

MDP LEGAL UPDATES

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MDP Highlights

MDP & Partners advised and assisted RBL Bank Limited in launching their new product – RBL Zeta App, which shall act as a mobile wallet cum savings account

Mr. Ashok Paranjpe, Managing Partner along with Ms. Heta Shah, Senior Associate and Ms. Manali Paranjpe, Associate handled the assignment for RBL Bank Limited, which is engaged inter alia in the business of providing regular banking services to its customers and facilitating the opening, operating and maintaining of savings and fixed deposit accounts.

The assignment involved carrying out research on the Zeta App product including RBI notifications and guidelines on the subject, review of the Product Note on such services, structuring and finalisation of the Services Agreement to be entered into between RBL Bank Limited and Better World Technology Private Limited (BWTPL), whereby BWTPL agreed to provide the mobile application owned, operated and marketed by it which combines the features of a semi closed mobile wallet, savings account and flexible fixed deposits and RBL Bank agreed to provide back end banking support to BWTPL by maintaining the savings account and/or fixed deposit account, from where the users shall be entitled to make transfers to the mobile wallet for enabling payments. Further, MDP & Partners standardized the Terms and Conditions for use of the Zeta App by the users.

DRT cannot pass any order which can override the order passed by the Hon'ble High Court, Mumbai

The Debt Recovery Tribunal passed an order staying the rights issue of Ashima Ltd. inspite of an order passed by the Bombay High Court.

The said Order was challenged in the Bombay High Court. The Bombay High Court held that DRT ought not to have made any observation or issued direction which may directly or indirectly come in the way of implementation of orders previously passed by Bombay High Court. The Bombay High Court held that the DRT has no powers to interfere with the order passed by the Bombay High Court.

Mr. Nishit Dhruva (Managing Partner), Mr. Prakash Shinde (Partner) of MDP represented Ashima Ltd. along with Senior Counsel Mr. Janak Dwarkadas and Counsel Mr. Swanand Ganoo.

MDP & Partners advised Manappuram Home Finance Private Limited for home loan documentation

MDP & Partners advised Manappuram Home Finance Private Limited (MHFPL) in relation to the standardization of the template home loan agreement forming part of MHFPL's loan portfolio. In addition to vetting the home loan agreement, MDP & Partners drafted the Memorandum of Deposit of Title Deeds and advised MHFPL on the stamp duty and dispute resolution aspects in connection with the loan.

The MDP team was led by Mr. Ashok Paranjpe (Managing Partner) along with Ms. Neha Varhadi and Ms. Manali Paranjpe (Associates).

In landmark judgment, the Bombay HC upheld Kotak Bank's (represented by MDP & Partners) decision to invest in Thyrocare's IPO

MDP represented by Mr. Nishit Dhruva (Managing Partner), Mr. Prakash Shinde (Partner) along with Associates Mr. Chirag Bhavsar and Ms. Khushbu Chhajed represented the Bank against Thyrocare Technologies Limited (Company) which had come up with a public offer upto 1,07,44,708 equity shares of face value of Rs. 10/- each in terms of the Red Herring Prospectus.

The Bank decided to invest in the maiden stock offering by the healthcare and diagnostic Company but their share application was refused due to technical reasons. The Bank had applied at the highest band price (of Rs. 446) in the qualified institutional buyer (QIB) segment. Edelweiss Financial Services, ICICI Securities and JM Financial Institutional Securities were the bankers to the issue.

The Bank approached the Hon'ble Bombay High Court, seeking intervention in the initial public offering (IPO) process and arguing that its offer for QIB was not accepted due to a technical glitch. It was thus held that Bank can participate in IPO of the Company if the promoters, merchant banks and the National Stock Exchange (NSE) have no objections.

The counsel representing NSE said that if the merchant banks and promoters have no issues then it is willing to accept Bank's bid, subject to completion of formalities.

After hearing the arguments, Hon'ble Shri. Justice S.J. Kathawala ordered all related parties to file their submissions for an amicable consent and the Bank's share application was considered by the Company.

