Updates under Securities Laws

1. SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024

SEBI through a notification dated 5 January 2024 amended the SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**") via the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2024 ("**AIF Amendment**").

Key changes brought by the AIF Amendment are set out below:

- a. Insertion of new clause (i) under regulation 15(1), which provides that AIFs shall hold their investments in dematerialised form, subject to such conditions as may be specified by the SEBI from time to time.

Provided that, the requirement under clause (i) of sub-regulation (1) shall not apply to: (i) investments by AIFs in such type of instruments which are not eligible for dematerialization (i.e., investments held by a liquidation scheme of AIF that are not available in dematerialised form); (ii) investments held by a liquidation scheme of the AIFs that are not available in the dematerialised form; and (iii) such other investments by AIFs and such other schemes of AIFs as may be specified by the SEBI from time to time.

- b. Regulation 20 sub-regulation (11) has been substituted with new provision which stipulates that the sponsor or manager of the AIF shall appoint a custodian registered with the SEBI for safekeeping of the securities of the AIF, in the manner as may be specified by the SEBI from time to time.

Provided that, the custodian appointed by the sponsor or manager of a Category III AIF shall keep custody of the securities and goods received in delivery against the physical settlement of commodity derivative.

Provided further that the custodian appointed by the sponsor or manager of an AIF shall report or disclose such information regarding investments of the AIF in such manner as may be specified by the SEBI from time to time.

- c. The AIF Amendment has introduction sub-regulation (11A) specifies requirements for a custodian linked to the sponsor or manager of an AIF such as (i) the sponsor or manager has a net worth of at least INR 200,000,000,000 at all points of time; (ii) 50% (fifty per cent) or more of the directors of the custodian do not represent the interest of the sponsor or manager or their associates;(c) the custodian and the sponsor or manager of the AIF are not subsidiaries of each other;(d) the custodian and the sponsor or manager of the AIF do not have common directors; and (e) the custodian and manager of the AIF sign an undertaking that they shall act independently of each other in their dealings of the schemes of the AIFs.



LKS COMMENT:

The introduction of dematerialisation requirements and the meticulous structuring of custodial relationships demonstrate SEBI's commitment to adapting to the evolving financial market landscape. The AIF Amendment provides clarity to the sector and establishes benchmarks for the secure management of AIF investments. It is essential for stakeholders, including fund managers and investors, to understand these modifications for compliance and to leverage the advantages of the enhanced regulatory framework.

2. SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2024

SEBI through a notification dated 8 March 2024 amended the SEBI (Real Estate Investment Trusts) Regulations, 2014 via the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2024 ("**REITs Amendment**").

Key changes brought about by the REITs Amendment are as follows:

- a. The definition of a Real Estate Investment Trust ("**REIT**") has been expanded to highlight the pooling of funds and the purpose of acquiring and managing real estate assets, specifying that any company issuing securities related to real estate assets will not qualify as a REIT under regulation 2(1)(zm).
- b. A new chapter, Chapter VIB, has been introduced for Small and Medium REITs ("**SM REITs**"), with regulations outlining the registration process requiring an application by the investment manager on behalf of the trust along with a non-refundable fee. Key provisions of Chapter VIB are set out below:
 - i. Eligibility criteria for SM REITs include a minimum net worth for investment managers, experience requirements, and independence criteria for directors, with the investment manager needing a net worth of at least INR 200,000,000 (twenty crore rupees), a significant portion of which must be in positive liquid net worth.
 - ii. The certificate awarded to SM REITs is contingent on various conditions, including compliance with the Act and regulations, adherence to migration plans, and ongoing compliance with a specified code of conduct provided under regulation 26M of Chapter VIB
 - iii. The regulations also detail the process for existing entities to transition to SM REITs, outlining application procedures and migration timelines under regulation 26N of Chapter VIB.
 - iv. SM REITs seeking to make an initial offer must fulfill specific eligibility criteria, such as minimum asset size and unitholder requirements, and appoint a merchant banker for the issuance process. Additionally, the investment manager must submit a draft scheme offer document to the SEBI, including disclosures outlined in Schedule III, which must be open for public comments for a set period under regulation 26S of Chapter VIB.

