

## **WEEKLY CORPORATE UPDATES**

*Saturday 25<sup>th</sup> February, 2023*

(Curated & compiled by)

### **Team Indiacorp Law**

**Headed by:**

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## MCA UPDATES

### *Set-up of 3 help lines by ICSI for resolving issues of stakeholders in MCA21-V3 Portal*

*Dated: 24<sup>th</sup> February, 2023*

*ICSI has set-up 3 help lines for resolving issues of stakeholders in MCA21-V3 as follows:*

*Incorporation issues: <https://bluejeans.com/815328258/8182>*

*Login and DSC issues: <https://bluejeans.com/227306907/6992>*

*Other Company Forms issue: <https://bluejeans.com/579582220/8129>*

*These help lines would be available for the stakeholders from 11 AM to 5 PM during all working days starting today. Stakeholders may resolve their queries from help lines.*

*Related link: [https://www.icsi.edu/media/webmodules/Bulk\\_Mail\\_Helpline.pdf](https://www.icsi.edu/media/webmodules/Bulk_Mail_Helpline.pdf)*

### *MCA issued general circular regarding filing of Forms GNL-2, MGT-14, PAS-3, SH-8, SH-9 and SH-11*

*Dated: 22<sup>nd</sup> February, 2023*

*General Circular No.: 05/2023*

*The Ministry of Corporate Affairs has issued general circular no. 05/2023 dated 22<sup>nd</sup> February, 2023 and informed that the Companies intending to file:*

- (i) Form GNL-2 (filing of prospectus related documents and private placement),*
- (ii) MGT-14 (filing of Resolutions relating to prospectus related documents, private placement),*
- (iii) PAS-3 (Allotment of Shares),*
- (iv) SH-8 (letter of offer for buyback of own shares or other securities),*
- (v) SH-9 (Declaration of Solvency) and*
- (vi) SH-11 (Return in respect of buy-back of securities)*

*from 22.02.2023 to 31.03.2023 on the MCA-21 Portal mayflies such Form in physical mode duly signed by the persons concerned as per requirements of the relevant forms, along with a copy thereof in electronic media, with the concerned Registrar without payment of fee and take acknowledgement (as per Annexure to this Circular) thereof. Such filing will be accompanied by an undertaking from the company that, the company shall also file the relevant Form in electronic form on MCA-21 Portal along with fee payable as per Companies (Registration Offices and Fees) Rules, 2014. As clarified by General circular Number 04/2023 dated 21.02.2023 no additional fees will be levied as referred in the said circular.*

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Related Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=L1%252FlzzFGRvjYOFmh0PQHAW%253D%253D&type=open>

## **Extension of Time for filing of 45 company e-Forms, PAS-03 and SPICE+ Part A in MCA 21 Version 3.0 without additional fee**

Dated: 21<sup>st</sup> February, 2023

General Circular No.: 04/2023

The Ministry of Corporate Affairs (MCA) vide issuing general circular no. 04/2023 dated 21<sup>st</sup> February, 2023 has notified that due to change in way of filing in Version-3, including fresh process of registration of users on MCA-21 and process of stabilization of 45 forms launched with effect from 23.01.2023, and after considering various representations, in continuation of General Circulars No.1/2023 dated 09.01.2023 and 03/2023 dated 07.02.2023, it has been decided to allow further additional time till 31.03.2023 for filing of these forms which are due for filing between 07.02.2023 and 28.02.2023, without additional fees, to the stakeholders.

Further, Form PAS-03 which was closed for filing in Version-2 on 20.01.2023 and launched in Version-3 on 23.01.2023, and whose due dates for filing fall between 20.01.2023 and 28.02.2023, can also be filed without payment of additional fees till 31.03.2023.

Further, reservation period for the names which are reserved under sub-section(5) of section 4 of the Companies Act, 2013 is extended by a further period of 20 days. The resubmission period under rule 9 of Companies (Incorporation) Rules, 2014 falling between 23.01.2023 and 28.02.2023, is also extended by 15 days

Related Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=2wjQ2Yt5XCZLAoGRr2jfOQ%253D%253D&type=open>

## **MCA drops ROC approval for most corporate actions**

Dated: 20<sup>th</sup> February, 2023

The Ministry of Corporate Affairs has simplified the process for corporate reporting, eliminating the need for approval by Registrars of Companies (ROCs) in most cases and allowing companies to fulfil their reporting obligations with an online acknowledgement.

