

WEEKLY CORPORATE UPDATES

Saturday 25th June, 2022

(Curated & compiled by)

Team Indiacorp Law

Headed by:

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SEBI UPDATES

SEBI panel provides facilities for PACL investors to update mobile number

Dated: 17th June, 2022

A high-powered SEBI committee provided facilities to PACL investors to update details of their mobile numbers and enquire whether SMSs have been sent to them to submit original certificates. The committee in April asked investors, who invested in illegal schemes of PACL, to submit their original registration certificates by June 30, 2022 only after receiving an SMS from the panel. This was applicable only to those investors whose claim money is between Rs 10,001 and Rs 15,000 and whose applications were verified. According to a press release uploaded on SEBI's website, the committee has been receiving queries from investors regarding the non-receipt of SMS calling for original PACL certificates owing to a change of mobile number. Many investors have said that mobile numbers provided by them during the submission of online claims are no longer operational.

Related Link: https://www.business-standard.com/article/markets/sebi-panel-provides-facilities-for-pacl-investors-to-update-mobile-number-122061700562_1.html

All demat accounts maintained by stock brokers need to be tagged by June-end: SEBI

Circular No.: SEBI/HO/MIRSD/ MIRSD_DPIEA/P/CIR/2022/83

Dated: 20th June, 2022

Capital markets regulator SEBI said all demat accounts of stock brokers, which are untagged, need to be appropriately tagged by June-end. Credit of securities will not be allowed in any demat account left untagged from July 01 onwards. However, credits on account of corporate actions will be permitted, the Securities and Exchange Board of India (SEBI) said in a circular. Tagging of bank and demat accounts reflect the purpose for which those bank/demat accounts are being maintained and the reporting of such accounts to the stock exchanges/depositories. SEBI further said that debit of securities will also not be allowed in any demat account left untagged from August.

Related Link: <https://www.moneycontrol.com/news/business/markets/all-demat-accounts-maintained-by-stock-brokers-need-to-be-tagged-by-june-end-sebi-8713081.html>

SEBI allows mutual funds to resume investing in international stocks

Dated: 21st June, 2022

Capital markets regulator SEBI has permitted mutual funds to again invest in foreign stocks within the aggregate mandated limit of USD 7 billion for the industry. This came in the wake of a major correction in global markets that brought down the valuation of international stocks. In January, SEBI had asked mutual fund houses to stop taking fresh subscriptions in schemes investing in overseas stocks. The directive to stop subscription was mainly on account of the mutual fund industry crossing the mandated limit of USD 7 billion for overseas investments.

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Related Link: https://www.business-standard.com/article/markets/sebi-allows-mutual-funds-to-resume-investing-in-international-stocks-122062100455_1.html

Modification in the Operational Guidelines for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors – Bank account details to which the payment is to be done electronically

Circular No.: SEBI/HO/IMD/FPI&C/CIR/P/2022/84

Dated: 21st June, 2022

Annexure D of the 'Operational Guidelines for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors', issued vide SEBI Circular No. IMD/FPI&C/CIR/P/2019/124 dated November 05, 2019, inter-alia, specifies Bank account details for remittance of various payment of various SEBI fees in US \$. In order to facilitate faster confirmation of remittances by the intermediaries, SEBI has modified Bank account details to which the payment is to be done electronically.

Related Link: <https://www.sebi.gov.in/legal/circulars/jun2022/modification-in-the-operational-guidelines-for-foreign-portfolio-investors-designated-depository-participants-and-eligible-foreign-investors-bank-account-details-to-which-the-payment-is-to-be-done-59884.html>

SEBI imposes Rs 1.62 crore fine on 9 entities for fraudulent trading

Dated: 21st June, 2022

Capital markets regulator SEBI on June 21, 2022, Tuesday, imposed a fine of Rs 1.62 crore on nine entities for manipulating shares of Sterling Green Woods Ltd. SEBI had conducted an investigation into alleged irregularity in the trading in the scrip of Sterling Green Woods Ltd (SGWL) for the period April-July 2009.

