

## **WEEKLY CORPORATE UPDATES**

**Saturday 22<sup>nd</sup> July, 2023**

(Curated & compiled by)

### **Team Indiacorp Law**

**Headed by:**

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## MCA UPDATES

### *Over 3.5 million corporate forms filed on MCA's V3 portal, but problems persist*

*Dated: 17th July, 2023*

*Filings by companies on the revamped V3 portal of the Ministry of Corporate Affairs have seen a sharp surge despite some teething troubles. According to recent data shared by the ministry, over 3.5 million forms have been filed on the updated Version 3 or V3 portal since its inception.*

*Giving a break-up of the forms filed on the portal since the beginning of the financial year, the ministry further said that 0.16 million company incorporation forms were filed between April 1 and July 16, as against 0.14 million a year ago. The ministry is expected to take a call by next month on whether companies' annual filings should continue on the V2 portal, depending on the progress of resolving glitches.*

*Related Link: <https://www.businesstoday.in/latest/corporate/story/over-35-million-corporate-forms-filed-on-mcas-v3-portal-but-problems-persist-390268-2023-07-18>*

### *Professionals registered on MCA21 portal to have single ID*

*Dated: 19th July, 2023*

*The government has started the process for deactivating multiple login IDs that are in the name of a single company secretary, chartered accountant or cost accountant on the MCA21 portal, which is the platform for submitting statutory filings under the companies and LLP laws. In this regard, the corporate affairs ministry has issued a circular and professionals, who are having multiple IDs, need to get approval from their respective apex institutes for deactivating the IDs so that there is only.*

*Relevant Link: <https://economictimes.indiatimes.com/news/economy/policy/professionals-registered-on-mca21-portal-to-have-single-id/articleshow/101953330.cms?from=mdr>*

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## SEBI UPDATES

### *SEBI, exchanges ease trading rule for stocks under enhanced surveillance framework*

*Dated: 18th July, 2023*

*The Securities and Exchange Board of India (SEBI) in a discussion with the stock exchanges decided to ease rules for trading in stocks that remain under the enhanced surveillance measures (ESM) framework. Under the existing ESM framework rule, stocks were allowed to trade only once a week. However, trading in them will now be allowed on all days, the exchanges said in a circular. In trade-for-trade settlement with a price band of 2%, trading in stocks will be allowed on all days. However, the rule of 100% margin remains unchanged, the exchanges said.*

*Relevant Link:*

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-exchanges-ease-trading-rule-for-stocks-under-enhancedsurveillance-framework/articleshow/101881187.cms>

### *Now, listed firms will have to make all business deals public*

*Dated: 18th July, 2023*

*Listed companies must disclose to the public all information on business deals and arrangements that have a bearing on their prospects. SEBI last week tightened the listing obligations and disclosure requirements (LODR) regulations that mandated firms to reveal all contracts and arrangements pertaining to strategic, technical, manufacturing, and marketing tie-ups to boost transparency. Till now, companies enjoyed the discretion of determining whether a piece of information or event would be 'material' enough to be disclosed to the public. The changes are aimed at ensuring that key criteria relevant for the market and investors are disclosed within specified timelines rather than a discretion-based approach. A noteworthy change is the implication on existing events or continuing events, which become material due to the objective parameters, will mandate that companies will now need to retrospectively look back at all those events to check if a disclosure is needed. The amendments effective July 15 will require companies to disclose to shareholders all deals without exception.*

*Relevant Link:*

<https://economictimes.indiatimes.com/markets/stocks/news/now-listed-firms-will-have-to-make-all-business-dealspublic/articleshow/101840513.cms>

### *NSE, BSE to conduct special pre-open session for Reliance on July 20 due to demerger of biz arm*

*Dated: 18th July, 2023*

*The National Stock Exchange (NSE) will conduct a special premarket session on July 20, 2023 for Reliance Industries Ltd. on account of demerger of its financial services business into Reliance Strategic Investments Limited. The Bombay*

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Stock Exchange (BSE) also announced that Jio Financial will be added to 18 of the S&P BSE indices, including the S&P BSE Sensex, starting July 20, 2023 for a period of three days - on account of Reliance Industries being a part of the special pre-open session.

