

## **WEEKLY CORPORATE UPDATES**

**Saturday 04<sup>th</sup> March, 2023**

(Curated & compiled by)

### **Team Indiacorp Law**

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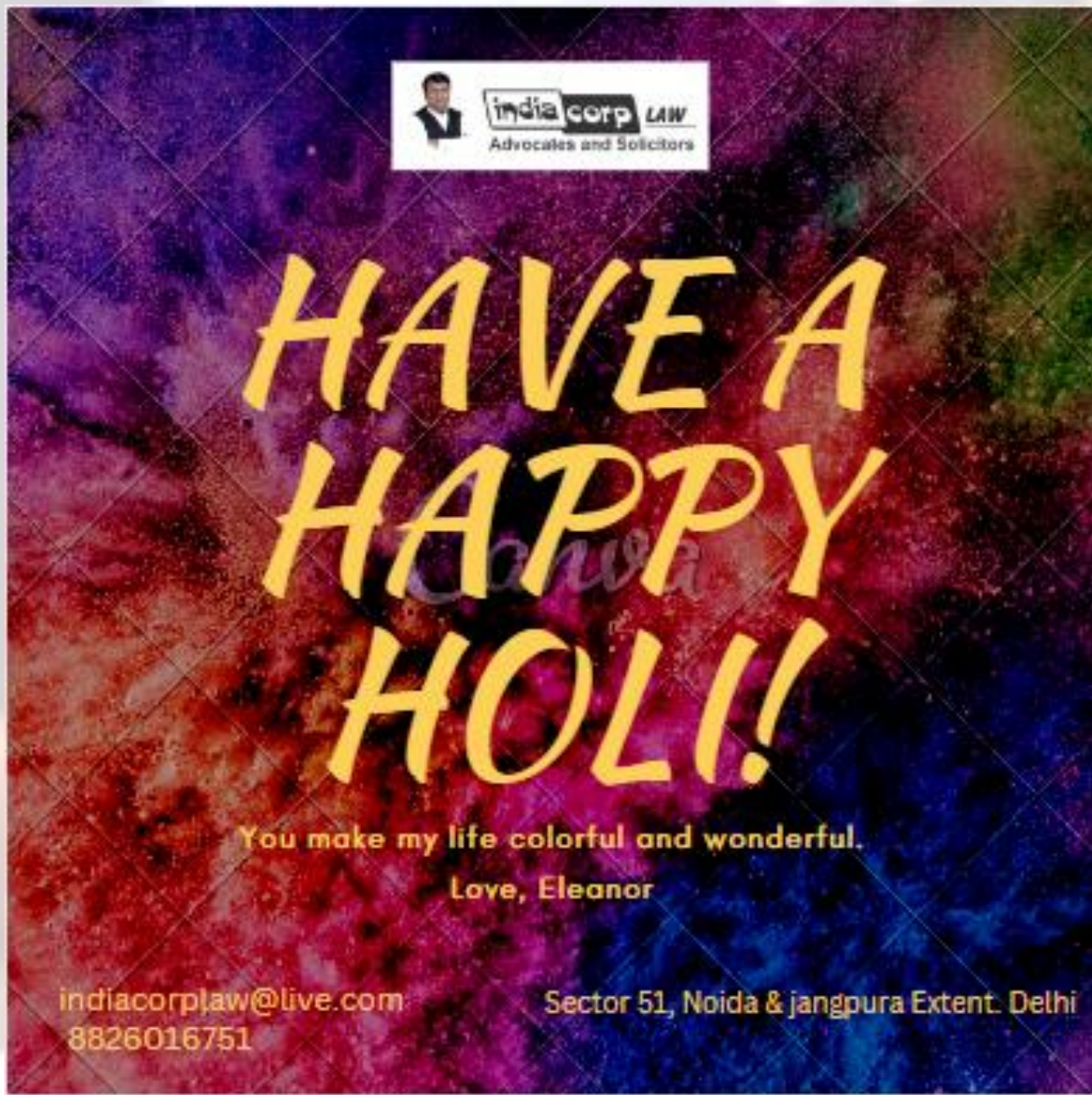
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## SEBI UPDATES