- v. Specific investment conditions are specified, covering SPV ownership, asset types for investment, and lending restrictions to ensure transparency and stability in SM REIT investments under regulation 26T of Chapter VIB.



LKS COMMENT:

SEBI's revisions to the REIT Regulations especially concerning SM REITs, focus on improving transparency, eligibility standards, and the regulatory framework. These modifications are set to influence the realm of real estate investments in India by offering a more organised and secure setting for investors and stakeholders.

3. Introduction of a framework for Offer for Sale ("OFS") of Shares to Employees through Stock Exchange Mechanism

SEBI issued a circular dated 23 January 2024, which outlines the framework for Offer for Sale ("OFS") of Shares to Employees through Stock Exchange Mechanism.

SEBI, through Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated 16 October 2023, has introduced a framework for the OFS of shares through the stock exchange mechanism

Key highlights of the framework are set out below:

- a. The framework allows promoters of eligible companies to include the sale of shares to employees within 2 (two) weeks of the OFS transaction. This offering to employees is considered part of the OFS transaction.
- b. Promoters can choose to offer these shares at the price determined during the OFS transaction or at a discounted price compared to that. Promoters are required to provide all necessary information about this sale in the OFS notice submitted to the exchange.
- c. The procedure for offering shares to the employees in OFS through stock exchanges is as under:
 - i. OFS to employees shall be on T+1 day along with the retail category under a new category called as "Employee".
 - ii. While bidding, the employee shall select "Employee" category for employee bids. However, the employees can also bid for other categories, as per the applicable limits.
 - iii. For employee OFS, a certain number of shares shall be reserved for the employees. The same shall be mentioned in the OFS notice to the stock exchanges by the promoter(s).
 - iv. Bidding shall be allowed during trading hours on T+1 day only.
 - v. Floor price of the retail category shall be disclosed to the participants under the "Employee" category.

- vi. Employees shall place bids only at cut-off price of T+1 day. The allotment price shall be based on the Cut-off of the retail category, subject to discount, if any.
- vii. The maximum bid amount shall be INR 5,00,000 (five lakh rupees).
- viii. Each employee is eligible for an allotment of equity shares up to INR 2,00,000 (two lakh rupees). Provided that in the event of under-subscription in the employee portion, the unsubscribed portion may be allotted to such employees whose bid amount is more than INR 2,00,000 (two lakh rupees), on a proportionate basis, for a value in excess of INR 2,00,000 (two lakh rupees), subject to the total allotment to an employee not exceeding INR 5,00,000 (five lakh rupees).
- ix. The employees shall pay upfront the margin to the extent of 100% (one hundred per cent) of the order value in cash or cash equivalents.
- x. Bids for the "employee" category shall not be displayed on the stock exchange website.
- xi. The bid book of "employee" category shall be segregated from Retail Category book for allotment.
- xii. Allotment under the "employee" category shall be based on the PAN details of employees shared by the company on T-1 day. The PAN mis-matched bids shall be rejected.
- xiii. The promoters shall transfer the total shares of OFS on T-1 day including shares reserved for "Employee" category, to the designated clearing corporation.



LKS COMMENT:

The introduction of a new framework for offering shares to employees through the stock exchange mechanism aims to streamline the existing process, enhance efficiency, reduce costs and provide for an effective process for OFS.

4. Amendment to Circular for mandating additional disclosures by FPIs.

SEBI issued a circular dated 20 March 2024 in relation to amendment in SEBI vide circular no. SEBI/HO/ AFD/ AFD-PoD-2/CIR/P/2023/148 ("**August Circular**") dated 24 August 2023 mandated additional disclosures for FPIs that fulfil objective criteria as specified in the said August Circular. Further, foreign portfolio investors ("**FPIs**") satisfying any of the criteria listed under paragraph 8 of the said August Circular were exempted from the additional disclosure requirements, subject to conditions specified in the said August Circular.