Relevant Link:

<https://www.livemint.com/market/stock-market-news/nsebse-to-conduct-special-pre-open-session-for-reliance-on-july20-due-to-demerger-of-biz-arm-details-here11689612883497.html>

*Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) – Extending framework for restricting trading by Designated Persons (“DPs”) by freezing PAN at security level to all listed companies in a phased manner.*

*Dated: 19th July, 2023*

*The framework for restricting trading by Designated Persons (“DPs”) by freezing PAN at security level to all listed companies in a phased manner is extended to all the listed companies. To ensure smooth implementation of the framework, glide path has been prescribed by SEBI. It is provided that for top 1,000 companies in terms of BSE Market Capitalization as of June 30, 2023 (excluding companies part of benchmark indices), the PAN freeze start date is October 1, 2023. For next 1,000 companies in terms of BSE Market Capitalization as of June 30, 2023 and remaining companies listed on BSE, NSE & MSEI, the PAN freeze start date is January 1, 2024 and April 1, 2024 simultaneously. Further, it is prescribed that for the companies getting listed on Stock Exchanges post issuance of this circular, the PAN freeze begins from 1st day of the second quarter from the quarter in which the company gets listed. The procedure for implementation of the system is enclosed at Annexure- A to this circular and the flowchart for the same is enclosed at Annexure- B to this circular.*

Relevant Link: <https://www.sebi.gov.in/legal/circulars/jul2023/trading-window-closure-period-under-clause-4-of-schedule-b-read-with-regulation-9-of-sebi-prohibition-of-insider-trading-regulations-2015-pit-regulation-extending-framework-for-restricting-t-74120.html>

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## RBI UPDATES

### *RBI notified regarding the premature redemption under the Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on July 28, 2023*

*Dated: 21<sup>st</sup> July, 2023*

*The Reserve Bank of India (RBI) on July 21, 2023, notified regarding the premature redemption under the Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on July 28, 2023.*

*The redemption price of SGB shall be based on the simple average closing gold price of 999 purity of the week (Monday-Friday) preceding the date of redemption as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for the premature redemption due on July 28, 2023, shall be ₹5,956/- (Rupees Five thousand nine hundred fifty-six only) per unit of SGB based on the simple average of closing gold price for the week of July 17-21, 2023.*

*[Press Release: 2023-2024/637]*

*Related Link: <https://www.teamleaseregtech.com/updates/article/25085/rbi-notified-regarding-the-premature-redemption-under-the-sovereign-go/>*

### *RBI: Inclusion of “NongHyup Bank” in the Second Schedule of the Reserve bank of India Act, 1934.*

*Dated: 17<sup>th</sup> July, 2023*

*It is advised that “Nonghyup Bank” has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification dated June 20, 2023 and published in the Gazette of India (part III- Section 4 dated 15 July-July 21, 2023.*

*Reserve Bank of India – Notifications ([rbi.org.in](http://rbi.org.in))*

*Related Link: <https://mehta-mehtaadvisory.com/2023/07/19/rbi-update-inclusion-of-nonghyup-bank-in-the-second-schedule-of-the-reserve-bank-of-india-act-1934/>*

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## *Universal Postal Union to evaluate UPI platform for cross border remittances*

*Dated: 19<sup>th</sup> July, 2023*

*The Universal Postal Union will evaluate UPI for integrating the Unified Payment Interface with cross-border remittances using global postal network, an official release said on July 18, 2023. Director General of Universal Postal Union (DG UPU) Masahiko Metoki, who is on a three-day visit to India for the inauguration of UPU Regional Office, also met Minister of Communications, Electronics and IT Ashwini Vaishnaw on July 18, 2023. "During the interaction, DG UPU appreciated India's expansion of physical post offices riding on the waves of digital infrastructure and advocated the replication of similar models in other countries. He also agreed to evaluate UPI platform for integrating it with cross-border money remittance through postal channels," the release added.*

*Relevant Link:*

<https://indianexpress.com/article/business/banking-andfinance/universal-postal-union-evaluate-upi-platform-crossborder-remittances-8847603/>

## *DICGC asks banks to display its logo, QR code on their websites*

*Dated: 19<sup>th</sup> July, 2023*

*Deposit Insurance and Credit Guarantee Corporation (DICGC) has asked all banks to prominently display its logo and QR code on their websites and internet banking portals by August 31 with a view to create awareness about the deposit insurance scheme. Deposits up to Rs.5 lakh in banks are insured by the DICGC. The scheme covers deposits in commercial banks, Local Area Banks (LABs), Payments Banks (PBs), Small Finance Banks (SFBs), Regional Rural Banks (RRBs), and Co-Operative Banks.*

*Relevant Link:*

<https://www.financialexpress.com/industry/banking-finance/dicgc-asks-banks-todisplay-its-logo-qr-code-on-their-websites/3172902/>

