

WEEKLY CORPORATE UPDATES

Saturday 13th August, 2022

(Curated & compiled by)

Team Indiacorp Law

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MCA NEWS

Forms DIR3-KYC Web, DIR3-KYC Eform, DPT-3, DPT-4, CHG-1, CHG-4, CHG-6, CHG-8 & CHG-9 will be rolled-out on 31st August, 2022 at 12:00 AM on MCA21 V3 portal. To facilitate implementation of these forms in V3 MCA21 portal, stakeholders are advised to note the following points: (1) Company e-Filings on V2 portal will be disabled from 15th August 2022 at 12:00 AM for the above 9 forms. (2) All stakeholders are advised to ensure that there are no SRNs in pending payment and Resubmission status. (3) Stakeholders are requested to make payments for these forms in V2 through online mode (Credit/Debit Card and Net Banking).

SEBI UPDATES

Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2022

Notification No: SEBI/LAD-NRO/GN/2022/93

Dated: 11th August, 2022

The Securities and Exchange Board of India (SEBI) on 11th August, 2022, issued the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2022 to further amend the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

Related Link: <https://egazette.nic.in/WriteReadData/2022/238051.pdf>

SEBI bars Securecloud Technologies, 3 individuals from securities markets

Dated: 9th August, 2022

SEBI has barred Securecloud Technologies Ltd and three individuals from the securities market for alleged manipulation of financial statements as well as siphoning off funds of the company. Further, they have been barred from acting as directors or key managerial personnel of any listed public company or as promoters of any public company which intends to raise money from the public. SEBI started a probe pursuant to certain complaints alleging irregularities by promoters and management in the company and the resignation of its statutory auditor, Deloitte Haskins and Sells, citing various corporate governance lapses.

Related Link: <https://www.moneycontrol.com/news/business/markets/sebi-barssecurecloud-technologies-3-individuals-from-securitiesmarkets-8986381.html>

SEBI constitutes an expert group of FPIs to boost overseas flows

Dated: 6th August, 2022

Concerns:

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SEBI has constituted an expert group of foreign portfolio investors (FPIs) to boost overseas flows into the country. The FPI Advisory Committee (FAC) will be chaired by KV Subramanian, Former Chief Economic Adviser and consists of 14 other members representing foreign banks, stock exchanges, depositories and the RBI. The FAC has been tasked with advising on issues related to investments and operations of FPIs in the financial markets, including measures to facilitate ease of doing business by FPIs in India.

Also, to review investment avenues available for FPIs and to advise on feasibility of new investment avenues. And to suggest measures required to encourage FPI participation in the bond market.

Related Link: https://www.business-standard.com/article/markets/sebi-constitutes-an-expert-group-of-fpis-to-boost-overseas-flows-122080600005_1.html

RBI UPDATES

Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents

Notification No: RBI/2022-23/108

DOR.ORG.REC.65/21.04.158/2022-23

Dated: 12th August, 2022

The Reserve Bank of India has been addressing the issues relating to recovery agents (RAs) engaged by the Regulated Entities (REs), viz., Scheduled Commercial Banks, Non-Banking Financial Companies, etc., and the methods and practices being followed by these agents while undertaking loan recovery activities. The Reserve Bank of India, as part of guidelines on Fair Practices Code (FPC), has already advised REs that they should not resort to intimidation or harassment of their borrowers, calling them on phone at odd hours in their debt collection efforts, etc.

The extant guidelines on permissible hours for calling borrowers on phone for recovery purpose are currently specified in respect of Housing Finance Companies and REs extending microfinance loans.

Taking into account certain recent developments including growing incidences of unacceptable practices followed by RAs, the Reserve Bank of India has issued certain additional instructions to REs by extending the scope of the guidelines and limiting the hours for calling borrowers on phone for recovery of overdue loans. These instructions will be applicable to all Commercial Banks (including Regional Rural Banks), Co-operative Banks, Non-Banking Financial Companies (NBFCs), Asset Reconstruction Companies (ARCs) and All India Financial Institutions.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12378&Mode=0>

RBI cancels the licence of Rupee Co-operative Bank Ltd, Pune

Press Release No: 2022-2023/693

Dated: 10th August, 2022

Concerns:

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Today, the Reserve Bank of India (RBI), vide order dated 8th August, 2022, has cancelled the licence of "Rupee Co-operative Bank Ltd, Pune". In compliance to the Hon'ble High Court of Bombay order dated September 12, 2017 in Writ Petition No. 2938 of 2014 (Bank Employees Union, Pune vs. The State of Maharashtra & Ors.) with Writ Petition No. 9286 of 2017 (Naresh Vasant Raut & Ors. Vs. The State of Maharashtra & Ors), the order shall become effective after six weeks from today. Consequently, the bank will cease to carry on banking business, with effect from September 22, 2022. The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54189