The key change amendments made through this circular are set out below:

- a. FPI having more than 50% (fifty per cent) of its Indian equity AUM in a corporate group shall not be required to make the additional disclosures as specified in paragraph 7 of the August Circular, the conditions for the same are specified below:
 - i. The apex company of such corporate group has no identified promoter. For this purpose, the list of corporate groups based on the corporate repository published by the stock exchanges and their respective apex companies having no identified promoters shall be made public by depositories.
 - ii. The FPI holds not more than 50% (fifty per cent) of its Indian equity AUM in the corporate group, after disregarding its holding in the apex company (with no identified promoter).
 - iii. The composite holdings of all such FPIs (that meet the 50% (fifty per cent) concentration criteria excluding FPIs which are either exempted or have disclosed) in the apex company is less than 3% (three per cent) of the total equity share capital of the apex company.
- b. Custodians and depositories shall track the utilisation of this 3% (three per cent) limit for apex companies, without an identified promoter, at the end of each day. When the 3% (three per cent) limit is met or breached, Depositories shall make this information public before the start of trading on the next day.
- c. Thereafter, for any prospective investment in the apex company by FPIs, that meet the 50% (fifty per cent) concentration criteria in the corporate group, the FPIs shall be required to either realign their investments below the 50% (fifty per cent) threshold within 10 (ten) trading days or make additional disclosures prescribed in the August Circular.



LKS COMMENT:

This amendment aims towards boosting transparency and regulatory compliance in investment policies, providing clear guidelines on exemptions and procedures for FPIs. This fosters a favorable environment for foreign investment while protecting FPIs interests and maintaining market integrity.

5. Highlights of the SEBI Board Meeting

SEBI on 15 March 2024 held its 204th meeting and has approved significant decisions for the purpose of improvement in the regulatory environment.

The key approvals of the meeting are set out below:

- a. Expediting timeline for launch of beta version of T+0 settlement cycle approved;

- b. Proposal to exempt additional disclosure requirements for FPIs having more than 50% of their India equity AUM in a single corporate group, in case the concentrated holdings of the FPIs are in a listed company with no identified promoter, if the following conditions are met:
 - i. The FPI holds not more than 50% (fifty per cent) of its Indian equity AUM in the corporate group, after disregarding its holding in the apex company (with no identified promoter).
 - ii. The composite holdings of all such FPIs (that meet the 50% (fifty per cent) concentration criteria excluding FPIs which are either exempted or have disclosed) in the apex company is less than 3% (three per cent) of the total equity share capital of the apex company.
- c. Timelines for disclosure / documentation related to material changes by FPIs relaxed;
- d. The enhancing ease of doing business for FPIs by providing flexibility to FPIs in dealing with their securities post expiry of their registration;
- e. Facilitating ease of doing business for companies coming for IPOs / fund raising;
- f. Facilitating ease of doing business for listed companies on-going compliance requirements;
- g. Facilitating a uniform approach to verification of market rumours by equity listed entities;
- h. Flexibility provided to Category I and II AIFs to create encumbrance on their holding of equity in infrastructure sector investee companies;
- i. Timelines for mandatory applicability of Listing Norms for High Value Debt Listed Entities have been extended. The Board has approved the proposal to extend the timeline for mandatory applicability of listing norms (i.e. Regulation 16 to Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and compliance thereof for High Value Debt Listed Entities till 31 March 2025.
- j. Proposal to require AIFs, Managers of AIFs, and their Key Management Personnel (KMPs), to carry out specific due diligence of their investors and investments, so that AIFs do not facilitate circumvention of specified regulations administered by financial sector regulators. The same is envisaged so that the verifiable compliance with such due-diligence requirements would provide the regulatory comfort necessary for the introduction of other ease of doing business proposals / measures relating to AIFs, to facilitate sustained capital formation;
- k. SEBI, *inter-alia* approved amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 to provide a framework for issuance of subordinate units by privately placed InvITs only to start with. The objective of the framework for issuance of subordinate units is to enable usage of subordinate units to bridge the valuation gaps that may arise as a result of difference in the valuation of an asset assessed by the Sponsor (in its capacity of the asset seller) and the InvIT (in capacity of the asset buyer). The framework is designed to also include risk mitigation measures in respect of such units;

- i. 'Stock Exchange' to be recognised as a body for administration and supervision of Research Analysts and Investment Advisers.



LKS COMMENT:

The approval of the abovementioned proposals reflects the SEBI's commitment towards fostering ease of doing business. The new advancements mentioned above will speed up the process of clearing and settlement, deter attempts to bypass regulations, and enhance infrastructure growth.

