Friday, May 09, 2025

Info Capsule

President

CS Dhananjay Shukla

Vice President

CS Pawan G Chandak

❖ *Ministry of Corporate Affairs*

The Companies (Indian Accounting Standards) Amendment Rules, 2025. (May 07, 2025)

The Ministry of Corporate Affairs have notified he Companies (Indian Accounting Standards) Amendment Rules, 2025. The amendment in Indian Accounting Standard (Ind AS) 21 clarifies the concept of exchangeable currency and states that an entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency.

For details:
https://egazette.gov.in/(S(4umpqpnavylip2mzi2wuxd3i))/ViewPDF.aspx

❖ *Reserve Bank of India*

- **RBI issues Reserve Bank of India (Digital Lending) Directions, 2025(May 08, 2025)**

Reserve Bank of India has from time to time issued various directions and circulars on digital lending by Regulated Entities (REs). As part of the efforts to consolidate various regulatory instructions and streamline them, consolidated directions on the subject have been prepared and issued as the Reserve Bank of India (Digital Lending) Directions, 2025.

Further, instructions on the following two aspects have also been included as part of these Directions for the first time:

i. Instructions on "Digital Lending – Transparency in Aggregation of Loan Products from Multiple Lenders": A draft circular on the aforesaid matter was issued on April 26, 2024, for public feedback. Basis the comments received, final instructions on the same are being issued as part of these Directions.

ii. Instructions regarding operationalization of the Public Directory of Digital Lending Apps (DLAs) as announced in the Statement on Developmental and Regulatory Policies dated August 08, 2024: The instructions require REs to furnish the details of their DLAs through the Centralised Information Management System (CIMS) portal of the RBI. The portal shall be available to the REs for reporting on or before May 13, 2025 and REs shall have time till June 15, 2025 to upload the initial data. The list of DLAs will be available at (Link to home->Citizen's Corner -> DLA's deployed by Regulated Entities) on or before July 1, 2025.

It may be noted that the list of DLAs is being made available on the website for the limited purpose of aiding the customers in verifying the claim of a DLA's association with a RE. The list shall be based on data submitted by the REs on the CIMS portal of RBI on as is basis, without any further validation check by the Reserve Bank. The list will get updated automatically, as and when the REs update the existing details (addition of new DLAs or deletion of existing DLAs).

For Details:
https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60403

- **Investments by Foreign Portfolio Investors in Corporate Debt Securities through the General Route – Relaxations (May 08, 2025)**

Attention of Authorised Dealer Category-I (AD Category-I) Banks is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide Notification No. FEMA. 396/2019-RB dated October 17, 2019, as amended from time to time; and the Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025. At present, investments by Foreign Portfolio Investors (FPIs) in corporate debt securities through the General Route are subject to the short-term investment limit and the concentration limit as prescribed in paragraphs 4.4(iii) and 4.4(v) of the Master Direction, respectively. On a review, and with a view to providing greater ease of investment to FPIs, it has been decided to withdraw the requirement for investments by FPIs in corporate debt securities to comply with the short-term investment limit and the concentration limit.

For Details: *https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12847&Mode=0*

❖ *ESG Updates*

Cemex (Mexican Cement Company)

- Cemex is the first cement producers to have its 2030 and 2050 net-zero targets validated against the Science-Based Targets initiative’s (SBTi) 1.5°C scenario methodology.
- Cemex’s CEO, supported by the Executive Committee, defines the sustainability strategy. The Board, through the Sustainability Committee, reviews such strategy and sets the organisation’s direction of travel on sustainability issues: evaluating progress, reviewing and agreeing policies, and assessing risks and mitigation pathways.
- Notably, as part of ‘Promoting a Green Economy’ Cemex campaigns for legislation supporting decarbonisation of the built environment sector that has been effective in a country or region to be adopted more generally in other parts of the world.
- Meanwhile in its waste management operations, Cemex has processed 27m tons of material for reuse, equivalent 67 times the volume of unrecyclable material it has produced. Its target is to reach 41m tons by 2030.

For details: *https://hub.climate-governance.org/article/Cemex_case_study*

❖ *Ministry of Commerce & Industry*

DPIIT and Hafele India Sign MoU to Boost Manufacturing Innovation and Localized Supply Chains (May 08, 2025)

The Department for Promotion of Industry and Internal Trade (DPIIT) and Hafele India Pvt. Ltd. signed a Memorandum of Understanding (MoU) on 07 May 2025 in New Delhi, to strengthen India’s manufacturing and innovation ecosystem by empowering product startups, MSMEs, and entrepreneurs. The partnership reflects a shared commitment to building resilient local supply chains and accelerating India’s vision of becoming a global manufacturing hub. Under this strategic collaboration, Hafele will drive initiatives that support product innovation, local sourcing, and entrepreneurship through targeted investments, mentorship, and integration into global value chains. Hafele will expand its support to startups and MSMEs by offering access to infrastructure, supplier development opportunities, technical collaboration, and market access. Hafele has already committed over USD 2.5 million in an Indian appliance manufacturing startup and has extended purchase orders to Indian MSME manufacturers of architectural hardware and furniture fittings. DPIIT will facilitate ecosystem access through Startup India, enabling startup connections, program participation, and co-branding.