Related Link:

<https://www.livemint.com/news/india/mca-drops-rocaproval-for-most-corporate-actions-11676831304064.html>

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## SEBI UPDATES

### *SEBI proposes more power to shareholders*

*Dated: 22<sup>nd</sup> February, 2023*

*India's market regulator has proposed changes to governance norms for listed entities that give more rights to shareholders, while increasing corporate disclosures on agreements binding them, a consultation paper showed on Tuesday.*

*Any agreements that impact the management or control of a listed entity or create a liability for it must be disclosed, the Securities and Exchange Board of India (SEBI) proposed in the consultation paper.*

*The regulator said it has come across instances where founders have entered into shareholder agreements with listed entities that in turn impose restrictions on companies.*

*Such rights are against the fundamental principles of corporate governance and shareholder democracy, according to the regulator.*

*The SEBI also suggested that shareholder approval be sought for any special rights granted to certain shareholders, including promoters, particularly where such rights may have been granted before listing.*

*In the so-called 'new-age tech companies', the regulator has observed that institutional investors are increasingly voicing their concerns against special rights given to founders and other entities connected to a company.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-proposes-more-power-to-shareholders/articleshow/98147840.cms>*

### *SEBI proposes framework on ESG disclosures, ratings*

*Dated: 22<sup>nd</sup> February, 2023*

*India's capital markets regulator on Tuesday proposed a regulatory framework of ESG (environmental, social & governance) disclosures by listed entities, ESG ratings in the securities market and ESG investing by mutual funds. The move is aimed at facilitating balance among transparency, simplification and ease of doing business in an evolving domain.*

*The Securities and Exchange Board of India (Sebi) has mandated the top 1,000 listed companies by market capitalization make filings as per the business responsibility and sustainability reporting (BRSR) from FY23.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-proposes-framework-on-esg-disclosures-ratings/articleshow/98135483.cms>*

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## *Only 34% firms meet SEBI's norm of 25% fundraise via debt tools: Analysis*

*Only 34% of the 320 AAA- and AA-rated companies have met their 25% incremental fund raising through debt instruments as of FY22, nearly three years after market regulator SEBI's mandate for such firms, an analysis showed. These companies have an outstanding debt of Rs 34 lakh crore as March 2022, according to an analysis by India Ratings, which says that these companies will have to borrow an additional Rs 6,890 crore by FY24 to meet the SEBI regulation.*

*In FY19, SEBI passed a guideline wherein the listed large corporate with borrowings of Rs 100 crore or more and with credit ratings of AA and above would have to borrow 25% or more of the incremental borrowings through bonds.*

*The regulator allowed them to meet the norm in a contiguous block of two years. And the companies were to meet the criteria beginning FY20.*

*The regulation also sets a penalty of 0.2% of the balance debt amount in case a company fails to raise the required percentage of funds through debt instruments like bonds, commercial papers or certificate of deposits.*

*Such incremental borrowings shall be any borrowings done during a particular financial year bearing maturity of one-year or more and can be raised either for refinancing/repayment purposes, excluding external commercial borrowings and inter-corporate borrowings.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/only-34-firms-meet-sebis-norm-of-25-fundraise-via-debt-tools-analysis/articleshow/98188425.cms>*

## *SEBI directs regulated entities, exchanges to strengthen cyber security measures*

*Dated: 22<sup>nd</sup> February, 2023*

*SEBI has proposed ESG parameters that could be relevant to Indian context that may be integrated in at least one of the ESG ratings for Indian companies.*

*The Securities and Exchange Board of India (SEBI) in its latest circular has released an advisory directing regulated entities like stock exchanges, depositories, mutual funds and other financial sector organisations to strengthen their cyber security measures.*

*The market regulator emphasized that in light of the interconnectedness and interdependency of the financial entities, "the cyber risk of any given entity is no longer limited to the entity's owned or controlled systems, networks and assets".*

