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INTEGRATED REPORTING REQUIREMENT BY LISTED ENTITIES

- ❖ SEBI *vide* its circular (*SEBI/HO/CFD/CMD/CIR/P/2017/10*) dated 6th February 2017 (“**Circular**”) has prescribed integrated reporting by the listed entities. The SEBI *vide* its Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 had mandated the requirement of submission of the business responsibility report by the top 500 listed entities. The Circular, *inter alia*, provides that for preparing the integrated reporting the guiding principles of the International Integrated Reporting Council (“**IIRC**”) be followed, which are as under:
 - **Strategic focus and orientation:** The report should reflect the insight into the organization’s strategy, its ability to create value and its use and effects on capital;
 - **Connectivity of Information:** An integrated and a holistic picture of relation between the factors that affect the organization’s ability to create value over time be incorporated in the report;
 - **Stakeholder’s relationships:** The report should mention the stakeholder’s relationship with the organization;
 - **Materiality:** Information about matters which affect the organization’s ability to create value should be mentioned;
 - **Conciseness:** The report needs to be reliable and complete;
 - **Consistency:** The report should be consistent and comparable with the other organizations.
- ❖ Further, the IIRC *vide* the Circular, has emphasized the importance of disclosing the various forms of capital to the stakeholders. The IIRC has categorized the various forms of capital as follows:
 - Finance capital;
 - Manufactured capital;
 - Intellectual capital;
 - Human capital;

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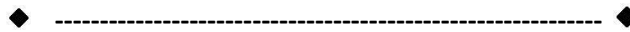
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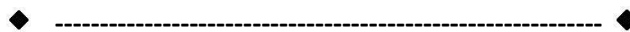
- Social and relationship capital; and
- Natural capital.
- ❖ The Circular further provides for certain advice to improve the disclosure standards, by asking the organizations, to adopt an integrated reporting on a voluntary basis from the year 2017-2018; to provide information relating to integrated report in its annual report; the integrated report to provide cross referencing of other reports (whether under national or international framework); and to upload the integrated report on the organization's website.
- ❖ Vide the Circular, the SEBI has put in measures to bring more transparency in the reporting of the listed entities, which will help all stakeholder and as well as the investor to take informed decisions.



AMENDMENT PURSUANT TO COMPREHENSIVE REVIEW OF INVESTOR GRIEVANCE REDRESSAL MECHANISM

Securities and Exchange Board of India (SEBI) *vide* its notification dated 23rd February 2017 has comprehensively reviewed the existing framework in consultation with the Stock Exchanges and Depositories in order to enhance the effectiveness of grievance redressal mechanism at Market Infrastructure Institutions (MIIs). The SEBI has undertaken the following to ensure effective grievance redressal mechanism:

- ❖ **Arbitration mechanism:** The arbitration mechanism has been made more effective by making public dissemination of arbitrator's profile to ensure transparency, submission of the documents in soft copies in order to assist the arbitrator in pronouncing comprehensive and speedy awards, ensuring performance review and training of the arbitrators, creating a common database of defaulting clients to ensure effective implementation of the arbitral award, empanelling of the arbitrator/ appellate arbitrators with at least one (1) member of the panel as a retired judge, revising the fees of the arbitrator, empanelling the IGRP (Investor Grievance Resolution Panel) members with no arbitrator/ appellate arbitrator as IGRP member, ensuring that the place of arbitration/appellate arbitration (in the event the amount is more than INR 50.00 lakhs) to be the nearest metro city, ensuring that the rate of interest on the award passed by the arbitrator to be in accordance with the Arbitration and Conciliation (Amendment) Act, 2015, and setting up of a effective filing fees structure to ensure speedy grievance redressal system;
- ❖ **Investor Protection fund (IPF), Investor Service fund (ISF), Interest on IPF and Interest on ISF:** The SEBI has ensured effective utilization of the IPF and ISF Fund through IPF Trust and Investor Service Committee respectively. Further, the SEBI shall be periodically reviewing the sources of fund in order to make suitable recommendations for enhancement of such funds, and has modified the guidelines for utilization of the IPF, ISF and interests of such funds. The SEBI have made further provisions including admissibility of claims for payment out of these funds, determination of legitimate claims from IPF, and threshold limit for interim relief paid out of IPF;
- ❖ The SEBI also revised the composition and functions to be handled by Disciplinary Action Committee, Defaulter's Committee, the Investor Services Committee, and the IPF Trust to ensure effective management of the disputes.