For details: *https://www.pib.gov.in/PressReleasePage.aspx?PRID=2127664*

❖ *Business and Economy*

- **India UK FTA paves way for similar agreements with countries like USA, EU: Bank of Baroda (May 09, 2025)**

The recently concluded Free Trade Agreement (FTA) between India and the United Kingdom is expected to benefit both nations economically and could also pave the way for similar agreements with other countries such as the United States and the European Union, says a report by Bank of Baroda. The report noted that while the UK may not be among India's top trading partners at present, the FTA marks a significant step forward. It sets the stage for deeper trade relations with major global economies and is a strong signal of India's commitment to boosting international trade. It said, "While UK per se is not a very significant trading partner for India, this paves the way for similar agreements with other countries like USA and EU and hence, augurs well for India."

For details: *https://economictimes.indiatimes.com/news/economy/foreign-trade/india-uk-fta-paves-way-for-similar-agreements-with-countries-like-usa-eu-bank-of-baroda/articleshow/121016229.cms*

- **Starlink receives govt clearance to offer satellite internet services in India (May 09, 2025)**

Billionaire Elon Musk-owned Starlink, which provides satellite internet services, has received regulatory approval from the government—nearly three years after first applying for an operator licence—paving the way for the company to start offering the service in the country, The Indian Express has learnt. "After thoroughly going through their application, vetting them from a national security perspective, the government has approved Starlink's proposal," a senior government official said on condition of anonymity. A letter of intent has been issued to the company; it is understood. Starlink did not respond to an immediate request for comment. Receiving a letter of intent from the government paves the way for Starlink to receive a Global Mobile Personal Communication by Satellite (GMPCS) licence. This possibly marks the end of a fiercely fought battle for India's space waves, where Starlink came up against the country's telecom giants Reliance Jio and Bharti Airtel, and differed with the former over how frequency for such airwaves should be assigned to satcom operators.

For details: *https://indianexpress.com/article/business/starlink-receives-govt-clearance-to-offer-satellite-internet-services-in-india-9989284/*

❖ *Terminology*

Corporate Average Fuel Efficiency (CAFE) standards are regulations that mandate automobile manufacturers to meet specific fuel economy targets for their fleet of vehicles.

❖ *Market Watch*

Stock Market Indices as on 09.05.2025	
S & P BSE Sensex	79454.47(-1.10%)
Nifty 50	24008.00(-1.19%)

Foreign Exchange Rates as on 09.05.2025 *(https://m.rbi.org.in//scripts/ReferenceRateArchive.aspx)*			
INR / 1 USD	**INR / 1 EUR**	**INR / 1 GBP**	**INR/ 1 JPY**
85.64	96.26	113.39	.59

❖ Pronouncement

April 29, 2025	Visa Coke Limited (Appellant) Versus M/S Mesco Kalinga Steel Limited (Respondent)	Supreme Court of India Civil Appeal No. 357 of 2025 2025 INSC 597

Procedure has always been viewed as the handmaid of justice and not meant to hamper the cause of justice or sanctify miscarriage of justice

Brief Facts

Though the Corporate Debtor (Respondent) received the demand notice issued by the Operational Creditor (Appellant), Corporate Debtor did not send any reply. Hence, the Operational Creditor filed an application before the NCLT under Section 9 of the IBC, to which, the respondent filed their reply inter alia stating that they were unable to pay the outstanding amount due to circumstances beyond their control. However, NCLT dismissed the application observing that notice was sent to three managerial persons of Corporate Debtor and no notice was sent/addressed to the Corporate Debtor and hence, the question whether service is valid or not, does not arise at all. Challenging the aforesaid order of the NCLT, the appellant preferred an appeal before the NCLAT. NCLAT by order dismissed the appeal, observing that no notice has been addressed to the Corporate Debtor through its managing director etc., and therefore, it cannot be termed to have been delivered to the Corporate Debtor and cannot be taken to be a notice issued under section 8 of the IBC. Aggrieved by the aforesaid order of the NCLAT, Operational Creditor is appeal to the Supreme Court.