6. Foreign Investment in Alternative Investment Funds (AIFs)

SEBI issued a circular dated 11 January 2024 on Foreign Investment in AIFs. The Government of India, through gazette notifications dated 7 March 2023, and 4 September 2023, amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, revising the thresholds for determining beneficial ownership.

As a result of this amendment, the SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated 31 July 2023, for AIFs, paragraph 4.1.2 under Chapter 4 is modified as follows:

- a. The foreign investor or its beneficial owner, as determined by the rules, should not be on the United Nations Security Council Sanctions List; and
- b. The foreign investor should not be a resident in a country identified by the Financial Action Task Force as having strategic deficiencies in anti-money laundering or combating terrorism financing.

If an investor already on-boarded to an AIF scheme does not meet the revised conditions, the AIF manager is prohibited from drawing down any further capital contributions from that investor for making investments until the investor meets the specified condition.



LKS COMMENT:

This circular reflects SEBI's commitment to safeguarding investor interests and fostering a secure and transparent securities market in India. AIFs must ensure compliance to mitigate potential risks.

Key Updates under Environment Laws

1. Water (Prevention and Control of Pollution) Amendment Act, 2024

The Ministry of Environment, Forest and Climate Change ("MoEF") through a notification 24 February 2024, has introduced the Water (Prevention and Control of Pollution) Amendment Act, 2024 which has the effect of amending the Water (Prevention and Control of Pollution) Act, 1974 ("WPCP Act").

Key changes brought by the amendment are set out below:

- a. The amendments will be applicable to the union territories and the states of Himachal Pradesh and Rajasthan, post which it will be applied to those states which pass a resolution extending its applicability to that concerned state.
- b. Section 4 has been amended, by which, nomination of the Chairman to the State Board by the State Government can only be done in a manner as prescribed by the Central Government. Similarly, through an amendment to Section 5, other terms and conditions of the Chairman will be prescribed by the Central Government.
- c. Section 25(1) of the WPCP Act, pertaining to the requirement of prior consent from the State Board to establish a new industry and thereon new outlets for discharges and emissions, has been amended to include a proviso wherein the Central Government in consultation with the Central Board in the official gazette can exempt certain categories of industrial plants from the application of the provision.
- d. Through insertion of Section 27A in the WPCP Act, the Central Government now reserves the right to formulate guidelines on the matters relating to the grant, refusal or cancellation of consent by any State Board for establishment of any industry, operation under Section 25 or Section 27 of the WPCP Act.
- e. The following revisions have also been made in the penal provision of the WPCP Act:
 - i. The erstwhile Section 41 has been amended to be substituted by Section 41 and Section 41A. While previously, the violation of the emergency measures undertaken by the Central Board / State Board in case of a polluted stream under Section 32, and non-compliance with the orders of the Central Board / State Board subsequent to such pollution under Section 33, or directions under Section 33-A was punishable with an imprisonment for a term between one and a half years to six years and a fine. The amended WPCP Act removes the punishment and instead imposes a penalty between INR 10,000 (ten thousand rupees) to INR 15,00,000 (fifteen lakh rupees) under Section 41-A. Similarly, violation of the directions issued by the Board under Section 20 has been reduced from imprisonment extending to 3 (three) months and a fine to now only

a fine ranging from INR 10,000 (ten thousand rupees) to INR 15,00,000 (fifteen lakh rupees).

- ii. Section 42 of the WPCP Act criminalise certain criminal offences pertained to destructive actions ranging from damaging the property and works of the Central Board / State Board to failure to furnish information has now been reduced to a fine ranging from INR 10,000 (ten thousand rupees) to INR 15,00,000 (fifteen lakh rupees) from previously including a prison term of possibly extending to 3 (three) months.
- iii. Section 43 of the WPCP Act previously imposing penalty and jail for violation of Section 24 which prohibits the use of stream or well for disposal of polluting matter has now been criminalised to a penalty from INR 10,000 (ten thousand rupees) to INR 15,00,000 (fifteen lakh rupees) and a subsequent penalty of INR 10,000 (ten thousand rupees) for each day of contravention.
- iv. Section 44 of the WPCP Act penalising the use of a faulty meter or gauge to wilfully alter the monitoring has been reduced to a fine of INR 10,000 (ten thousand rupees) to INR 15,00,000 (fifteen lakh rupees), wherein it previously included a prison term extending from 1 (one) year and 6 (six) months to 6 (six) years and a fine.