## *Reserve Bank of India and Central Bank of the UAE sign two MoUs to (i) establish a Framework to Promote the Use of Local Currencies for Cross border Transactions and (ii) cooperation for interlinking their payment and messaging systems*

*Dated: 17<sup>th</sup> July, 2023*

*The Reserve Bank of India (RBI) and the Central Bank of UAE (CBUAE) signed two MoUs on July 15, 2023 in Abu Dhabi for (i) establishing a Framework to Promote the Use of Local Currencies viz. the Indian rupee (INR) and the UAE Dirham (AED) for cross-border transactions; and (ii) cooperation for interlinking their payment and messaging systems. The MoUs were signed by the Governor of the Reserve Bank of India, Shri Shaktikanta Das and the Governor of the Central Bank of UAE, H.E. Khaled Mohamed Balama. The MoU on establishing a framework for the use of local*

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currencies for transactions between India and UAE, aims to put in place a Local Currency Settlement System (LCSS) to promote the use of INR and AED bilaterally. The MoU covers all current account transactions and permitted capital account transactions.

Relevant Link: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=56054](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56054)

## NCLT AND M & A UPDATES

### **NCLAT stays insolvency proceedings against Container Corporation of India**

Dated: 18<sup>th</sup> July, 2023

The National Company Law Appellate Tribunal (NCLAT) has stayed the insolvency proceedings initiated against Container Corporation of India. On July 12, the New Delhi-based Principal bench of the National Company Law Tribunal (NCLT) had admitted the petition filed by Roadwings International, an operational creditor of the public sector enterprise, and ordered to initiate Corporate Insolvency Resolution Proceedings (CIRP).

The order was challenged by the Container Corporation of India Ltd (CONCOR) before the appellate tribunal, which passed an order on July 14 to stay the NCLT's decision. The appellate tribunal also issued notices to the operational creditor Roadwings International and the interim resolution professional (IRP), which was accepted by their counsel present in the hearing.

The dispute is regarding an arbitration award. CONCOR had issued a tender for manufacturing, supply and commissioning along with operations and maintenance of reach stacker machines and Roadwings International was declared as the successful bidder.

Both entered into agreements but certain issues and differences arose between them and as per the terms and conditions, the matter went for arbitration. The Arbitral Tribunal on June 1, 2022 directed the award in favour of Roadwings International and directed CONCOR to pay Rs 81.36 crore.

Based on this, a demand notice was issued on July 15, 2022 by Roadwings International. However, CONCOR in its reply disputed it and informed about approaching the High Court for setting aside the Arbitral Award. Following this Roadwings International approached NCLT as an operational creditor under the Insolvency & Bankruptcy Code, which had admitted its plea on July 12 after finding it a "fit case for initiation of CIRP" against the public sector unit. It appointed an IRP to supervise the operation of CONCOR during CIRP.

NCLT also observed that the public sector firm has approached the Delhi High Court much after the present insolvency proceedings were set in motion by the operational creditor. Moreover, this was not a case where there was a pre-existing dispute when the operational creditor sent a demand notice to CONCOR.

CONCOR challenged NCLT's order before the appellate insolvency tribunal NCLAT. During the proceeding Solicitor General of India Tushar Mehta, appearing for CONCOR, submitted that the matter is

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before the high court and it is listed on August 29, 2023 for a hearing over the limitations issue. The appellate tribunal also noted this.

"We make it clear that the stay of insolvency proceedings has no bearing on the proceedings pending in the High Court which may be preceded in accordance with law," it said.

Related Link: <https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/nclat-stays-insolvency-proceedings-against-container-corporation-of-india/articleshow/101870887.cms>

## **No direction can be issued to Corporate Debtor/Erstwhile RP to admit claim, after Resolution Plan has been approved & fully implemented**

Dated: 18<sup>th</sup> July, 2023

In the matter of **New Empire Textile Processor Pvt. Ltd. Vs. Sangeeta Tex Dyes Pvt. Ltd.** [IA-822/2023 in CP (IB) No.3071/MB-IV/2019] an application was filed by M/s New Empire Textile Processors, through its Resolution Professional in the matter of M/s Sangeeta Tex Dyes Pvt. Ltd. (Corporate Debtor) seeking directions to the Corporate Debtor and the Erstwhile Resolution Professional of the Corporate Debtor, to admit their claim of Rs. 1,10,40,000/- and provide a copy of approved resolution plan in the matter of the Corporate Debtor.