Recommendations of the Working group on Digital Lending— Implementation

Press Release No: 2022-2023/689

Dated: 10th August, 2022

The Reserve Bank of India on 10th August, 2022 released guidelines for digital lending based on the recommendations of the Working Group on Digital Lending (WGDL) in order to strengthen the confidence of members of public in the digital lending ecosystem. As per the new norms, all loan disbursements and repayments will be required to be executed only between the bank accounts of the borrower and the Regulated Entities (RE) - such as a bank or a non-banking financial company - without any pass-through or pool account of the Lending Service Providers (LSP) or any third party.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54187

Indian fintech market to achieve \$1 trillion AUM by 2030: Report

Dated: 10th August, 2022

The Indian fintech market touted as the fintech hub globally is estimated to reach Assets Under Management (AUM) of \$1 trillion by 2030, up 10-fold from its 2021 size of roughly \$100 billion. At the same time, the industry was expected to generate a revenue of \$200 billion – also a 10X jump from 2021's \$20 billion, according to a report. The report titled "\$1 trillion India fintech opportunity" jointly published by Chiratae Ventures and EY said payments, digital lending, wealth tech, insurtech, and neo-banking will all contribute to growth in the larger fintech space. That growth will be helped by favourable demographics, growing technology adoption, higher disposable incomes and an aware customer, United Payments Interface (UPI), among other factors.

Related Link: <https://www.financialexpress.com/industry/banking-finance/indian-fintech-market-to-achieve-1-trillion-aum-by-2030-report/2623959/>

PSBs clock 9% rise in profit to Rs. 15,306 crore in April-June

Dated: 9th August, 2022

All the 12 public sector banks earned a cumulative profit of about Rs. 15,306 crore, registering a 9.2% growth annually, despite poor showing by large lenders like SBI and PNB. During the April-June period of the previous fiscal, state-owned banks recorded a total profit of Rs. 14,013 crore, according to quarterly numbers published by public sector lenders.

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Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-clock-9-rise-in-profit-to-rs-15306-crore-in-april-june/articleshow/93462270.cms>

RBI prescribes norms for Small Finance Banks looking to deal in forex

Dated: 8th August, 2022

The Reserve Bank on 8th August, 2022 said Small Finance Banks which have completed two years of operations and have a minimum net worth of Rs. 500 crore can deal in foreign exchange. In a circular, the RBI said this is being permitted with the objective of giving more flexibility to Small Finance Banks (SFBs) to meet their customers' foreign exchange business requirement.

Related Link: https://www.business-standard.com/article/finance/rbi-prescribes-norms-for-smallfinance-banks-looking-to-deal-in-forex-122080801551_1.html

NCLT UPDATES

NCLT/NCLAT may condone delay in filing CIRP plea/appeal even in absence of formal plea for condonation of delay : SC

Dated: 06 Aug 2022

OTS in respect of time-barred loan extends limitation for filing CIRP application u/s 7 in view of section 25(3) of Contract Act.

Related Link: [NCLT/NCLAT may condone delay in filing CIRP plea/appeal even in absence of formal plea for condonation of delay : SC - Taxmann](#)

HDFC files application with NCLT for merger of HDFC Investments, HDFC Holdings with HDFC Bank

Dated: Aug 06, 2022

HDFC on Saturday said an application has been filed with the National Company Law Tribunal (NCLT) for merger of HDFC Investments Limited and HDFC Holdings Limited with HDFC Bank. This is part of the proposed merger of HDFC Bank, the country's largest private sector bank by balance sheet, with its parent, mortgage lender Housing Development Finance Corporation Ltd.

A Joint Company Scheme remains subject to various statutory and regulatory approvals, including from NCLT, Competition Commission of India and the respective shareholders and creditors of the companies involved in the scheme as may be required, HDFC said in a regulatory filing.

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Related Link: [hdfc: HDFC files application with NCLT for merger of HDFC Investments, HDFC Holdings with HDFC Bank - The Economic Times \(indiatimes.com\)](#)

NCLT allows extension in the resolution process for Cox and Kings' affiliate Ezeego One Travel

Dated: Aug 06, 2022

The bankruptcy court has allowed the exclusion of about 33 days from the corporate insolvency resolution process (CIRP) of Ezeego One Travel and Tours Ltd. and also agreed to extend the process completion deadline by 60 days.

Online travel portal Ezeego One Travel was admitted under the resolution process on March 9, 2021 in a plea filed by its lenders. The company is an affiliate of Cox and Kings Ltd. and owes over Rs 1,078 crore to its lenders.