LKS COMMENT:

The aim of the amendment is to decriminalise several violations and instead impose monetary penalties. The effect of the amendment is such that, except for the offences of discharging polluting matter and establishing new outlets for discharge without permission from the state board, the WPCP Act has done away with imprisonment as a punishment for contravention of other provisions of the WPCP Act as discussed above.

2. E-Waste Management Amendment Rules, 2024.

The MoEFC through a notification dated 8 March 2024 has amended the E-Waste Management Rules, 2022 via E-Waste Management Amendment Rules, 2024.

Key changes brought about by the amendment are as follows:

- a. The definition of 'dismantler' has been substituted with the new definition which means any person or entity engaged in dismantling of used electrical and electronic equipment and components thereof in accordance with the guidelines of the Central Pollution Control Board ("CPCB") made in this regard.
- b. A new rule 9A has been inserted which provides that the Central Government may, if it is satisfied that it is necessary so to do in the public interest or for effective implementation of these rules, by order, relax any period within which any return or report is to be filed under these rules by a manufacture, producer, refurbisher or recycler of electrical and electronic equipment and components or consumables or parts or spares thereof, for a further period not exceeding 9 (nine) months.

- c. Rule 15(7) has been inserted which provides that the Central Government may by, order, establish one or more platform for exchange or transfer of extended producer responsibility certificates in accordance with the guidelines issued by the CPCB with the approval of the Central Government.
- d. The operation of the platform, established under sub-rule (7) shall be operated and regulated in accordance with guidelines made by the Central Government on the recommendation of the CPCB.
- e. The CPCB shall fix the highest and lowest price for exchange of extended producer responsibility certificates which shall be equal to 100% (one hundred per cent) and 30% (thirty per cent), respectively of the environmental compensation for non-fulfilment of extended producer responsibility obligation under rule 22.
- f. The exchange price of extended producer responsibility certificate between registered entities through the portal shall be between the highest and lowest prices referred to in sub-rule (9).



LKS COMMENT:

This amendment targets the management of e-waste which carries the threat of contaminating the environment. This will also help formalize the e-waste collection and recycling regime to prevent mishandling of e-waste via extended producer responsibilities.

3. Hazardous and Other Waste (Management and Transboundary Movement) Amendment Rules, 2024.

The MoEFCC through a notification dated 12 March 2024 has amended the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 through Hazardous and Other Waste (Management and Transboundary Movement) Amendment Rules, 2024.

Key changes brought about by the amendment are as follows:

- a. A new definition of 'deposition centres' has been inserted by rule 22A which has been defined to mean the deposition centre specified in the Solid Waste Management Rules, 2016 for collection of domestic hazardous wastes.
- b. A new rule 6(1B) has been inserted which provides that the deposition centers shall obtain authorisation from the State Pollution Control Board ("**SPCB**") or the Pollution Control Committee concerned for grant of authorisation for managing hazardous and other wastes.
- c. A new rule 6(1C) has been inserted which provides that deposition centers shall provide the domestic hazardous waste to the actual user or operator of the disposal facility and maintain records of the same in Form 3 and shall file annual return in Form 4 to the SPCB or the Pollution Control Committee concerned.

- d. A new rule 30(5) has been inserted which provides that the Central Government may, if it is satisfied that it is necessary so to do in the public interest or for effective implementation of these rules, by order, relax any period within which any return or report is to be filed under these rules by a producer, collection agents, recycler and used oil importer thereof, for a further period not exceeding 9 (nine) months.
- e. A new rule 8(A) has been inserted which provides that (i) all retreaders shall submit on monthly basis the information regarding quantity of waste tyres re-treaded, retreading certificate generated therefore and such other relevant information on the portal; and (ii) all retreaders shall file annual and quarterly returns in the Form as specified on the portal on or before the end of the month succeeding the quarter to which the return relates.
- f. A new rule 9(6) has been inserted which provides that the Central Government may, if it is satisfied that it is necessary so to do in the public interest or for effective implementation of these rules, by order, relax any period within which any return or report is to be filed under these rules by a producer, recycler and retreader thereof, for a further period not exceeding 9 (nine) months.