In its order, SEBI noted that SAT vide an order date March 02, 2022, have allowed the appeals filed by the entities against the SEBI order. The tribunal had remanded the case back to SEBI for fresh order on merits after giving an opportunity of personal hearing to the appellants.

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-imposes-rs-1-62-crore-fine-on-9-entities-for-fraudulent-trading/articleshow/92368689.cms>

Varun Beverages' Jaipuria settles case with SEBI after paying Rs 56 lakh

Settlement Order No.: SO/BM/DS/2022-23/6779

Dated: 21st June, 2022

Varun Beverages Chairman Mr. Ravi Kant Jaipuria has settled with capital markets regulator SEBI a case related to alleged violations of insider trading rules after paying nearly Rs 56 lakh towards settlement charges. It was alleged that Jaipuria had communicated unpublished price-sensitive information (UPSI) relating to a strategic partnership between Varun Beverages Ltd (VBL) and PepsiCo for selling and distribution of the larger Tropicana to two persons. Based on the information, shares of Varun Beverages, PepsiCo India's bottling partner, were traded.

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Related Link: https://www.businessstandard.com/article/companies/varunbeverages-jaipuria-settles-case-with-sebi-after-paying-rs-56-lakh122062200537_1.html

Adjudication order in the matter of ADF Foods Limited

Order No.: Order/SBM/AK/2022-23/17255-17260

Dated: 23rd June, 2022

SEBI imposed a penalty Rs. 40 lakh on two promoters of ADF Foods Limited and four others in a case related to insider trading. The amount has to be paid by noticees jointly and severally. SEBI, based on an alert generated by NSE, had conducted an investigation into the trading of scrip of ADF Foods Ltd. for the period May 2016 to July 2016. Pursuant to the investigation, the regulator observed that in May 2016, the discussion of the idea to undertake buyback or payment of the dividend was first tabled at a meeting.

Related Link: https://www.sebi.gov.in/enforcement/orders/jun-2022/adjudication-order-in-the-matter-of-adf-foods-limited_59981.html

RBI UPDATES

RBI aims to establish India as a powerhouse of digital payments globally

Dated: 19th May, 2022

The Reserve Bank of India (RBI) on June 17, 2022 came out with its 'Payments Vision 2025' document which also talks about ring-fencing of domestic payment systems, including the need to mandate domestic processing of payment transactions, in view of the emerging geopolitical risks. The core theme of the vision documents is 'E-Payments for Everyone, Everywhere, Everytime' (4Es), with an overall objective to provide every user with safe, secure, fast, convenient, accessible, and affordable e-payment options.

Related Link: <https://www.livemint.com/industry/banking/rbis-payments-vision-2025-aims-to-establish-india-as-powerhouse-of-payments-globally-say-experts-11655633959504.html>

Indian banks may join hands with Russia lenders not hit by sanctions

Dated: 20th June, 2022

Indian banks including Canara Bank, Bank of Maharashtra and UCO Bank are likely to join hands with Russian banks that are not under Western sanctions to facilitate bilateral payments, said people familiar with the matter. These Indian banks will likely open accounts at their Russian counterparts and vice versa, as decided last week in meetings held in New Delhi to ensure smooth trade flows without violating the economic sanctions on Russia over the Ukraine war. The Reserve Bank of India is expected to come out with an operational circular, paving the way for this. Such accounts, held by one bank in another in a foreign country are known as Loro, Vostro and Nostro.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/indianbanks-may-join-hands-with-russia-lenders-not-hit-by-sanctions/articleshow/92324935.cms>

Concerns:

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Apollo Global has a rethink on ARC JV with ICICI Bank, 'Looking to Exit'

Dated: 21st June, 2022

US-based private equity giant Apollo Global Management is rethinking its asset reconstruction company (ARC) joint venture with ICICI Bank after it failed to take off due to intense competition in the distressed debt space and as it explores new avenues to invest in the space like through an Alternative Investment Fund (AIF).