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*Encouraging market participants to ramp up their cyber security measures, the regulator marked out that the sophistication and persistence of the cyber-security threats have increased. It pointed out that regulated entities cannot afford to rely only on traditional approaches to risk management and governance that worked in the past but may not be comprehensive or agile anymore in an environment where the pace of technological change is redefining public and private enterprise.*

*Related Link: <https://www.moneycontrol.com/news/business/markets/sebi-directs-regulated-entities-exchanges-to-strengthen-cybersecurity-measures-10143661.html>*

## **SEBI proposes to tighten regulations on issuance of bonus shares**

*Dated: 23<sup>rd</sup> February, 2023*

*Capital markets regulator Securities and Exchange Board of India (SEBI) on Wednesday proposed tightening regulations for the issuance of bonus shares by a listed company. The market watchdog released a consultation paper regarding the changes that can be incorporated into the issue of capital and disclosure requirements (ICDR) with the objective of increasing transparency among the listed entities. The consultation paper also proposed streamlining rules for the underwriting of initial public offerings (IPO) and follow-on public offers (FPO). The market regulator has sought comments from experts regarding the same.*

*The market regulator has proposed that a listed issuer should be eligible to announce its bonus issue only if it has received in-principle approval from the stock exchanges for listing of all the pre-bonus securities issued by the listed entity excluding Employee Stock options (ESOPs) and convertibles shares/warrants. It also said the bonus issuance to shareholders should be made in dematerialized form only.*

*At present, the Companies Act, 2013, provides for certain conditions for the issuance of bonus shares such as issuance out of its free reserves, securities premiums, or the capital redemption reserve account.*

*The proposal by the market regulator comes after it observed several discrepancies regarding the issuance of bonus shares between the listed capital and issued capital in the past. "It is observed that in some instances, an issuer announces bonus issue while it has not received in-principle approval for listing and trading approval from stock exchange(s) for its previous issuances and such previous issuances has certain non[1]compliances such as issuing shares without taking in-principle approval from stock exchanges or failure to follow pricing guidelines / non-compliance with regulatory provisions etc. In such scenarios, the issuer may have issued shares but would fail to get in-principle approval for listing and trading approval for such issued shares," the market regulator said.*

*According to the market regulator, due to the mismatch in issued shares and listed shares, stock exchanges may find it difficult to grant in-principle approval for the bonus issue.*

*"As long as such mismatch exists between listed capital and issued capital, Issuer Company may not be considered eligible to announce bonus issuance as bonus issue announcement is price sensitive information and it is imperative that the bonus issue is implemented in a timely manner," SEBI said.*

*Related Link: <https://www.fortuneindia.com/enterprise/sebi-proposes-tighter-norms-for-underwriting-of-ipo-fpo-bonus-shares/111700>*

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## RBI UPDATES

### *Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 – Disclosures for State Co-operative Banks and Central Cooperative Banks*

*Dated: 20<sup>th</sup> February, 2023*

*Reserve Bank of India vide its Circular dated 20th February, 2023 notified that state co-operative banks and central co-operative banks have to make disclosures in their financial statements.*

*Further, in consultation with the National Bank for Agriculture and Rural Development, it has decided that the master direction on financial statements-presentation and disclosures are also applicable to state cooperative banks and central cooperative banks.*

*This Circular is applicable to Commercial Banks and Primary Urban Co-operative Banks (UCBs), State and Central Cooperative Banks (together referred to as 'Rural Co-operative Banks' or 'RCBs') unless explicitly specified otherwise, shall come into force with from the financial year ending 31st March, 2023. Certain disclosure requirements specified in Annex III-A of the given circular shall be applicable, to RCBs, from the financial year ending 31st March, 2024.*

*Related Link:* <http://mehta-mehtaadvisory.com/2023/02/23/rbi-update-reserve-bank-of-india-financial-statements-presentation-and-disclosures-directions-2021-disclosures-for-state-co-operative-banks-and-central-co-operative-banks-20th-februar/>