LKS COMMENT:

This amendment comes with an objective to provide a comprehensive management plan and deposition centre for monitoring the transparency and accountability of the registered producers of hazardous wastes and help track and reduce the hazardous wastes generated by producers.

4. Plastic Waste Management Amendment Rules, 2024.

The MoEFCC through a notification dated 14 March 2024 has amended the Plastic Waste Management Rules 2016 ("**PWM Rules**") via Plastic Waste Management (Amendment) Rules 2024 ("**PWM Amendment**").

Key changes brought by PWM Amendment are set out below:

- a. Prior to the amendment, the definition of an 'importer' under rule 3(k) of the PWM Rules was seemingly limited, as it meant "a person who imports plastic packaging or products with plastic packaging or carry bags or multilayered packaging or plastic sheets or like. Post the amendment, the definition has been made more specific to include all the different roles played across the supply chain of a plastic producer, and is now defined as "a person who imports for commercial use, any plastic packaging or any commodity with plastic packaging or carry bags or plastic sheets or like material, or plastic raw material including in the form of resin or pellets, or intermediate material to be used for manufacturing plastic packaging such as films or preforms".
- b. The definition of a 'manufacturer' under rule 3(m) of the PWM Rules, while previously only referring to a person or entity engaged in production of plastic raw material, has now been broadened to include any person engaged in production of plastic raw material, including compostable and biodegradable plastics.

- c. 'Producer' under rule 3(s) of the PWM Rules was simply defined as a person engaged in manufacture of plastic packaging. However, subsequent to the amendment the definition has been extended to include the following 2 (two) facets:
- i. Manufacturer of intermediate material that is used for manufacturing plastic packaging;
and
 - ii. Person engaged in contract manufacturing of products using plastic packaging or through other similar arrangements for a brand owner.
- d. The definition of a 'seller' under rule 3(ua) of the PWM Rules has been inserted to define the term as a "person who sells plastic raw material such as resins or pellets or intermediate material used for producing plastic packaging".
- e. The provision regulating 'conditions' under rule 4 of the PWM Rules has been amended at sub-rule (1) clause (e) to now selling of raw materials with the newly defined 'seller' and a 'producer', registered as per the rules. Previously, the clause only covered a 'producer' who was registered with the pollution control board.
- f. By insertion of clause 4(1)(ha), the manufacture of carry bags and commodities are permitted to be made from compostable or biodegradable plastic. However, they are subject to mandatory marking and labelling laid down under the PWM Rules and the regulations of the Food Safety and Standards Authority of India for food contact applications. Such manufacturers have to obtain a certificate from the CPCB before marketing or selling. Newly inserted sub-rule 3-A requires a manufacturer of such commodities to report to the CPCB the quantity introduced in the market and the pre-consumer waste generated by it.
- g. The insertion of sub-rule 4(5) requires a manufacturer of commodities made from plastic or part thereof to ensure the processing of the pre-consumer plastic waste generated in the form of reject or discard material at the stage of manufacturing. Additionally, the entity has to report to the SPCB or the concerned Pollution Control Committee.
- h. Changes and insertions have been made to rule 6 of the PWM Rules concerned with the responsibilities of a local body which is tasked with setting up of infrastructure for segregation, collection, storage, transportation, processing and disposal of the plastic waste to now include the following:
- i. Every stakeholder that is a manufacturer, producer, importer, brand owner can voluntarily engage per sub-rule (1-A).
 - ii. Assess the plastic waste generated, including the existing waste in dump sites, by 30th June of every year, while arriving at an estimate of the quantity of plastic waste to be generated in the following five-year period. per sub-rule (5) of the PWM Rules.
 - iii. Assess the plastic waste management infrastructure available for collection / segregation / processing and send a report to the SPCB or Pollution Control Committee by 30th June of each year, per sub-rule (6) of the PWM Rules.