Related Link: <https://economictimes.india-times.com/industry/banking/finance/banking/apolloglobal-has-a-rethink-on-arcjv-with-icici-bank-lookingtoexit/articleshow/92346124.cms>

Extension of timeline for implementation of certain provisions of Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022

Notification No: RBI/2022-23/74

Dated: 21st June, 2022

Considering various representations received from the industry stakeholders, it has been decided to extend the timeline for implementation of few provisions of the Master Direction to October 01, 2022. The Card-issuers shall seek One Time Password (OTP) based consent from the cardholder for activating a credit card if the same has not been activated by the customer for more than 30 days from the date of issuance. If no consent is received for activating the card, card-issuers shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer. Card-issuers shall ensure that the credit limit as sanctioned and advised to the cardholder is not breached at any point in time without seeking explicit consent from the cardholder. No capitalization of unpaid charges/levies/taxes for charging/compounding of interest.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12342&Mode=0>

HDFC Bank to shift payments from core banking, ensure minimal downtime

Dated: 21st June, 2022

The country's largest private lender HDFC Bank is planning to facilitate a shift in its payments module from the existing core banking platform. This would ensure minimal payments downtime, even if core banking is not available. "This 15-month project will be followed by hollowing the customer-master modules from its existing core systems. It will ensure a single system of record for customers across various products," said Sashidhar Jagdishan, Managing Director (MD) & Chief Executive Officer (CEO), in the annual report for 2021-22.

Related Link: https://www.business-standard.com/article/finance/hdfc-bank-to-shift-payments-fromcore-banking-ensure-minimal-downtime-122062101233_1.html

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Proposed digital lending norms may aid penetration in BNPL lending

Dated: 22nd June, 2022

Fintech players are expecting some disruptions to be caused by the norms proposed by the Reserve Bank of India (RBI) on Buy Now Pay Later (BNPL) ecosystem. However, by providing transparency to the largely unregulated sector, fintech players also expect the norms to provide muchneeded clarity, to enable stakeholders to bring in innovation and penetration. Banks, Non-Banking Finance Companies (NBFC) and fintech companies are developing BNPL products aimed at those who do not have a credit history or access to credit cards.

Related Link: <https://www.financialexpress.com/industry/bankingfinance/proposed-digital-lending-norms-may-aidpenetration-in-bnpl-lending/2569019/>

Minutes of the Monetary Policy Committee Meeting, June 6 to 8, 2022

Press Release: 2022-2023/406

Dated: 22nd June, 2022

The thirty sixth meeting of the Monetary Policy Committee (MPC), was held during June 6 to 8, 2022. The Reserve Bank has published the minutes of the proceedings of the meeting. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting decided to: Increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points to 4.90 per cent with immediate effect. Consequently, the Standing Deposit Facility (SDF) rate stands adjusted to 4.65 per cent and the Marginal Standing Facility (MSF) rate and the Bank Rate to 5.15 per cent. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53904

RBI taps top banks including HDFC, ICICI, SBI for blockchain-based trade financing project

Dated: 23rd June, 2022

HDFC bank, ICICI Bank and State Bank of India are among nearly a dozen top lenders the central bank is engaging with to run a blockchain-based pilot project centred on trade financing. The pilot project, called 'proof of concept' in industry parlance, will harness blockchain technology where 'blocks' of transaction data are stored in 'chains' with peer-to-peer access to enhance traceability of money flow.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-taps-topbanks-including-hdfc-icici-sbi-for-blockchain-based-trade-financingproject/articleshow/92401864.cms>

Draft Master Direction on Outsourcing of Information Technology (IT) Services

Press Release: 2022-2023/413

Dated: 23rd June, 2022

Concerns:

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Regulated Entities (REs) have been extensively leveraging Information Technology (IT) and IT-enabled services (ITeS) in their business, products and services with increasing dependence on third parties. It was announced in the Statement on Developmental and Regulatory Policies, released with the bi-monthly Monetary Policy Statement dated February 10, 2022, that draft guidelines on risk management framework for Outsourcing of IT Services, managing related concentration risk, its periodic risk assessment and aspects of outsourcing of IT Services to foreign service providers, will be issued by the Reserve Bank of India. Accordingly, the Reserve Bank has released a draft Master Direction on Outsourcing of IT Services, for comments of stakeholders and members of public. Comments / feedback from REs and other stakeholders may be submitted by July 22, 2022 through email (mditocomments@rbi.org.in) with the subject line 'Feedback on Master Direction on Outsourcing of IT Services'.

Related Link: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53911

Reserve Bank of India appoints Shri Venkat Nageswar Chalasani as a member in the Advisory Committee of Srei Infrastructure Finance Limited (SIFL) and Srei Equipment Finance Limited (SEFL) Services

Press Release: 2022-2023/412

Dated: 23rd June, 2022

Reserve Bank of India, vide its press release dated October 11, 2021, had constituted an Advisory Committee to advise the Administrator in the operations of the financial service providers during the corporate insolvency resolution process. Consequent upon resignation of Shri R. Subramaniakumar from the Advisory Committee with effect from June 22, 2022, it has been decided to appoint Shri Venkat Nageswar Chalasani as a member of the Advisory Committee with immediate effect.

Related Link: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53910

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Press Release: 2022-2023/413

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Related Link: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53911

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Fintechs seek six months to comply with RBI credit rule

Dated: 24th June, 2022

In a meeting on June 23, 2022, fintech firms decided to seek an extension of at least six months for the Reserve Bank of India's latest mandate, which has sent credit card challengers and other card-based fintech companies into a tizzy. The timeline extension request was discussed and finalised at the latest meeting, which was attended by representatives of credit card challenger firms Slice and Uni Cards, among others.

Related Link: <https://economictimes.indiatimes.com/tech/technology/fintech-firms-want-six-monthextension-to-comply-with-new-rbi-mandate/articleshow/92419598.cms>

IBBI/NCLT UPDATES

Institutions of CoC, RP, IBBI are statutory authorities and are bound to follow principles of natural justice : NCLT

Dated: 18 Jun 2022

Institutions of CoC, IRP, RP, Liquidator, IBBI, Insolvency Professional agencies, Information utilities are statutory/public authorities and these institutions can certainly be termed as an agency or instrumentality of state who carry out executive, administrative, commercial and in some situations,

Related Link: [Institutions of CoC, RP, IBBI are statutory authorities and are bound to follow principles of natural justice : NCLT - Taxmann](#)

Benefit u/s 240A couldn't be granted to corporate debtor who wasn't MSME on filing date or initiation of CIRP: NCLAT

Dated- 18 Jun 2022

Where account of corporate debtor was declared NPA on 30-5-2015 but corporate debtor acknowledged its liability through numerous revival letters and last of such revival letter was dated 28-11-2015, application filed under section 7 on 6-7-2018 was not barred by limitation.

Related Link: [Benefit u/s 240A couldn't be granted to corporate debtor who wasn't MSME on filing date or initiation of CIRP : NCLAT - Taxmann](#)

Mere pendency of section 7 proceedings wouldn't be an embargo for Court to entertain a plea filed u/s 11 of Arbitration Act

Dated- 20 Jun 2022

Mere pendency of section 7 proceedings and that too at pre-admission stage would not be an embargo for Court, not to entertain a petition filed under section 11 of Arbitration and Conciliation Act, 1996.