### *Reserve Bank of India says: Banks, financial institutions should safeguard banking security*

*Dated: 20th February, 2023*

*In view of the cyber security risk posed to the banking sector, Reserve Bank of India executive director Rohit Jain, on Monday, asked banks and financial institutions to adequately resource the banking security structure.*

*He also underlined the need to be prepared for the potential impact of the emergence of cloud computing and Internet of Things (IoT) in banking.*

*The senior RBI official was delivering a keynote address during a panel discussion on cyber security in the run-up to the first G20 Finance Ministers and Central Bank Governors (FMCBG) meeting and Finance and Central Bank Deputies (FCBD) in Bengaluru from February 22 to 25.*

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**Solicitors and Advocates**

*There should be due diligence conducted before on boarding new products and technologies. The Information Technology Enabled Services (ITES) security function needs to put in place processes to ensure all changes in applications and across technology stack together.*

*"The emergence of cloud computing and its potential impact on the existing cyber security methods is another area which would need to be addressed. Growing adoption of zero-trust security models, which requires strict authentication and authorization for all network exits is another area which is emerging," Jain pointed out.*

*According to him, the expansion of IoT too introduces new security challenges.*

*Jain appealed to the boards and senior management of the banks to take ownership of the emerging risk areas and periodically review the level and direction of cybersecurity risks.*

*Speaking about the new approaches with respect to assessing the cyber resilience capability of RBI's regulated entities, he said the central bank tried to do some phishing simulation exercises where it sends phishing mails to the banks to see how they handled them.*

*"Some of the results that we get (from phishing simulation exercises), based on that we question or advise the concerned entities of the need to strengthen the firewalls and build better awareness among their staff with respect to handling such mails," Jain said.*

*Related Link: <https://www.theweek.in/news/biz-tech/2023/02/20/banks-financial-institutions-should-safeguard-banking-security-rbi.html>*

## ***Uncertainties cloud global economy, G20 nations must resolutely address challenges: RBI Governor Shaktikanta Das***

*Dated: 24th February, 2023*

*RBI Governor Shaktikanta Das on Friday called upon G20 nations to resolutely address the challenges, like threats to financial stability and debt distress that confront the global economy. Addressing the inaugural session of the meeting of G20 finance ministers and central bank governors, Das said although the outlook for the global economy has improved in recent months and there is now greater optimism that the world may avoid a deep recession and only experience slow growth or softer recession, "yet uncertainties lay ahead of us."*

*"Together we must resolutely address the challenges that confront us, including those that are of medium to long-term nature such as threat to financial stability, debt distress, climate finance, and fractures in global trade and strains on global value chains. We must promote greater global economic cooperation and position the global economy on a trajectory of strong sustainable balanced and inclusive growth," Das said.*

*In her inaugural address, Finance Minister Nirmala Sitharaman said the G20 discussions in 2023 under the India Presidency will focus on exploring holistic solutions to most pressing global challenges. "The G20 can transform lives across the globe by leveraging the complementary strengths of members while respecting country needs and*

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circumstances. It can be an incubator of new ideas... and a forum to listen to the voices of the 'Global South,'" Sitharaman said.

Related Link: <https://www.financialexpress.com/economy/uncertainties-cloud-global-economy-g20-nations-must-resolutely-address-challenges-rbi-governor-shaktikanta-das/2991288/>

## **Government, RBI to take necessary steps to rein in inflation: Sitharaman**

Dated: 21<sup>st</sup> February, 2023

The Reserve Bank of India (RBI) will take necessary steps to manage inflation within 'expected limits' while the government will also continue to take steps to rein prices, Finance Minister Nirmala Sitharaman said on Monday.

"In emerging markets, the situation is unique to each of the countries. In that I think, RBI is watching the Indian economy and taking a call as and when it is required," Sitharaman said speaking at a post-budget industry event in Jaipur.

Later speaking to the media, Sitharaman said that the government is taking a lot of steps to control inflation and "will continue to focus on it".

CPI-based retail inflation shot up to a 3-month high of 6.5% in January on the back of rising food inflation and sticky core inflation. Food inflation increased 6.2% y-o-y in January compared to 4.2% a month ago, despite the continued contraction in vegetable prices. Cereal inflation rose for the fifth straight month by rising 16% on year in January, reporting its biggest jump since June 2013.