- iv. Take measures to prevent stocking, distribution, sale and usage of prohibited single use plastic items in their jurisdiction, per sub-rule (7) of the PWM Rules.
 - v. Prepare an annual report containing the details under sub-rules (5), (6) of the PWM Rules, and additionally, on the status on framing and implementation of byelaws, and additionally the measures taken under sub-rule (7) of the PWM Rules.
- i. Rule 7-A has been inserted detailing the responsibility of Panchayat at District level. The provisions mirror the responsibilities of a local body detailed in paragraph (h) above.
 - j. Amendments have been made to rule 7 of the PWM Rules, which pertains to the responsibility of Gram Panchayat. The inserted sub-rule (2) aims to enhance its coordination on a voluntary basis with the Panchayat at the district level and promote engagement with civil societies under clause 1(d) to further enhance its function of waste management in rural areas.
 - k. Rule 9 of the PWM Rules, pertaining to the responsibility of producers, importers, and brand owners has been amended, and sub-rule (1) imposes the responsibility of collection of such plastic packaging which has been introduced by them. Those entities which are engaged in compostable or bio-degradable plastics have to ensure compliance with the extended producer responsibility guidelines detailed in Schedule-II, per the inserted sub-rule (2-A).
 - l. Another provision, as sub-rule (7) in rule 10 of the PWM Rules detailing 'Protocols for compostable and biodegradable plastic materials' has been inserted stating that the BIS shall specify separate colour / marking for plastic packaging and commodities made from compostable plastics / biodegradable plastics. Moreover, a proviso has been added to sub-rule (6) concerning the testing of the biodegradable plastic from an unregistered laboratory. In such a scenario, wherein the IS 17889T:2022 has been complied with, a bank guarantee equivalent to the environment compensation leviable under rule 18 has to be issued by the applicant, until the test report of a duly approved laboratory has been received.
 - m. Rule 11 of the PWM Rules dealing with 'Marking or Labelling' has been amended. Insertion of sub-rule (2) requires a recycled plastic packaging or commodity to comply with IS 14534:2023 while bearing label "recycled having [-----specify percentage-----] of recycled plastic" and mark:



- n. The inserted sub-rule (3) pertains to a commodity made from compostable plastic to bear a label "compostable only under industrial composting" while conforming to IS/ISO 17088:2021. And lastly, sub-rule (4) is concerned with a commodity made from biodegradable plastic, requiring it to bear the label

"Biodegradable in [*specify number of days*] only in the [*specify recipient environment such as soil, landfill, water etc.*]".

- o. Amendments to rule 13 of the PWM Rules concerned with registration, under sub-rule (4) require every manufacturer and importer of plastic raw material to make an application for registration in Form III to the SPCB, or the Pollution Control Committee. Such an entity is required to comply with sub-rule (4-A), under which it is only permitted to deal with registered entities, wherein the sale invoices note the registration number. The entity is not permitted to deal with units engaged in single-use plastic items and is required to print the same on the packaging per clause (3). Lastly, the entity has to submit a quarterly report to the CPCB and SPCB, or Pollution Control Committee.
- p. Sub-rule (4-B) as inserted in rule 13 which requires any person engaged in the sale of plastic raw material or intermediate material is required to register with the SPCB or Pollution Control Committee.
- q. Through insertion or rule 17 the entities are required to submit annual reports detailing plastic use. As per sub-rule (1) those engaged in recycling or processing of plastic waste are required to submit an annual report in Form-IV to the relevant body by 30th April every year. Sub-rule (2) requires a quarterly report to be submitted by a manufacturer or importer of plastic raw material in Form VII to the SPCB or Pollution Control Committee by the last day of the month following the quarter, and an annual report by 30th June every year. Sub-rule (3) requires the detail of transactions of those engaged in sale of raw or intermediate material in plastic packaging by 30th June to the relevant authority. Sub-rule (4) requires the urban local body or the Panchayat at the District level to submit an annual report in Form-V by 30th June. The SPCB or the Pollution Control committee will submit an annual report in Form-VI to the CPCB on the implementation of the Rules by 31st July, per sub-rule (6). And thereafter the CPCB will prepare a consolidated Annual Report and submit the same to the Central Government with recommendations by 31st August.
- r. Rule 18 as inserted refers to the environmental compensation being imposed in line with the polluter pays principle, as per the guidelines issued by the CPCB.
- s. The following forms within the schedule have been revised:
 - i. Form I- Application for registration for producers or brand owners has been substituted.
 - ii. Form V- Format for annual report on Plastic Waste Management to be submitted by the urban local body.
 - iii. Form VI- Format for annual report on Plastic Waste Management to be submitted by SPCB / Pollution Control Committee.
 - iv. Form VII- Format for quarterly report of plastic raw material.