Judgement

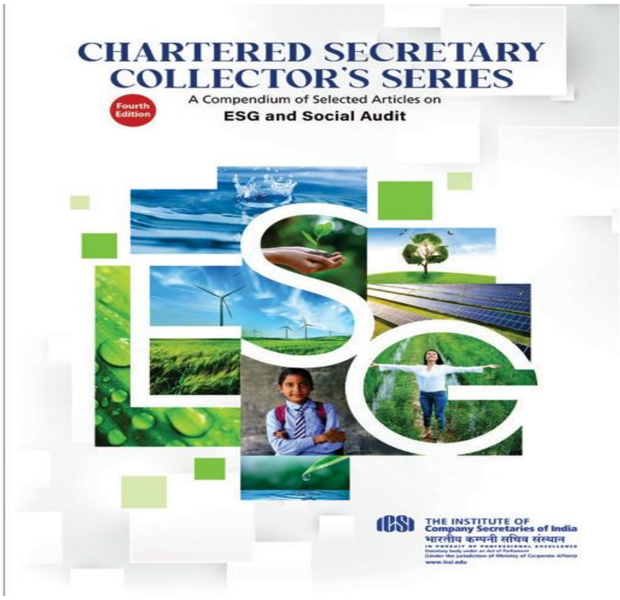
Hon'ble Apex Court inter alia observed that on a perusal of Form 3 notice issued by the Appellant, it is revealed that the same was addressed to the names of the KMP and delivered to the registered office of the respondent - Corporate Debtor viz., MESCO Kalinga Steel Limited. Even the 'subject' and paragraph 1 of the notice clearly demonstrate that as per the IBC, demand notice / invoice demanding payment in respect of unpaid operational debt due from the corporate debtor was issued and thereby, the appellant called upon the Corporate Debtor to pay the operational debt within a period of ten days from the date of receipt of the notice, failing which, CIRP be initiated in respect of the Corporate Debtor. Notably, the said notice dated 31.03.2021 was served on the KMP in their official capacities at the registered office address of the corporate debtor. The contents of the notice clearly establish that the same was issued to the Corporate Debtor in respect of the operational debt due and payable by them. As such, it cannot be said that the appellant did not comply with the statutory requirement of sending demand notice in Form 3 to the respondent - Corporate Debtor as provided under section 8 of the IBC, before filing the section 9 petition seeking initiation of CIRP against the respondent in respect of the unpaid operational debt.

Supreme Court in *Sardar Amarjit Singh Kalra (Dead) by LRs & Others v. Pramod Gupta (Dead) by LRs & Others (2003) 3 SCC 272,* a five Judge bench, SCC pp. 300-01, para 26, categorically observed that 'laws of procedure are meant to regulate effectively, assist and aid the object of doing substantial and real justice and not to foreclose even an adjudication on merits of substantial rights of citizen under personal, property and other laws. Procedure has always been viewed as the handmaid of justice and not meant to hamper the cause of justice or sanctify miscarriage of justice'. It is also a trite law that 'the procedural defect may fall within the purview of irregularity, but it should not be allowed to defeat the substantive right accrued to the litigant without affording reasonable opportunity' *(Ramnath Exports (P) Ltd. v. Vinita Mehta, (2022) 7 SCC 678: (2022) 4 SCC (Civ) 150: 2022 SCC OnLine SC 788 at page 684).*

In other words, a substantive right should not be allowed to be defeated merely on technicality. In the instant case, the Respondent was unable to show any substantial prejudice being caused to them on account of such procedural irregularity. Therefore, Supreme Court opined that the notice dated 31.03.2021 issued by the Appellant to the KMP of the Corporate Debtor and delivered at the registered office of the Corporate Debtor, can be construed as a deemed service of demand notice as required under section 8 of the IBC. In such view of the matter, the approach of the NCLT and the NCLAT rejecting the section 9 petition on the technical ground that no notice was sent to the corporate debtor and the notice sent by the appellant to the KMP of the corporate debtor cannot be taken to be a notice issued under section 8 of the IBC, is incorrect and is unsustainable in law.

For Details: *https://www.sci.gov.in/view-pdf/?diary_no=532202024&type=j&order_date=2025-04-29&from=latest_judgements_order.*

CHARTERED SECRETARY COLLECTOR SERIES – ESG AND SOCIAL AUDIT



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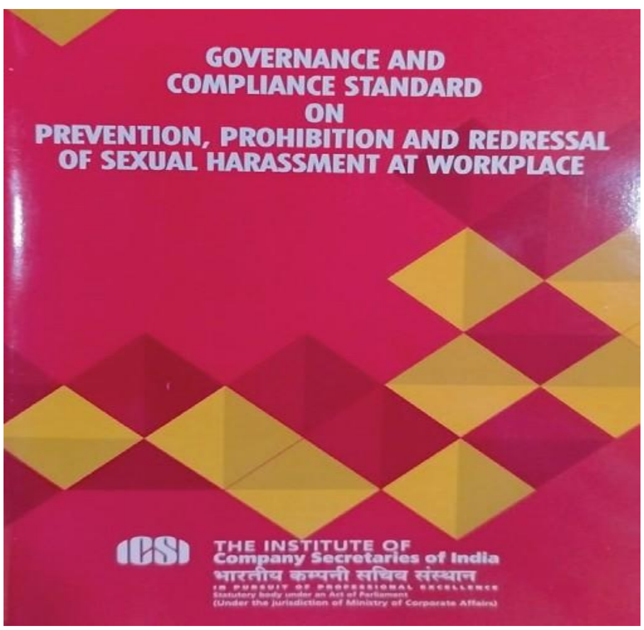
GOVERNANCE AND COMPLIANCE STANDARD ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARRASSMENT AT WORKPLACE



About the Book

This Standard aims to enhance the implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("PoSH Act"), by harmonizing workplace practices.

It provides standardized procedures for Internal Committee meetings, complaint and inquiry processes, and training/ capacity building programs for employees/ Internal Committee members. The Standard also offers guidance on drafting gender-neutral PoSH policy, promoting inclusivity.

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