Speaking at the event, chief economic advisor V Anantha Nageswaran said the stated increase in the grains prices is not exactly what all consumers bear as 800 million people have been insulated due to the Centre's free grains scheme. "To that extent, the stated inflation rate overstates the underlying inflation rate," he said.

Related Link: <https://www.financialexpress.com/economy/government-rbi-to-take-necessary-steps-to-rein-in-inflation-sitharaman/2987273/>

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## NCLT AND M & A UPDATES

### *CCI approves proposed acquisition of 100% of the issued and outstanding share capital and sole control of VGP Holdings LLC by Gateway Velocity Holding Corp.*

*Dated: 22<sup>nd</sup> February, 2023*

*Gateway Velocity Holding Corp. (Gateway) is a newly formed Delaware, US Corporation. It is a holding company and does not have any business activity in India or elsewhere. It is a wholly owned subsidiary of Aramco Overseas Company B.V. (AOC), which is a wholly owned subsidiary of Saudi Arabian Oil Company (Saudi Aramco). In India, Saudi Aramco is primarily engaged in the marketing and selling of hydrocarbons and derivatives (including polyethylene, polypropylene, resins, lubricants and base oils.)*

*VGP Holdings LLC (Target), an LLC incorporated under the laws of Delaware. Following a pre-closing reorganization, Valvoline Inc. (Seller) will transfer one of its two business segments, i.e. Global Products Business, to the Target. The Commission approved the Proposed Combination which relates to the acquisition of 100% of the issued and outstanding share capital and sole control of the Target by Saudi Aramco (through Gateway and AOC) from the Seller.*

*Related Link: <https://www.cci.gov.in/media-gallery/press-release/details/279/0>*

### *Zee Entertainment Enterprises Limited admitted to Insolvency*

*Dated: 22<sup>nd</sup> February, 2023*

*A Company Petition filed by IndusInd Bank Limited (Financial Creditor) under section 7 of the Insolvency and Bankruptcy Code, 2016 seeking to initiate Corporate Insolvency Resolution Process (CIRP) against Zee Entertainment Enterprises Limited (Corporate Debtor) has been admitted by the Hon'ble NCLT.*

*Against the backdrop of the Zee and Sony merger, the initiation of CIRP proceedings against Zee has led to its stock falling the most in two years.*

*Related Link: <https://ibbi.gov.in/uploads/order/6085229a901dfa5506edbc78f1530a1c.pdf>*

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## **ZEEL MD & CEO Punit Goenka challenges NCLT's insolvency order before NCLAT**

*Dated: 23<sup>rd</sup> February, 2023*

*Zee Entertainment Enterprises Limited (ZEEL) MD & CEO Punit Goenka has moved .. the National Company Law Appellate Tribunal (NCLAT) seeking relief from the order passed by the National Company Law Tribunal (NCLT) against the media conglomerate yesterday.*

*In an order passed on Wednesday, the NCLT allowed IndusInd Bank's plea to admit ZEEL under the Corporate Insolvency Resolution Process (CIRP). The tribunal appointed Sanjeev Kumar Jalan as the insolvency professional for the company.*

*"Mr. Punit Goenka has filed an appeal in the Hon'ble National Company Law Appellate Tribunal (NCLAT) today, seeking relief against the order passed by the Mumbai bench of the National Company Law Tribunal (NCLT)," a statement from the Office of Punit Goenka reads.*

*The statement further states that Goenka is taking all the necessary steps as per law, to protect the interests of all stakeholders of ZEEL and to achieve timely completion of the proposed merger with Culver Max Entertainment (Sony).*

*"Mr. Goenka firmly believes in the potential of the merger, to deliver immense value to all stakeholders. ZEE is a debt-free & financially strong company, and believes in value creation for its stakeholders," the statement adds.*

*Related Link: <https://brandequity.economicstimes.indiatimes.com/news/media/zeel-md-ceo-punit-goenka-challenges-nclts-insolvency-order-before-nclat/98181243>*

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