LKS COMMENT:

This amendment is a step towards enhancing the responsibility of manufacturers, producers and sellers for management of plastic waste. Provisions requiring compliance with registrations, extended producer responsibility and annual filing of returns would further boost accountability on part of such businesses and create an effective plastic waste management regime.

LOCATIONS

NEW DELHI

6th and 7th Floor, Tower E,
World Trade Centre, Nauroji Nagar,
New Delhi 110029
PHONE: 011-4129 9800
E-MAIL: Lsdel@lakshmisri.com

MUMBAI

2nd Floor, CNERGY IT Park,
Old Standard Mill,
Appa Saheb Marathe Marg,
Prabhadevi,
Mumbai 400 025
PHONE: 022-2439 2500
E-MAIL: Lsbom@lakshmisri.com

CHENNAI

2, Wallace Garden, 2nd Street,
Chennai 600 006
PHONE: 044-2833 4700
E-MAIL: Lsmds@lakshmisri.com

BENGALURU

World Trade Center,
No. 404-406, 4th Floor, South Wing,
Brigade Gateway Campus,
No. 26/1 Dr. Rajkumar Road,
Malleswaram West,
Bengaluru 560 055
PHONE: 080-4933 1800
E-MAIL: Lsblr@lakshmisri.com

HYDERABAD

'Hastigiri', 5-9-163, Chapel Road,
Opp. Methodist Church, Nampally,
Hyderabad 500 001
PHONE: 040-2323 4924
E-MAIL: Lshyd@lakshmisri.com

AHMEDABAD

B-334, SAKAR-VII,
Nehru Bridge Corner, Ashram Road,
Ahmedabad 380 009
PHONE: 079-4001 4500
E-MAIL: Lsahd@lakshmisri.com

PUNE

607-609, Nucleus,
1 Church Road, Camp
Pune 411 001
PHONE: 020-6680 1900
E-MAIL: Lspune@lakshmisri.com

KOLKATA

6A, Middleton Street,
Chhabildas Towers, 7th Floor,
Kolkata 700 071
PHONE: 033-4005 5570
E-MAIL: Lskolkata@lakshmisri.com

CHANDIGARH

SCO No. 59, 1st Floor,
Sector 26, Madhya Marg,
Chandigarh 160 026.
PHONE: 0172-492 1700
E-MAIL: Lschd@lakshmisri.com

GURUGRAM

OS2 & OS3, 5th Floor,
Corporate Office Tower,
AMBIENCE Island, Sector 25-A,
Gurugram 122 001
PHONE: 0124-477 1300
E-MAIL: Lsgurgaon@lakshmisri.com

PRAYAGRAJ

3/1A/3, (Opp. Auto Sales)
Colvin Road, Lohia Marg,
Prayagraj 211 001
PHONE: 0532-242 1037/242 0359
E-MAIL: Lsallahabad@lakshmisri.com

KOCHI

1st Floor, PDR Bhavan,
Palliyil Lane, Foreshore Road,
Ernakulam, Kochi 682016
PHONE: 0484-486 9018/486 7852
E-MAIL: Lskochi@lakshmisri.com

JAIPUR

2nd Floor (Front side),
Unique Destination, Tonk Road,
Near Laxmi Mandir Cinema Crossing,
Jaipur, Rajasthan 302 015
PHONE: 0141-456 1200
E-MAIL: Lsjaipur@lakshmisri.com

NAGPUR

1st Floor, HRM Design Space,
90-A, Next to Ram Mandir,
Ramnagar, Nagpur 440033
PHONE: 0712-2959038/2959048
E-MAIL: Lsnagpur@lakshmisri.com



Lakshmikumaran
Sridharan
attorneys
SINCE 1985

DISCLAIMER: This update is meant for informational purpose only and does not purport to be advice or opinion, legal or otherwise, whatsoever. The information provided is not intended to create an attorney-client relationship and is not for advertising or soliciting. Lakshmikumaran & Sridharan or its associates are not responsible for any error or omission in this update or for any action taken based on its contents.

To unsubscribe, please mail to update@lakshmisri.com