

WEEKLY CORPORATE UPDATES

Saturday 24th December, 2022

(Curated & compiled by)

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MCA UPDATES

The Ministry of Corporate Affairs is launching Second set of Company Forms covering 56 forms in two different lots on MCA21 V3 portal.

Dated: 23 Dec, 2022

10 out of 56 forms will be launched on 09th January 2023 at 12:00 AM and the remaining 46 forms on 23rd January 2023. Following forms will be rolled-out on 09th January 2023: SPICe+ PART A, SPICe+ PART B, RUN, AGILE PRO-S, INC-33, INC-34, INC-13, INC-31, INC-9 and URC-1. Click here to view list of 46 forms which will be rolled-out on 23rd January 2023. 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 07th January 2023 12:00 AM to 08th January 2023 11:59 pm for 10 forms which are planned for roll-out on 09th January 2023. (2) Company e-Filings on V2 portal will be disabled from 07th January 2023 12:00 AM to 22nd January 2023 11:59 pm for 46 forms which are planned for roll-out on 23rd January 2023. (3) All stakeholders are advised to ensure that there are no SRNs in pending payment and Resubmission status. (4) Offline payments for the above 56 forms in V2 using Pay later option would be stopped from 28th December 2022 12:00 AM. You are requested to make payments for these forms in V2 through online mode (Credit/Debit Card and Net Banking). (5) In view of the upcoming launch of 56 Company forms, V3 portal will not be available from 07th January 2023 12:00 AM to 08th Jan 2023 11:59 pm due to 10 company forms roll-out and from 21st January 2023 to 22nd January 2023 for 46 company forms roll-out. (6) V2 Portal for company filing will remain available for all the forms excluding above mentioned 56 forms. Stakeholders may plan accordingly.

Related link: <https://www.mca.gov.in/content/mca/global/en/notifications-tender/news-updates/updates.html>

RBI UPDATES

SEBI brings framework for foreign investment in Alternative Investment Funds

Dated: 09 Dec, 2022

SEBI came out with a framework for alternative investment funds (AIFs) raising capital from foreign investors. At the time of onboarding investors, the manager of an AIF would have to ensure that the foreign investor is a resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding or a signatory to a bilateral Memorandum of Understanding with SEBI. Further, the investor contributing 25 per cent or more in the corpus should not be a person mentioned in the Sanctions List notified by the United Nations Security Council and should not be a resident in a country identified in the public statement of the Financial Action Task Force (FATF).

Related Link: <https://www.moneycontrol.com/news/business/markets/sebibrings-framework-for-foreign-investment-in-alternativeinvestment-funds-9679941.html>

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Lenders want only NPAs to be covered: Banks to seek easier provisioning norms

Dated: 19 Dec, 2022

Lenders are planning to approach the Reserve Bank of India (RBI) to relax norms and confine provisioning requirements to only Non-Performing Assets (NPAs). Any easing of provisioning norms would free up capital for banks, which would be able to use it to further boost lending at a time when credit demand has been growing at a rapid pace.

Related Link: <https://www.financialexpress.com/industry/banking-finance/lenders-want-onlynpas-to-be-covered-banks-to-seek-easier-provisioning-norms/2918666/>

ICRA revises banking sector outlook to 'positive', expects NPAs to decline further to decadal best

Dated: 19 Dec 2022

Domestic rating agency ICRA on December 19, 2022 upped its banking sector outlook to 'positive' on healthy asset growth, improving asset quality and stronger capital buffers. The agency expects asset quality to improve to a decadal best of 4 per cent from a gross Non-Performing Assets (NPAs) perspective by the end of FY24. The banking system's credit growth will slow down to 11-11.6 per cent in FY24, after a very healthy growth of 15.2-16.1 per cent expected in FY23, the rating agency said.

Related Link: <https://indianexpress.com/article/business/banking-and-finance/icra-revises-bankingsector-outlook-to-positive-expects-npas-to-decline-further-to-decadal-best-8332816/>

Decision on privatization of PSBs after consultation: Government

Dated: 20 Dec, 2022

The Government on December 19, 2022 said it will take a view on privatization of Public Sector Banks (PSBs) after consultation with the department and the regulator concerned. Consideration of issues related to disinvestment and decision on selection, terms and conditions, etc. in case of strategic sale is entrusted to the Cabinet committee designated for this purpose under the Government of India (Transaction of Business) Rules, 1961, minister of state for finance Bhagwat Karad said in a written reply in Lok Sabha.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/decision-onprivatisation-of-psbs-after-consultation-govt/articleshow/96352514.cms>

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NBFC loan sanctions fall on sluggish commercial credit demand

Dated: 21 Dec, 2022

The amount of loans sanctioned by domestic non-bank lenders in the three months ended 30 September fell from a year earlier, primarily due to a drop in demand for commercial loans, data showed. Aggregate sanctioned loans fell 3% to 3.7 trillion in the September quarter from a year earlier, according to data released by industry body Finance Industry Development Corp. (FIDC), jointly with credit information company Crif High Mark.

