

WEEKLY CORPORATE UPDATES

Saturday 03rd June, 2023

(Curated & compiled by)

Team Indiacorp Law

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MCA UPDATES

Filing of Form CSR-2 for the financial year 2022-2023

Notification No.: G.S.R. 408(E)

Dated: 31st May, 2023

Ministry of Corporate Affairs vide notification dated 31st May, 2023 has notified the Companies (Accounts) Second Amendment Rules, 2023 to further amend the Companies (Accounts) Rules, 2014 which shall come into force on the date of their publication in the Official Gazette.

Above amendment provides that for the financial year 2022-2023, Form CSR-2 shall be filed separately on or before 31st March, 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 as the case may be.

Related Link: <https://egazette.nic.in/WriteReadData/2023/246244.pdf>

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SEBI UPDATES

SEBI paper asks 'high risk' FPIs with concentrated holdings to make more disclosures

Dated: 31st May, 2023

SEBI has floated a consultation paper mandating additional disclosures from certain Foreign Portfolio Investors (FPIs) to prevent violation of the minimum public shareholding rules and to ward off hostile takeover of Indian companies. The SEBI paper said that only a limited number of objectively identified high-risk FPIs with either concentrated single group equity exposures or significant equity holdings will be mandated to provide additional granular disclosures around the ownership of, economic interest in, and control of such funds. The market regulator has proposed that for now, high-risk FPIs, holding more than 50 percent of their equity assets under management in a single corporate group would have to comply with the requirements of additional disclosures up to the level of all natural persons and/or Public Retail Funds or large public listed entities. Some FPIs have been observed to concentrate a substantial portion of their equity portfolio in a single investee company or a group of companies. In some cases, these holdings are near static and maintained for a long time, SEBI has found.

Related Link: <https://www.moneycontrol.com/news/business/markets/sebi-paper-asks-high-risk-fpis-with-concentrated-holdings-to-make-more-disclosures-10705811.html>

SEBI puts in place guidelines for Investor Protection Fund, Investor Services Fund

Dated: 30th May, 2023

Circular No.: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81

SEBI came out with exhaustive guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) maintained by stock exchanges and depositories. The detailed guidelines are about the constitution and management of the IPF, contribution to IPF by exchanges as well as depositories, and utilization of IPF. In addition, SEBI has issued a detailed Standard Operating Procedure (SOP), indicating the process and timelines for the declaration of default of a trading member (TM), processing of investor claims out of IPF, and review of claims, according to a circular. About the constitution, SEBI said that all stock exchanges and depositories will have to establish an IPF. The IPF of the stock exchange and depository will be administered through separate trusts created for the purpose.

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-puts-in-place-guidelines-for-investor-protection-fund-investor-services-fund/articleshow/100629886.cms>

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SEBI reconstitutes Intermediary Advisory Committee

Dated: 29th May, 2023

SEBI has reconstituted its intermediary advisory committee, which suggests on matters pertaining to changes in legal framework and enhancing transparency in systems and procedures of market intermediaries including stock brokers, depository participants and clearing members. Rejigging its committee, the capital markets regulator said the panel will continue to be chaired by S Ravindran Jain, former executive director at SEBI. Also, the regulator has inducted new members in the panel. The committee has been tasked to suggest measures for improving market safety, efficiency and transparency and advises SEBI on matters required to be taken up for changes in legal framework to introduce simplification and transparency in systems and procedures with regard to market intermediaries.

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-reconstitutes-intermediary-advisory-committee/articleshow/100589968.cms>

Model Tripartite Agreement between the Issuer Company, Existing Share Transfer Agent and New Share Transfer Agent as per Regulation 7(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 20

Dated: 25th May, 2023

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/79

As per regulation 7(4) of SEBI LODR Regulations, 2015, "in case of any change or appointment of a new share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time." In this respect, a model Tripartite Agreement has been prepared by SEBI in consultation with Registrar Association of India (RAIN) and some issuer companies. Format of the Tripartite Agreement is placed at Annexure-A to this circular. RTAs and listed companies are advised to publish the format of tripartite agreement on their respective websites and submit compliance of the same to SEBI latest by June 01, 2023.