Standardisation of Loan and Security Documents for Business Loans undertaken by MDP & Partners for RBL Bank

Mr. Ashok Paranjpe, Managing Partner along with Ms. Heta Shah, Senior Associate and Ms. Divya Ved, Associate handled the assignment for RBL Bank Limited, which involved perusing various loan and security documents, vetting the same, ensuring that the same are in compliance with the Product Note and RBI's guidelines, modifying the same to ensure the same are enforceable and adequately secure the interests of the Lender. The documents included inter-alia Application Form, Sanction Letter, Loan Agreement, Demand Promissory Note, Letter of Continuity, Irrevocable Power of Attorney, Guarantee, End Use Letter, ECS Mandate, Deed of Simple Mortgage, etc.

Aamby Valley Esteemed Citizens Association intervene in the matter before the SC between the SEBI and Sahara Group to ensure their welfare and rights pending the sale of the Aamby Valley property—Supreme Court passes Order in the matter

At the 1 April, 2016 hearing before the Hon'ble Supreme Court of India, the SEBI in compliance of the order dated 27.04.2016 had filed a report indicating the valuation of the 60 properties, the list of which was handed over by the Sahara's on the previous occasion and submitted that the value in the report was as per the circle rate. However, the same may further vary in terms of location of each property and which can only be ascertained once the sale proceedings commence.

Mr. Kapil Sibal, Sr. Adv appearing on behalf of Saharas submitted, that in accordance with the report submitted by the SEB, Rs. 34 Crores can be redeemed from mutual funds/Spot exchange, which certificates have already been issued by SEBI, Rs. 227 Crores is secured from NACL, Rs. 55 Crores can be traded for 180Kg Gold recovered from the Spot Exchange/Sahara Q shop and Rs. 135 Crores will be received within 15 days from Ruben Brothers and which amount will also be deposited with SEBI.

On the above said amounts, which is available, without SEBI selling the properties, Mr. Sibal sought that Mr. Roy should be released for a period of six months, in which he will deposit an additional amount of Rs. 4500 Crore and the PDCs to that effect could be deposited today in court.

The above request was objected to by SEBI and the Ld. Amicus on the ground that the reluctance on part of the Sahara's to sell the Aamby Valley and Vasai properties is suspicious and when Saharas have properties which can clearly exonerate their liability why are they shying away from selling the same.

Mr. Sibal in response assured that if Mr. Roy is released for even two months he can prove his bona-fide and deposit the initial payment of Rs. 500 Crore. Moreover, since the 60 Crores to be paid to the investors have already been paid by SEBI, there should be no pressure on SEBI to keep Mr. Roy and other directors in Jail. Plus when the Saharas have given up all the other properties for sale to SEBI, them being adamant to sell only Aamby Valley and the Vasai property does not make any sense.

The Court after hearing all the parties, extended the parole granted to Mr. Roy till 4 June vide order dated 06.05.2016 till 11th July, 2016 subject to all the conditions as per the earlier order in addition to him depositing an amount of Rs. 200 Crores to show his bonafide that in case he is released for a longer duration, he will be able to deposit the amounts as assured.

The matter is now scheduled to be listed on 11 July 2016 for further orders

The background briefly is that the SEBI has preferred an application before the Hon'ble Supreme Court seeking directions for appointment of a 'Court Receiver' to take control and dispose the properties belonging to the Sahara Group which includes the Aamby Valley hill station project which is situated on the outskirts of Bombay known as Aamby Valley, India's first planned hill city spanning over an area of 10,000 acres. Due to the threat of the sale of Aamby Valley by the Sahara Group, the members of the AVECA have intervened vide an Intervention Application in the matter before the Hon'ble Supreme Court to protect their rights under these lease agreements and protect the welfare of the citizens of Aamby Valley

Mr. Nishit Dhruva (Managing Partner), Mr. Prakash Shinde (Partner), Ms. Saloni Kothari and Ms. Khushbu Chhajed (Associates) are representing AVECA.