Related Link: [ezeego one travel: NCLT allows extension in the resolution process for Cox and Kings' affiliate Ezeego One Travel - The Economic Times \(indiatimes.com\)](#)

Sanskar Projects and Housing dragged to NCLT over default

Dated: Aug 08, 2022

Delhi-based builder Sanskar Projects and Housing, promoted by Ravi Arora has been dragged to National Company Law Tribunal (NCLT) under Section 7 of Insolvency and Bankruptcy Code, over a default of over Rs 5 crore by its financial creditor Realpro Realty Solutions.

According to the petition, the companies entered into a loan agreement on December 9, 2020 to facilitate the acquisition of a 575 sq yards property in Jor Bagh area of New Delhi by Sanskar. The loan of the financial creditor was to be repaid with a "time value for money" in terms of a pre-defined profit sharing arrangement. Over the period of time, Sanskar repaid some part of loan but later stopped.

Related Link: [nclt: Sanskar Projects and Housing dragged to NCLT over default - The Economic Times \(indiatimes.com\)](#)

Stressed firm can recast shareholding if approvals are in

Dated: Aug 08, 2022

The National Company Law Appellate Tribunal (NCLAT) in a recent ruling allowed capital reduction in a company that had a negative net worth, paving the way for other similar restructuring, consoldation or merger and acquisitions (M&As) in stressed companies. NCLAT struck down an earlier National Company Law Tribunal (NCLT) order that disallowed such a restructuring.

Related Link: [Stressed firm can recast shareholding if approvals are in - The Economic Times \(indiatimes.com\)](#)

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NCLT stated that a note has been circulating on the Whatsapp group saying that with effect from August 10, the tribunal will hear urgent matters until further notice.

Related Link: [National Company Law Tribunal: NCLT denies it issued a circular that only urgent matters would be heard due to shortage of staff - The Economic Times \(indiatimes.com\)](#)

NCLT sets aside fresh demand raised against KSS Petron over dues

Dated: Aug 09, 2022

Once a moratorium begins under the Insolvency & Bankruptcy Code (IBC), no fresh demand or inquiry can be commenced with regard to past dues against the company, the bankruptcy court clarified on a recent application filed by the liquidator of KSS Petron Pvt Ltd.

Related Link: [nclt: NCLT sets aside fresh demand raised against KSS Petron over dues - The Economic Times \(indiatimes.com\)](#)

CIRP plea filed u/s 9 was to be admitted where dispute raised w.r.t. non-receipts of 'Agency Debit Memos' was sham: NCLAT

Dated: 09 Aug 2022

Where corporate debtor had not raised any objection or dispute regarding quality of supply of goods or services before issuance of demand notice and had raised issue of non-receipt of copies of Agency Debit Memos (ADMs) much later, dispute raised by corporate debtor appeared to be a fictitious and sham dispute and, therefore, Application filed under section 9 by operational creditor should be admitted.

Related Link: [CIRP plea filed u/s 9 was to be admitted where dispute raised w.r.t. non-receipts of 'Agency Debit Memos' was sham: NCLAT - Taxmann](#)

IBBI disposes off 6,172 complaints and grievances out of 6,231 against service providers under IBC

Dated: August 9, 2022

The Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) Regulations, 2017 enable stakeholders to file a grievance or a complaint against service providers under the IBC. This was stated by the

Union Minister of State for Corporate Affairs Shri Rao Inderjit Singh in a written reply to a question in Lok Sabha today. Besides this, the Minister stated, Insolvency and Bankruptcy Board of India (IBBI, the Regulator) also receives complaints and grievances from Centralized Public Grievance Redress and Monitoring System (CPGRAM), Prime Minister's Office, MCA and other authorities. Till 31st July, 2022, the IBBI had received 6,231 such complaints and grievances, of which 6,172 have been disposed after examination. The Minister said that the Ministry of Corporate Affairs does not have any role in corporate insolvency resolution process (CIRP) of a corporate debtor (CD) under the provisions of the Insolvency

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and Bankruptcy Code, 2016 (the Code). CD undergoing CIRP is resolved through a resolution plan formulated by resolution applicants based on market driven process.

Related Link: <https://ibclaw.in/ibbi-disposes-off-6172-complaints-and-grievances-out-of-6231-against-service-providers-under-ibc/?print-posts=pdf>

IBBI cancels registration of RP for deciding to liquidate CD without following true spirit of resolution process

Dated: 10 Aug 2022

Where applicant was appointed as IRP/RP in CIRP of corporate debtor, however, entire CIRP process was conducted in a manner to ensure that no opportunity was given for resolution and process ended in liquidation of corporate debtor, decision of liquidation was taken without following true spirit of resolving corporate debtor as a going concern and, therefore, registration granted to applicant was to be cancelled.