Related Link: https://www.sebi.gov.in/legal/circulars/may-2023/model-tripartite-agreement-between-the-issuer-company-existing-share-transfer-agent-and-new-share-transfer-agent-as-per-regulation-7-4-of-sebi-lodr-regulation-2015_71657.html

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RBI UPDATES

Government appoints Ashwani Kumar as MD of UCO Bank

Dated: 31st May, 2023

The Government on May 31, 2023 appointed Ashwani Kumar as Managing Director of UCO Bank in place of Soma Sankara Prasad whose terms comes to an end. Kumar is currently an Executive Director of Indian Bank and prior to this, he served as Chief General Manager of Punjab National Bank. The Central Government appoints Ashwani Kumar as Managing Director and Chief Executive Officer in UCO Bank for a period of three years, the Finance Ministry said in a notification.

Related Link: https://economictimes.indiatimes.com/industry/banking/finance/banking/government-appoints-ashwani-kumar-as-md-of-uco-bank/articleshow/100652734.cms?utm_source=contentofinterest&utm_medium=text&utm

Banks saw highest number of frauds in digital payments in FY23: RBI

Dated: 31st May, 2023

Banks have witnessed maximum number of frauds in digital payment category during the fiscal ended 2023-24, according to the RBI annual report 2022-23. In FY2023, the total number of fraud cases in the banking system were 13,530. In the last two years, the highest number of fraud cases were in loan portfolios of banks. There was a 49 per cent reduction in the amount involved in the total frauds reported during FY2023 over FY2022.

Related Link: <https://indianexpress.com/article/business/banking-and-finance/digital-payment-frauds-in-fy23-rbi-report-8637607/>

RBI to introduce expected loss approach for bad loan provisioning in 2023-24

Dated: 30th May, 2023

The RBI is proposing to introduce expected loss-based approach for provisioning during 2023-24 as part of its measures to strengthen the bad loan resolution ecosystem. This will enable banks to design their own credit loss models and spread the higher provisions over a five-year period under a newer system of setting aside money for lending.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-to-introduce-expected-loss-approach-for-bad-loan-provisioning-in-2023-24/articleshow/100625743.cms>

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Bank privatisation to happen as per schedule: Sitharaman

Dated: 30th May, 2023

Finance Minister Nirmala Sitharaman on May 29, 2023 said privatisation of Public Sector Banks (PSBs) will happen as per the Government's schedule, indicating that those may be taken up after general elections in 2024. In the Budget for 2021-22, Sitharaman announced the Government's intent to take up the privatisation of two PSBs. As per the new Public Sector Enterprises (PSE) policy, the Government would minimise the number of state-run firms in five strategic sectors, including banking while fully exiting from non-strategic sectors.

Related Link: <https://www.financialexpress.com/industry/banking-finance/bank-privatisation-to-happen-as-per-schedule-sitharaman/3106803/>

Rs. 2,000 note exchange: PSU banks see longer queues; banks customers complain over lack of clarity on rules

Dated: 30th May, 2023

With customers queueing up at the branches of Public Sector Banks (PSBs), mainly State Bank of India, to exchange Rs. 2,000 notes and private banks Evidently wary about the exercise, customers and bank officials have sought the RBI intervention to set uniform rules for banks for the exchange of notes. While public sector banks have adopted different strategies to exchange Rs. 2,000 banknotes from non-account holders, private and foreign lenders have made it mandatory for such customers to submit identity proof.

Related Link: <https://indianexpress.com/article/business/banking-and-finance/rs-2000-note-exchange-psu-banks-see-longer-queues-banks-customers-complain-over-lack-of-clarity-on-rules-8635626/>

Conference for the Directors on the Boards of Private Sector Banks

Dated: 29th May, 2023

The Reserve Bank on May 29, 2023 held a Conference for the Directors on the Boards of Private Sector Banks. The conference was held in Mumbai. The Governor, RBI inaugurated the Conference. 'Governance in Banks - Driving Sustainable Growth and Stability' was the theme of the conference. The Governor acknowledged the role played by the banks in supporting the economy and maintaining resilience along with improved financial performance in the face of several adverse shocks in recent times. He exhorted the Directors of banks to further strengthen the governance and assurance functions (risk management, compliance and internal audit) so that the banks are able to identify and mitigate risks at an early stage. The Governor also emphasized the need for banks to ensure continued financial and operational resilience.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55749

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NCLT AND M & A UPDATES

Noida: Good news for homebuyers! Govt to change IBC code, registries of GreNo flats to be clear

Date: 1st June, 2023

The government has put forward a proposal to amend the Insolvency and Bankruptcy Code (IBC Code). There are thousands of flats in the projects that have gone to NCLT in which people are living or planning to shift. It is expected that this proposal will be approved very soon. If this proposal of the IBC Code-2016 is approved, then the way for the registry of about 70–80 thousand buyers in Noida GreNo will open immediately.