### *SEBI bans 21 entities in Axis mutual fund front-running case*

*Dated: 01<sup>st</sup> March, 2023*

*Market regulator on Tuesday issued interim orders in a case of alleged front-running at Axis Mutual fund, while issuing show cause orders to the mutual fund and related entities.*

*The Securities and Exchange Board of India (SEBI) directed that 21 entities be barred from the capital markets until further orders.*

*It identified Rs 3050 lakh (\$3.7 million) as wrongful gains accrued due to the alleged front-running activities and directed that this amount be impounded from the entities. SEBI has not passed any directions against the fund house and its operations will not be impacted by it.*

*The regulator conducted a probe in a case of front running in trades of Axis Mutual Fund between September 2021 and March 31, 2022. Front running is a market malpractice of trading in securities ahead of large client orders for personal gains.*

*"Viresh Joshi, the then chief dealer of Axis MF, was observed to have traded in different securities ahead of the impending orders placed on behalf of the big client (Axis Mutual Fund)," SEBI said in the order.*

*Email queries sent to the fund house by Reuters and text message sent to Joshi's cell number were not immediately answered.*

*The regulator alleged Joshi conceived a 'fraudulent scheme' in 'collusion' with other 'unscrupulous entities' to front run trades of Axis MF.*

*SEBI in its order concluded that it was Joshi, working as the head dealer, who had the discretion to decide as to when the orders of Axis MF would be placed. Further front-running trades were executed from trading accounts of the entities and persons indirectly connected to Joshi.*

*Related Link: <https://legal.economictimes.indiatimes.com/news/industry/sebi-bars-21-entities-in-axis-mutual-fund-front-running-case/98316819>*

### *SEBI bans actor Arshad Warsi, wife from securities market*

*Dated: 03<sup>rd</sup> March, 2023*

*In a crackdown against unregulated stock recommendations through social media, SEBI has cracked the whip on multiple entities who allegedly ran a nexus to inflate share prices of two connected firms — Sadhna Broadcast and Sharp line Broadcast — by providing misleading information on two YouTube channels.*

*A notable name was that of actor Arshad Warsi, along with his wife Maria Goretti-Warsi, who allegedly profited close to Rs 30 lakh and Rs 38 lakh, respectively.*

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*The markets regulator passed an interim order, barring 31 entities in the case of Sadhna and 24 in the case of Sharp line, directing them to disgorge wrongful gains amounting to Rs 42 crore and Rs 12 crore, respectively.*

*The order names Manish Mishra and Manjari Tiwari as creators of YouTube channels “MidCap Calls” and “Profit Yatra”, which peddled false information enticing investors to buy shares of Sharpline for “extraordinary” profits.*

*These videos were amplified by way of paid promotions and garnered a huge subscriber base. Subsequently, some non-promoter shareholders with the holding of more than 1% offloaded their stakes for humongous profits.*

*Sebi observed that the number of small shareholders with share capital of up to Rs 200,000 increased from 571 (or 0.67%) to 20,009 (or 41.89%) between March 31 and June 30, 2022. At the same time, the number of shareholders holding capital in excess of Rs 200,000 decreased from 25 (holding 48.88%), as on March 31, 2022, to 10 (holding 14.14%) as on June 30, 2022.*

Related Link: <https://www.financialexpress.com/market/sebi-bans-actor-arshad-warsi-wife-from-securities-market/2997951/>

## **SEBI penalizes Swastika Invest mart for misutilising clients’ securities and funds**

*Dated: 28<sup>th</sup> February, 2023*

*SEBI on Tuesday slapped a fine of Rs 15 lakh on Swastika Invest mart Ltd for misutilisation of clients’ securities and funds.*

*The order came after the SEBI conducted an inspection of Swastika Invest mart Ltd (SIL) for a period from April 2020 to June 2021.*

*Based on the findings of the examination, the regulator initiated adjudication proceedings against Swastika for the alleged violations of Securities contracts (regulations) act (SCRA) and other market norms.*

*In its order, the Securities and Exchange Board of India (SEBI) found that Swastika had misutilised the funds of its credit balance clients for the purpose of settlement/ margin obligations of debit balance clients.*