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Related Link: [Mere pendency of section 7 proceedings wouldn't be an embargo for Court to entertain a plea filed u/s 11 of Arbitration Act - Taxmann](#)

CIRP proceedings were to be restored where corporate debtor breached the terms of Settlement: NCLAT

Dated- 20 Jun 2022

Where after initiation of CIRP proceedings, parties entered into a settlement agreement and CIRP was terminated, however, corporate debtor failed to adhere to comply with terms of settlement, financial creditor would be at liberty to seek revival/restoration of CIRP proceedings before Adjudicating Authority

Related Link: [CIRP proceedings were to be restored where corporate debtor breached the terms of Settlement: NCLAT - Taxmann](#)

RP's plea to seek possession of Tea Estate couldn't be allowed as lease was terminated long before admission of CIRP

Dated- 21 Jun 2022

Where lease of tea estate in favour of corporate debtor had been terminated long before admission of CIRP against corporate debtor and had not been renewed in favour of corporate debtor, prayer of RP seeking possession of tea estate could not be granted.

Related Link: [RP's plea to seek possession of Tea Estate couldn't be allowed as lease was terminated long before admission of CIRP - Taxmann](#)

Application filed u/s 95(1) couldn't be rejected merely on ground that no CIRP proceeding was pending before NCLT

Dated- 21 Jun 2022

NCLAT was justified in holding that application filed by financial creditor under section 95(1) for initiating Corporate Insolvency Resolution Process (CIRP) against personal guarantor could not be rejected merely on ground that no CIRP or liquidation proceedings of principle borrower/corporate debtor was pending before NCLT.

Related Link: [Application filed u/s 95\(1\) couldn't be rejected merely on ground that no CIRP proceeding was pending before NCLT - Taxmann](#)

Resolution plan and addendum to said plan submitted by an ARC without RBI's approval was to be rejected

Dated- 21 Jun 2022

Where during CIRP of corporate debtor, resolution plan submitted by resolution applicant 'CFM' was accepted by CoC and on realizing that 'CFM' as ARC was ineligible to submit resolution plan without prior approval of RBI, 'CFM' filed an

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application seeking modification to plan, making one of its investor as co-applicant, conditional resolution plan subject to approval of RBI was not to be considered and, thus, said resolution plan and addendum to said plan was to be rejected.

Related Link: [Resolution plan and addendum to said plan submitted by an ARC without RBI's approval was to be rejected - Taxmann](#)

Initiation of CIRP and imposition of moratorium doesn't absolve corporate debtor to pay for premises used during CIRP

Dated- 22 Jun 2022

Mere fact that CIRP has triggered and Moratorium has been imposed does not absolve corporate debtor to pay for premises and facilities, which is being enjoyed by corporate debtor during CIRP period, however, where resolution plan had been approved and no provision was made for payment of leave and license fees payable to appellant-licensor for CIRP period as RP never accepted amount as CIRP cost.

Related Link: [Initiation of CIRP and imposition of moratorium doesn't absolve corporate debtor to pay for premises used during CIRP - Taxmann](#)

Expenses incurred by financial creditor to protect the vessel couldn't be treated as liquidation expense: NCLAT

Dated: 22 Jun 2022

Where security interest of appellant-financial creditor in its charge vessel Tag 22 is being realised under section 52(1)(b) and liquidator took action after receiving consent from appellant in pursuance of appellant's interest in preservation and protection of its vessel, expenses incurred for securing said vessel could not be treated as liquidation process expenses and appellant should bear entire expenses incurred by liquidator in protecting charge of appellant.

Related Link: [Expenses incurred by financial creditor to protect the vessel couldn't be treated as liquidation expense: NCLAT - Taxmann](#)

Notice for cancellation of lease agreement during moratorium citing violation of terms was unjustified null and void: NCLAT

Dated- 22 Jun 2022

Where appellant-corporation allotted a plot on lease to corporate debtor and during currency of moratorium in respect of corporate debtor, appellant issued a notice to corporate debtor cancelling lease agreement on ground that corporate debtor violated terms of lease agreement, appellant could not have taken possession of leased property by virtue of restrain under section 14(1)(d) and, thus, NCLT was justified in holding said notice as null and void.