Manish Kumar Gupta, IRP appointed by NCLT in a 3C Group company undergoing bankruptcy proceedings, said that the government has put forward this proposal after considering amendments to the IBC Code-2016. It is expected that a decision on this can be taken very soon. The biggest benefit of this will be for the buyers. They will get ownership rights to the flat. Banks will be able to give loans on flats under the bankruptcy process, and buying and selling will increase in the market. The income of the government will also increase.

Related Link: <https://news24online.com/cities/noida-good-news-for-homebuyers-govt-to-change-ibc-code-registries-of-greno-flats-to-be-clear-yas/140087/>

Cabinet note on fast-track insolvency resolution likely in June: Sources

Date: May 31st 2023

The government is giving the final touches to a cabinet note that will clear the ground for a fast-track mechanism under the Insolvency and Bankruptcy Code (IBC), sources said. Once the mechanism is in place, creditors will have the option of reaching an informal out-of-court resolution that will be taken to the National Company Law Tribunal (NCLT) only for final approval, the sources said. The fast-track mechanism will come along with the existing Corporate Insolvency Resolution Process under the IBC.

It is being considered that insolvency provisions dealing with (a) fast track (mechanism) may be amended to approve a resolution plan through an informal out-of-court process and involve the NCLT only for its final approval. The fast-track framework will be an option for the creditors. It will be different from the pre-packaged insolvency process that allows an informal understanding between creditors and debtors. The pre-packaged resolution process typically begins with admission of an application filed by an entitled stakeholder in the event of a threshold default. There is no requirement of admission of an application in the new fast-track mechanism being worked on. There will also be a threshold for the size of cases under the fast-track process that will be prescribed by the government in the cabinet note.

Related Link: <https://www.moneycontrol.com/news/business/economy/cabinet-note-on-fast-track-insolvency-resolution-likely-in-june-sources-10715291.html>

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Indiabulls-Embassy merger will create one of India's largest listed real estate development company, says Jitu Virwani

June 1st 2023

Embassy Group, which is expected to become one of the largest real estate developers in the country with the merger of Indiabulls Real Estate, is looking to restructure debt, focus on both residential and commercial business and approach the National Company Law Appellate Tribunal against the recent NCLT order that withheld the merger of the two entities. Embassy Group is planning to restructure debt and focus on residential and commercial businesses following the merger with Indiabulls Real Estate amid concerns raised about valuation and land litigation that halted the merger. The NCLT withheld the merger due to objections raised by the IT department, despite dismissing the minority shareholder's concerns.

Related Link: <https://economictimes.indiatimes.com/industry/services/property/-/cstruction/india-bulls-embassy-merger-will-create-one-of-indias-largest-listed-real-estate-development-companies-says-jitu-virwani/articleshow/100673391.cms>

OTHERS

Rs. 1,57,090 GST collected for May 2023; 12% year-on-year revenue growth

June 1st 2023

The gross Good & Services Tax (GST) revenue collected in the month of May, 2023 is Rs 1,57,090 crore of which CGST is Rs 28,411 crore, SGST is Rs 35,828 crore, IGST is Rs 81,363 crore (including Rs 41,772 crore collected on import of goods) and cess is Rs 11,489 crore (including Rs 1,057 crore collected on import of goods).

However, the gross GST revenue collections for May fell by 19 percent compared to April. The figures had touched their highest-ever level of Rs 1, 87,035 crore in April.

Revenue from import of goods is 12 percent higher year-on-year. Domestic transactions (including import of services) revenue is 11 percent higher year-on-year.

The government has settled Rs 35,369 crore to CGST and Rs 29,769 crore to SGST from IGST. The total revenue of Centre and the States in the month of May 2023 after regular settlement is Rs 63,780 crore for CGST and Rs 65,597 crore for the SGST.

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Solicitors and Advocates

The revenues for the month of May 2023 are 12 percent higher than the GST revenues in the same month last year. During the month, revenue from import of goods was 12 percent higher and the revenues from domestic transactions (including import of services) were 11 percent higher than the revenues from these sources during the same month last year.

Related Link: <https://government.economictimes.indiatimes.com/news/economy/rs-157090-gst-collected-for-may-2023-12-year-on-year-revenue-growth/100679907>

**Thanking You,
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