*The amount of mis-utilisation of credit balance client funds ranged between Rs 6.44 lakh to Rs 1.38 crore.*

*In a separate order, the regulator imposed a fine of Rs 15 lakh on 15 entities for flouting the regulatory norms in the matter of Matra Kaushal Enterprise Ltd (MKEL). The entities are the promoters of MKEL.*

*The order came after SEBI conducted a probe into the trading in the scrip of MKEL to ascertain whether there were any disclosure violations regarding change in promoters’ shareholding pattern by certain entities for the period October 2012 to June 2015.*

Related Link: <https://www.financialexpress.com/market/sebi-penalises-swastika-investmart-for-misutilising-clients-securities-and-funds/2995511/>

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## RBI UPDATES

### *RBI releases compendium on measures taken during COVID-19*

*Dated: 27th February, 2023*

*The Reserve Bank of India (RBI) on February 27 released a compendium on business continuity measures undertaken by the central bank during the COVID-19 pandemic.*

*The apex bank, in a press release, highlighted a number of initiatives like the bio-bubble arrangement for its employees, the formation of the Kamath committee for recommendations on financial parameters, the announcement of a secondary market G-sec acquisition programme (G-SAP) and several other measures it undertook during the pandemic.*

*"To tackle the challenges posed by the pandemic, RBI mobilised a cross-functional response for the economy and the financial sector, supporting its employees, and other stakeholders," the central bank said.*

*The compendium includes the details of RBI's measures, both conventional and unconventional, which were undertaken during the pandemic.*

*"The effort was to be proactive and innovative while remaining on guard to preserve financial stability," the apex bank informed.*

*Related Link:*<https://www.moneycontrol.com/news/business/rbi-releases-compendium-on-measures-taken-during-covid-19-take-a-look-10170151.html>

### *RBI issued the Lending and Deposit Rates of Scheduled Commercial Banks - February 2023*

*Dated: 28th February, 2023*

*The Reserve Bank of India, (RBI) on February 28, 2023, issued a Press Release regarding the Lending and Deposit Rates of Scheduled Commercial Banks (excluding regional rural banks and small finance banks) for the month of February 2023*

*The following have been stated namely: -*

- *Lending Rates:*

*(i) It stated the weighted average lending rate (WALR) on fresh rupee loans of SCBs increased by 12 basis points (bps) from 8.88 percent in December 2022 to 9.00 percent in January 2023.*

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(ii) The WALR on outstanding rupee loans of SCBs increased by 6 bps from 9.52 percent in December 2022 to 9.58 percent in January 2023.

(iii) The 1-Year Median Marginal Cost of Fund-based Lending Rate (MCLR) of SCBs increased from 8.35 percent in January 2023 to 8.45 percent in February 2023.

• **Deposit Rates:**

(i) The weighted average domestic term deposit rate (WADTDR) on outstanding rupee term deposits of SCBs increased by 12 bps from 5.78 percent in December 2022 to 5.90 percent in January 2023.

Related Link: <https://www.teamleaseregtech.com/updates/article/22029/rbi-issued-the-lending-and-deposit-rates-of-scheduled-commercial-banks/>

## **RBI launches the March 2023 round of CCS and IESH surveys**

Dated: 01st March, 2023

The Reserve Bank of India has on 1st March 2023, launched Consumer Confidence Survey (CCS) and Inflation Expectations Survey of Households (IESH). The Consumer Confidence survey seeks qualitative responses from households, regarding their sentiments on general economic situation, employment scenario, price level, households' income and spending.

The survey is conducted regularly in 19 cities, viz., Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Nagpur, Patna, Raipur, Ranchi and Thiruvananthapuram. The results of this survey provide useful inputs for monetary policy.

The IESH survey aims at capturing subjective assessments on price movements and inflation, based on their individual consumption baskets, across 19 cities, viz., Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Nagpur, Patna, Raipur, Ranchi and Thiruvananthapuram. The survey seeks qualitative responses from households on price changes (general prices as well as prices of specific product groups) in the three months ahead as well as in the one year ahead period and quantitative responses on current, three months ahead and one year ahead inflation rates. The results of this survey provide useful inputs for monetary policy.