Related Link: [Notice for cancellation of lease agreement during moratorium citing violation of terms was unjustified null and void: NCLAT - Taxmann](#)

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NCLT's order denying relief to appellant holding that AA has no power to amend resolution plan was unjustified: NCLAT

Dated- 22 Jun 2022

Where appellant-successful resolution applicant (SRA) had already deposited 70.25 crores as required under approved resolution plan and had only claimed for extension of time for making further payment, which had been approved by NCLT in its earlier order, impugned order of NCLT denying relief to appellant observing that Tribunal had no powers to amend approved resolution plan was unjustified and was to be set aside.

Related Link: [NCLT's order denying relief to appellant holding that AA has no power to amend resolution plan was unjustified: NCLAT - Taxmann](#)

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Related Link: [Notice for cancellation of lease agreement during moratorium citing violation of terms was unjustified null and void: NCLAT - Taxmann](#)

NCLT can pass appropriate order even before admission of plea u/s 7 or 9 to protect assets of corporate debtor: NCLAT

Dated- 23 Jun 2022

Adjudicating Authority even before admission of application under section 7 or 9 can pass an appropriate order, to protect properties of corporate debtor.

Related Link: [NCLT can pass appropriate order even before admission of plea u/s 7 or 9 to protect assets of corporate debtor: NCLAT - Taxmann](#)

Sebi can't initiate proceedings against companies under IBC, says panel

Dated- Jun 23, 2022

The Insolvency Law Committee has recommended against giving any special dispensation to the Securities and Exchange Board of India (Sebi) from the moratorium clause under the Insolvency and Bankruptcy Code (IBC). According to the rules, once a company is admitted into insolvency under the code, a blanket moratorium kicks in barring regulators from initiating any fresh proceedings against the company. Sebi has made representations to the central

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government, seeking an exemption from this ..rule and the matter was referred to the Insolvency Law Committee, said people with direct knowledge of the matter.

Related Link: [IBC: Sebi can't initiate proceedings against companies under IBC, says panel - The Economic Times \(indiatimes.com\)](https://www.indiatimes.com)

Non-bailable warrant was justified against a director who didn't cooperate with RP and failed to appear before AA: NCLAT

Dated- 24 Jun 2022

Where suspended director of corporate debtor did not co-operate with resolution professional and failed to produce documents required and did not appear before Adjudicating Authority, Adjudicating Authority was justified in issuing non-bailable warrants to suspended director.

Related Link: [Non-bailable warrant was justified against a director who didn't cooperate with RP and failed to appear before AA: NCLAT - Taxmann](#)

Rejection of claim by AA didn't suffer material irregularity as CoC hadn't approved of legal expenses of ex-RP: NCLAT

Dated-24 Jun 2022

Where COC had not approved legal expenses payable to appellant-ex Interim Resolution Professional as required by section 33, impugned order passed by NCLT rejecting claim of appellant regarding balance remuneration and legal expenses incurred by him did not suffer from any material irregularity or patent illegality in eyes of law.

Related Link: [Rejection of claim by AA didn't suffer material irregularity as CoC hadn't approved of legal expenses of ex-RP: NCLAT - Taxmann](#)

IBBI proposes to review the fees/charges levied by board to ensure adequacy of internal receipts

Dated- 24 Jun 2022

The IBBI in order to achieve self-sufficiency and to ensure the adequacy of internal receipts to meet fund requirements has proposed to revise the existing fee structure. Further, the proposal is made to introduce the levy of new fees and charges. Currently, the board relies on budgetary grants as its main source of funding. IBBI invites public comments on the proposal so floated. Comments may be submitted electronically by 15th July, 2022.

Related Link: [IBBI proposes to review the fees/charges levied by board to ensure adequacy of internal receipts - Taxmann](#)

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