Related Link: [IBBI cancels registration of RP for deciding to liquidate CD without following true spirit of resolution process – Taxmann](#)

An advocate can, on behalf of Company issue a demand notice under Section 8 of IBC and no such document is required to establish his period of association with the said Company & Even if there is a debt and default, the Adjudicating Authority should use its discretion in admitting/ rejecting an Application-M/s Agarwal Veneers Vs. Fundtonic Service Pvt. Ltd. – NCLAT

Dated: August 10, 2022

It is the main case of the Appellant/Operational Creditor that the Adjudicating Authority has wrongly observed that the demand notice under Section 8 of the Code was issued by an advocate and is therefore not valid and rejected the Section 9 Application.

Related Link: <https://ibclaw.in/m-s-agarwal-veneers-vs-fundtonic-service-pvt-ltd-nclat-new-delhi/?print-posts=pdf>

New Delhi SC admits writ petitions challenging sections 95(1), 96(1), 97(5), 99(1), 99(2), 99(4), 99(5), 99(6) and 100 of IBC

Dated: 10 Aug 2022

SC admits writ petitions challenging sections 95(1),96(1), 97(5), 99(1), 99(2), 99(4), 99(5), 99(6) and 100 of IBC & tags them with similar other pending writ petitions.

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Related Link: [SC admits writ petitions challenging sections 95\(1\), 96\(1\), 97\(5\), 99\(1\), 99\(2\), 99\(4\), 99\(5\), 99\(6\) and 100 of IBC - Taxmann](#)

SBI drags Simbhaoli Sugars to bankruptcy over Rs 395 cr loan

Dated: Aug 11, 2022

State Bank of India has dragged Simbhaoli Sugars to bankruptcy over a ₹395 crore loan, according to people briefed on the matter.

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The company markets sugar under the Trust brand and has a pan-India distribution set up. It also exports its products to the Middle East, Southeast Asia and Africa .

SBI has claimed at the National Company Law Tribunal (NCLT) that it tried to restructure Simbhaoli Sugars' loans in 2015 but the company was still unable to service the debt.

Related Link: [simbhaoli sugars: SBI drags Simbhaoli Sugars to bankruptcy over Rs 395 cr loan - The Economic Times \(indiatimes.com\)](#)

NCLT approves demerger of pharma business from Piramal Enterprises

Dated: Aug 12, 2022

The National Company Law Tribunal on Friday approved the demerger of Piramal Enterprises' (PEL) pharma business and the simplification of the company's corporate structure.

The order paves the way towards creation of two separate listed entities Piramal Enterprises Ltd and Piramal Pharma Ltd (PPL).

Ajay Piramal, chairperson of PEL said the company is on track to achieve the completion of demerger and separate listing of PPL by the third quarter of the current financial year.

Related Link: [piramal enterprises: NCLT approves demerger of pharma business from Piramal Enterprises - The Economic Times \(indiatimes.com\)](#)

State Bank sells distressed KSK Mahanadi loans to Aditya Birla ARC for Rs 1,622 crore

Dated: Aug 12, 2022

State Bank of India on Friday sold distressed KSK Mahanadi Power's ₹3,815-crore outstanding loans to Aditya Birla Asset Reconstruction Co for ₹1,622 crore, a move that would help the bank shore up its earnings in the second quarter, said two people aware of the development.

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This would be the single-largest distressed loan sale on an upfront payment basis by any bank, equating to a recovery of 42% for the bank. . Aditya Birla ARC's bid was supported by its joint venture partner, Varde Partners.

Related Link: [State Bank sells distressed KSK Mahanadi loans to Aditya Birla ARC for Rs 1,622 crore - The Economic Times \(indiatimes.com\)](https://www.indiatimes.com)

Applicant who was acting on behalf of corporate debtor for settlement was to be directed to AA for withdrawal of CIRP plea

Dated: 12 Aug 2022

Where applicant-shareholder of corporate debtor who entered into a verbal agreement with respondent-operational creditor to settle dues on behalf of corporate debtor sought a direction to respondent to file an application for withdrawal of CIRP proceedings, NCLT could not direct respondent to act on unsigned draft settlement and applicant was allowed to approach respondent to discuss matter who might consider withdrawing application.

Related Link: [Applicant who was acting on behalf of corporate debtor for settlement was to be directed to AA for withdrawal of CIRP plea - Taxmann](#)

Once resolution plan was approved by CoC, claim of respondent shouldn't be included as it would create unnecessary delay

Dated: 12TH Aug, 2022

When prospective resolution plans had been received, opened and were being actively considered by CoC, in view of such advanced stage of CIRP, claim of respondent Excise & Taxation Officer filed after delay of 405 days should not be included in CIRP since such inclusion would create unnecessary delay in CIRP.

Related Link: [Once resolution plan was approved by CoC, claim of respondent shouldn't be included as it would create unnecessary delay - Taxmann](#)

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