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LEX REVISERS

GOVT. AMENDS RULES FOR MAINTENANCE OF REGISTERS UNDER LABOUR LAWS; NOTIFIES “EASE OF COMPLIANCE TO MAINTAIN REGISTERS UNDER VARIOUS LABOUR LAWS RULES, 2017” APPLICABLE WITH EFFECT FROM 21 FEB. 2017

The government has notified the “Ease of Compliance to Maintain Registers under various Labour Laws Rules, 2017” on 21st February 2017 in order to bring amendment with regard to the maintenance of the prescribed Registers under the various labour laws. The intention to provide such combined registers under the aforementioned rules is to ease the maintenance of registers, through online means, under the labour related laws and the rules made there under, wherein provisions have been made for maintenance of such registers. The said process and the maintenance of combined registers will not only facilitate ease of compliance, maintenance and inspection, but will also make the information provided there under easily accessible to the public through electronic means thereby increasing transparency.

THE PAYMENT OF WAGES (AMENDMENT) BILL, 2017

The Payment of Wages (Amendment) Bill, 2017 (“**Bill**”) was introduced in Lok Sabha on 3rd February, 2017 by Mr. Bandaru Dattatreya, Minister of Labour and Employment. The Bill was then passed by the Lok Sabha on 7th February 2017 and by the Rajya Sabha on 8th February 2017.

The Bill amends the Payment of Wages Act, 1936 (“**Act**”). The Act prior to the amendment, *inter alia*, provided that all wages to be paid to employees should be either in coin or currency notes, or both, and after obtaining written authorization from employees, the employer may pay the employee’s wages either by cheque or by crediting it into the bank account of the employees. The Bill has done away with any such requirement and has amended the Act thereby permitting the employer to pay the employee’s wages in coin or currency notes, or by cheque, or by crediting them into his bank account, without obtaining any written authorization from the employees. However, the Bill does provide that the relevant central or state government may specify certain industrial or other establishments where the employer should pay his employees only by cheque, or by crediting the wages in the bank account of the employees.

AMENDMENT IN SECURITIES EXCHANGE BOARD OF INDIA (SEBI) ACT, 1992

The Securities Appellate Tribunal has been established under the provision of the SEBI Act, 1992 for hearing and disposing of appeals against the order passed by the SEBI. The finance minister has proposed an amendment in provisions related to the establishment of the Securities Appellate Tribunal, composition of the Securities Appellate Tribunal, qualifications for appointment as Presiding Officer, Judicial Member and Technical Member and procedure and powers of the Securities Appellate Tribunal for better governance and practice.

SUBMISSION OF MONTHLY REPORTS BY CUSTODIAN OF SECURITIES

The Securities and Exchange Board of India (SEBI) *vide* its circular (*IMD/FPIC/CIR/P/2017/12*) dated 14th February 2017 (“**Circular**”) modified the circular (*IMD/FII&C/30/2008*) dated 21st July 2008 where the custodians had to submit the monthly reports to SEBI by the 7th of the succeeding month. The recent Circular provides for the custodian of securities to submit the monthly reports latest by either the end of the third working day of the succeeding month or the 5th of the succeeding month, whichever is later.

ABOLISHMENT OF RESEARCH & DEVELOPMENT (R&D) CESS

R&D Cess which was payable on all the payments made towards bringing technology, drawings, designs, publication, special service, or technical persons into India from a place outside India. It was levied at the rate of 5% on all the payments made by an industrial concern for the import of technology into India under a foreign collaboration. The basic purpose behind R&D Cess was to encourage the commercial application of indigenously developed technology and

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adaptation of imported technology to wider domestic application and for matters connected therewith or incidental thereto. It has been proposed to repeal the Research & Development Cess Act, 1986 with effect from 1st April, 2017.

PROPOSAL TO AMEND NEGOTIABLE INSTRUMENT ACT

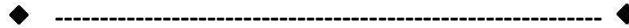
The Government is considering the option of amending the Negotiable Instruments Act suitably to ensure that the payees of dishonored cheques are able to realize their payments.

MENTION OF PAN IN CERTIFICATE OF INCORPORATION

The Ministry of Corporate Affairs has amended the Companies (Incorporation) Rules, 2014, whereby the Certificate of Incorporation shall now mention PAN of the newly incorporated company where if it is issued by the Income-tax Department.

BONDS, GOVERNMENT SECURITIES AND EXTERNAL COMMERCIAL BORROWING (ECB) HELD BY THE FOREIGN ENTITIES

The concessional withholding rate of 5% charged on interest earned by foreign entities in ECBs or in bonds and government securities is extended till 30th June 2020. This benefit has also been extended to Rupee Denominated (Masala) Bonds.



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