The agency, M/s Hansa Research Group Pvt. Ltd., Mumbai has been engaged to conduct the survey of this round on behalf of the Reserve Bank of India. For this purpose, the selected households will be approached by the agency and they are requested to provide their response.

Related Link: <https://blog.onfiling.com/rbi-launches-the-march-2023-round-of-ccs-and-iesh-surveys/>

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## NCLT AND M & A UPDATES

### *NCLAT allows Reliance Capital lenders' plea for another round of bidding*

*Dated: 02<sup>nd</sup> March, 2023*

*The National Company Law Appellate Tribunal (NCLAT) on Thursday allowed a petition filed by Reliance Capital lenders seeking another round of auction for the debt-ridden firm.*

*A two-member bench set aside an order passed by NCLT and said the Committee of Creditors (CoC) has the power to negotiate and call for a higher bid.*

*NCLAT also permitted the CoC to continue with the challenge mechanism and invite bids after two weeks.*

*The appellate tribunal's order came on a petition filed by Vistra ITCL (India), one of the lenders of Anil Ambani-promoted Reliance Capital, challenging an order of NCLT which restricted further auction of the bankrupt firm.*

*On February 2, NCLT said the challenge mechanism for financial bids stood concluded as on December 21, 2022, with the bid of Torrent Investments at Rs 8,640 crore being the highest.*

*However, the lenders which had decided to go for an extended challenge mechanism, petitioned against the order before NCLAT.*

*NCLT in its order had said after concluding the challenge mechanism, no negotiation or value maximisation exercise can be individually undertaken by the CoC.*

*Rejecting it, NCLAT said it has "committed an error" and is contrary to the CIRP regulations. The very concept of negotiation envisages dialogue between two parties, it said.*

*"It is held that CoC is fully empowered as per the clauses of RFRP to further negotiate with one or more Resolution Applicants, even after completion of challenge mechanism on 21.12.2022 and the decision of CoC taken on 06.01.2023 to undertake an extended challenge mechanism is not violative of Regulation 39(1A)," said NCLAT.*

*It said even if Torrent Investments' bid consequent to challenge mechanism, which was held on December 21, 2022 was with the highest net present value (NPV), "it has no right to insist that the plan should be put to vote by CoC, without taking any further steps by CoC."*

*Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/nclat-allows-reliance-capital-lenders-plea-for-another-round-of-bidding/articleshow/98355306.cms>*

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## ***NCLT admits insolvency plea against Big FM Radio's operator Reliance Broadcast Network***

*Dated: 28<sup>th</sup> February, 2023*

*National Company Law Tribunal (NCLT) has admitted the insolvency plea by IDBI Trusteeship Services Limited against Reliance Broadcast Network, which runs BIG FM. Rohit Ramesh Mehra has been appointed by NCLT's Mumbai bench as the insolvency resolution professional.*

*According to the plea by IDBI Trusteeship Services on behalf of L&T Investment Management Limited, the radio broadcast company has failed to clear a debt of Rs 174 crore.*

*L&T Investment Management Limited has subscribed to Non-Convertible Debentures (NCDs) worth Rs 200 crore issued by the network in three tranches.*

*"We are of the considered view that since the Registered office of the Corporate Debtor is in Mumbai this Tribunal has territorial jurisdiction over the present subject matter by virtue of Section 60(1) of the Code," said the bench.*

*Prior to the petition, the counsel for the network argued that the Mumbai bench of NCLT has no jurisdiction in the matter since both parties have given nonexclusive jurisdiction to New Delhi Tribunals in case of disputes. The counsel also argued that there is no crystallisation of the debt and the petitioner (IDBI Trusteeship) has not provided any particulars of the claim of Rs 174 crore.*

*In a retort to this, the counsel to IDBI Trusteeship said that the debenture holder issued a notice on July 14, 2021 to Reliance Capital to clear the dues by Reliance Broadcast Network.*

*Related Link: <https://www.exchange4media.com/media-radio-news/nclt-admits-insolvency-plea-against-reliance-broadcast-network-125617.html>*

**Thanking You,**  
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