MDP & Partners advised Strugence Investment Advisors LLP for investment in secured Non-Convertible Debentures

MDP & Partners advised Strugence Investment Advisors LLP in relation to investment in non-convertible debentures (“NCDs”) issued by real estate developer. MDP & Partners conducted title due diligence in respect of the property of the developer being the collateral and issued a title report for the same. Further, MDP & Partners drafted and negotiated the transaction documents for the issue of NCDs on a private placement basis, including the Term Sheet, Shelf Information Memorandum, Pricing Supplements, Debenture Trust Deed, Deed of Pledge, Deed of Hypothecation, Guarantees, Declaration cum Indemnity and other supplementary documents. MDP & Partners also advised all parties to the NCD transaction on the stamp duty aspects and execution of the NCD issue.

The MDP team was led by Mr. Ashok Paranjpe (Managing Partner) alongwith Ms. Heta Shah (Senior Associate), Ms. Neha Varhadi, Ms. Manali Paranjpe and Ms. Divya Ved (Associates).

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LEGAL UPDATES

The Krishi Kalyan cess of 0.5 percent which was announced in this year’s Budget speech in February by the Finance Minister, is effective from June 1, 2016

The total service tax now goes upto 15 percent including Krishi Kalyan cess and Swacch Bharat Cess of 0.5 percent.

The Finance Minister, in his speech, had said that the cess will be applicable on all taxable services.

“I propose to impose a Cess, called the Krishi Kalyan Cess, @ 0.5% on all taxable services, proceeds of which would be exclusively used for financing initiatives relating to improvement of agriculture and welfare of farmers,” he had said.

The service tax is levied on all services, expect a small negative list. This implies that the citizens will now have to shell out more on their phone bills, to watch movies, and eat out at restaurants. Other services that will become dearer include: Rail tickets Air travel Health check-ups Insurance policies Coaching centers Credit, debit cards Banking services.

Through this cess, the government aims to collect Rs 5,000 crore in the current fiscal year.

Four month window for declaration of 'black-money' opened on 1 June 2016

An amnesty-like one-time disclosure window, under the Income Declaration Scheme 2016, to declare black money opened on 1 June, 2016. Under the four-month window, the government will give an opportunity to domestic black money holders to come clean by declaring their ill-gotten wealth by paying a tax and penalty of 45%.

The compliance window for black money was first announced in the Union Budget earlier this year as one of the pivotal steps to fish out black money from the domestic economy.

Under the Income Declaration Scheme 2016, the government has come up with a four-month disclosure window for persons to come forward and declare their undisclosed income and pay tax, surcharge and penalty totalling 45% of such undisclosed income declared.

-- Under the scheme, the income declared will be taxed at the rate of 30% plus a 'Krishi Kalyan Cess' of 25% on the taxes payable and a penalty at the rate of 25% of the taxes payable, amounting to 45% of the income declared under the scheme

-- Hoarders of black money will be able to make such declarations till September 30 and the taxes, surcharge and penalty should be paid by November 30.

-- The declarations can either be made online on the official e-filing website of the Income Tax department or before the various regional Principal Commissioners of I-T

According to a circular issued by the Ministry of Finance, the declarant will be liable for capital gains tax on the sale of such assets in future.

--Declarations made under the scheme will not be used against the persons under the Income-Tax Act or Wealth Tax (now abolished). There will also be an immunity from Benami Transactions (Prohibition) Act.

-- As per the scheme, a person cannot declare undisclosed income which has been acquired from money earned through corruption. The scheme will not apply in relation to the prosecution of any offence punishable under the Prevention of Corruption Act, 1988, the Ministry of Finance has said.

-- If the declarant fails to pay the entire amount of tax, surcharge and penalty within the specified date (November 2016) the declaration will be considered as void. If that happens, the provisions of the Income-Tax Act will apply in respect of such income as they apply in relation to any other undisclosed income.

This legal update is not intended to be a form of solicitation or advertising. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate thereafter. No person should act on such information without appropriate professional advice based on the circumstances of a particular update is intended for private circulation only.

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