Related Link: <https://www.livemint.com/industry/banking/nbfc-loan-sanctions-fall-on-sluggishcommercial-credit-demand-11671561136966.html>

NCLT UPDATES

NCLT admits listed coaching firm MT Educare under Corporate Insolvency Resolution Process

Dated: 19 Dec, 2022

A bankruptcy court has admitted the listed MT Educare, formerly known as Mahesh Tutorials, into the corporate insolvency resolution process (CIRP) and appointed Ashwin Bhavanji Shah as the interim resolution professional for the Mumbai-based coaching firm.

The Mumbai bench of the National Company Law Tribunal (NCLT) allowed the company's operational creditor Connect Residuary to initiate the insolvency proceedings. The operational creditor had approached the bankruptcy court in November last year after the company defaulted on its dues of about Rs 5.37 crore.

"This bench after hearing the submissions of both sides and upon perusing the material available on record is thoroughly convinced that the operational creditor (Connect Residuary) has successfully demonstrated the existence of 'debt' and 'default' committed by the corporate debtor (MT Educare) in this case," observed the bench of HV Subba Rao and Anuradha Sanjay Bhatia in an order of December 16.

As per the stock exchange filing, during FY 2022, the company reported revenue of Rs 30.40 crore and a loss of 25.17 crore. In FY2019, the company reported total revenue of over Rs 249 crore and a profit of 9.12 crore.

Before the tribunal's order, Nausher Kohli, counsel for MT Educare, had argued that the coaching institute was adversely affected by the COVID-19 pandemic.

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"The object of the insertion of section 10A (in IBC) was to safeguard the companies from the serious repercussions on its financial health on the account of COVID-19," argued the counsel for the listed coaching institute.

Related Link: <https://economictimes.indiatimes.com/news/company/corporate-trends/nclt-admits-listed-coaching-firm-mt-educare-under-corporate-insolvency-resolution-process/articleshow/96351214.cms?from=mdr>

NCLT directs to initiate insolvency proceedings against real estate firm Ajnara

Dated: 21 Dec, 2022

The National Company Law Tribunal (NCLT) has directed to initiate insolvency proceedings against Ajnara Ltd and appointed an interim resolution professional for the NCR-based real estate developer.

A two-member New Delhi-based bench held the insolvency petition filed on behalf of 113 allottees of Ajnara Ambrosia as maintainable and as per the builder-buyer agreement, it was bound to give possession within three years of booking.

"The corporate debtor has defaulted in handing over the units to the respective home buyers/allottees as per the terms of the builder-buyers agreement," said NCLT.

The NCLT bench said it's a "fit case" for admission of insolvency petition against Ajnara.

"In the given facts and circumstances, the present Application being complete and the applicants/Financial Creditors having established the default on the part of the Corporate debtor in payment of the financial debt being committed above the threshold limit, the present Application is admitted," it said.

As a necessary consequence of the moratorium, NCLT also imposed prohibitions against recovery from suits against the company and transferring, encumbering, alienating or disposing of assets to foreclose or recover any amount.

The matter is related to a project 'Ajnara Ambrosia' located at sector 118, Noida, where the real estate firm was constructing a group housing society.

Ajnara Ambrosia was a plotted residential society and as per the terms and conditions, it had obligation to hand over the possession within a period of three years.

Related Link: https://www.business-standard.com/article/companies/nclt-directs-to-initiate-insolvency-proceedings-against-realty-firm-ajnara-122092101225_1.html

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NCLT itself being a creature of IBC, cannot deal with the validity and legality of Regulations framed under IBC: Delhi HC

Dated: 23 Dec, 2022

Regulation 36A of IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016 having been amended and passed in accordance with law by IBBI, NCLT did not have power to declare same as being ultra vires merely on ground that two stage process provided in it i.e., of inviting an expression of interest first and then financial bids, would be contrary to speedier resolution of Insolvency Resolution Process.

Related Link: <https://www.taxmann.com/research/ibc/top-story/101010000000328449/nclt-itself-being-a-creature-of-ibc-cannot-deal-with-the-validity-and-legality-of-regulations-framed-under-ibc-delhi-hc-caselaws>

OTHER UPDATES

Former ICICI Bank CEO-MD Chanda Kochhar, husband Deepak Kochhar arrested in Videocon loan case

Dated: 24 Dec, 2022

The Central Bureau of Investigation (CBI) Friday arrested former ICICI Bank MD and CEO Chanda Kochhar and her husband Deepak Kochhar, for allegedly cheating ICICI Bank of Rs 1,730 crore until March 2012.

Sources said the couple was summoned for questioning in Delhi and were arrested after the investigation officer found them not cooperating with the investigation team.

*ICICI Bank and Chanda Kochhar have been under regulatory scrutiny after The Indian Express **first reported** on March 29, 2018 that Venugopal Dhoot-promoted Videocon Group provided crores of rupees to a firm he had set up with Deepak Kochhar and two relatives six months after the Videocon Group got Rs 3,250 crore as loan from ICICI Bank in 2012.*

In 2019, the CBI lodged an FIR against the Kochhars, Dhoot and firms including Nupower Renewables and Videocon Industries. In their FIR, the CBI named Supreme Energy Pvt Ltd, Videocon International Electronics Ltd (VIEL) and unknown public servants as accused in the case. It alleged that "the accused (Chanda Kochhar) sanctioned certain loans to private companies in a criminal conspiracy with other accused to cheat ICICI Bank". The case was filed under sections of the Indian Penal Code and the Prevention of Corruption Act.

The CBI said the sanctioned loan amount was part of the Rs 40,000-crore loan that Videocon Group secured from a consortium of 20 banks led by SBI. Almost 86 per cent of the Rs 3,250 crore loan (Rs 2,810 crore) remained unpaid. The Videocon account was declared an NPA (non-performing asset) in 2017.

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According to CBI, on August 26, 2009, the sanctioning committee of ICICI Bank that included Chanda Kochhar approved a loan of Rs 300 crore to Videocon International Electronics Ltd (VIEL) "in contravention of the rules and policy"

Related Link: <https://indianexpress.com/article/india/cbi-arrests-former-icici-bank-ceo-md-chanda-kochhar-husband-deepak-kochhar-videocon-loan-case-8341248/>

Tata's Bigbasket eyes IPO by 2025 after \$200 million fundraising

Dated: 21 Dec, 2022

Tata Group's Bigbasket may list its shares within three years after the latest capital raising valued India's largest online grocer at \$3.2 billion. The Bengaluru-based e-commerce firm, which is focusing on expanding its pan-India reach, may choose to launch an initial public offering in 24 to 36 months but was open to raising more private capital before that, Chief Financial Officer Mr. Vipul Parekh said in an interview.

Related Link: <https://economictimes.indiatimes.com/markets/ipos/fpos/tatas-bigbasket-eyes-ipo-by-2025-after-200-million-fundraising/articleshow/96396044.cms>

Govt. Green Bonds can be a gauge for private sector fundraise: RBI Dy Governor

Dated: 23 Dec, 2022

The pricing of the Centre's Sovereign Green Bonds can act as a benchmark for private sector players raising funds through rupee bonds for Environmental, Social And Governance (ESG)-linked debt, Reserve Bank of India (RBI) Deputy Governor M Rajeshwar Rao said on December 22, 2022 while addressing the Business Standard BFSI Insight Summit. Finance Minister Nirmala Sitharaman during her Budget speech for 2022-23 had announced that the Government would issue Green Bonds as part of its market borrowing plan for the current financial year.

Related Link: https://www.businessstandard.com/article/finance/sovereign-green-bondscan-set-standard-for-private-fundraising-rbi-s-rao122122200404_1.html

GST UPDATES

GST Council recommends decriminalizing certain offences u/s 132, increase in threshold of amount of tax for prosecution and reduction in amount of compounding in GST

Dated: 17 Dec, 2022

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Solicitors and Advocates

The 48th GST Council met under the Chairmanship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman via virtual mode in New Delhi on December 17, 2022. The GST Council has inter-alia made the following recommendations relating to changes in GST tax rates, measures for facilitation of trade and measures for streamlining compliances in GST:

No GST is payable where the residential dwelling is rented to a registered person if it is rented in his/her personal capacity for use as his/her own residence and on his own account and not on account of his business.

Incentive paid to banks by Central Government under the scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions are in the nature of subsidy and thus not taxable.

The Council has recommended to raise the minimum threshold of tax amount for launching prosecution under GST from Rs. One Crore to Rs. Two Crores, except for the offence of issuance of invoices without supply of goods or services or both; reduce the compounding amount from the present range of 50% to 150% of tax amount to the range of 25% to 100%; decriminalize certain offences specified under clause (g), (j) and (k) of section 132(1) of CGST Act, 2017, viz. - obstruction or preventing any officer in discharge of his duties; deliberate tempering of material evidence; failure to supply the information.

Related Link: <https://www.pib.gov.in/PressReleasePage.aspx>

Thanking You,

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