The Hon'ble NCLT Mumbai bench while referring to the judgment of the Hon'ble Supreme Court in the matter of Committee of Creditors of Essar Steel India Ltd. Vs. Satish Kumar Gupta & Ors. C ateregocrally held that no direction can be issued to the Corporate Debtor or the Erstwhile Resolution Professional to admit the claim, after the Resolution Plan, in the matter of the Corporate Debtor, has been approved and fully implemented leaving no balance of undisbursed resolution money, even under contingency fund provided in the plan and accordingly dismissed the application on the ground of not being maintainable.

Related Link: <https://ibbi.gov.in/uploads/order/7b86facd5c44a292462237fe551ac4b1.pdf>

## **Whether a Home Buyer can individually oppose/object to a Resolution Plan when the Home Buyers as a class have voted by a majority in favour of the Plan?**

Dated: 19<sup>th</sup> July, 2023

In the matter of **Jyotsna Kailash Veera & Anr. Vs. Mr. Manish Motilal Jaju** [I.A. 506 of 2022 In CP 3169 of 2019], an application was filed by two homebuyers (falling under the class of Home Buyers/Allottees of the Corporate Debtor) who sought to challenge the Resolution Plan which made the Applicants to pay escalation costs of Rs. 2850 per sq. ft in addition to the what they had already paid as full and final payment of the flats.

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*The question which was brought before the Hon'ble Tribunal was whether or not a Home Buyer could individually oppose/object to the Resolution Plan when the Home Buyers as a class have already voted by a majority in favour of the Plan.*

*While referring to the decision of the Hon'ble Supreme Court in the case of Jaypee Kensington Boulevard Apartments Vs. NBCC (India) Limited and Ors., it has been made clear that Home Buyers can vote for or against the Plan only as a class and the Home Buyers in minority who pit against the Resolution Plan have no locus to oppose the Plan in the capacity of dissatisfied Home Buyers and cannot arrogate themselves to be dissenting Financial Creditors.*

*In view of the said legal position, the Hon'ble NCLT Mumbai bench held that any objection raised by the minority Home Buyers against the Resolution Plan, which have been approved by them as a class, cannot be entertained and are liable to be rejected at the very threshold without going through the merit of such objections. Therefore, in the present case, the Hon'ble Tribunal dismissed the application of the Applicants on the ground of having no locus.*

Related Link: <https://ibbi.gov.in/uploads/order/b65e032cde92879012b9f0a36455dcbc.pdf>

## ***A sigh of relief for the homebuyers of Lavasa Corporation Limited***

*Dated: 21<sup>st</sup> July, 2023*

*In the case **Ligare Aviation Ltd. Vs. Religare Enterprises Ltd.** [CP (IB) No. 187(PB)/2023], the Hon'ble NCLT Mumbai bench has approved a Rs 1,814 crore resolution plan for the private hill station Lavasa, nearly five years after the initiation of the insolvency resolution process. Darwin Platform Infrastructure Ltd. has emerged as the winning bidder for Lavasa Corporation Limited, which has taken up the challenging task to develop an ambitious world-class smart city in the country.*

*With this revival, the plight of homebuyers, along with the concerns of secured financial creditors, would not go unnoticed as Lavasa is now on the cusp of a remarkable resurgence.*

Related Link: <https://ibbi.gov.in/uploads/order/2cc7f8da97d4c89b594ecad993bba4a1.pdf>

## ***Resolution Plan approved for Arena Superstructures Pvt. Ltd. wherein Homebuyers of 'Lotus Arena I' Project to be given flats in lieu of their Claims***

*Dated: 19<sup>th</sup> July, 2023*

*The Hon'ble NCLT Principal bench in the matter of **M/s Dhankalash Distributors Pvt. Ltd. vs. Arena Superstructures Pvt. Ltd.** [CP (IB) No.875/PB/2020] has approved the resolution plan of M/s Purvanchal Projects Pvt. Ltd. for M/s Arena Superstructures Pvt. Ltd. (Lotus Group Company). The Resolution Plan being*

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valued at Rs. 584 crore is proposed to pay off the dues of the homebuyers / allottees by delivering them flats, wherein the timeline for completion of construction of the Project and delivery of flats to the homebuyers is 36 months.

Related Link: <https://ibbi.gov.in/uploads/order/232984c5bbc0daf10cabf19aa0690674.pdf>

## **IBC overrides Electricity Act, creditors should be repaid before settling government dues**

Dated: 18<sup>th</sup> July, 2023

Recently, the Hon'ble Supreme Court in the matter of **Paschimanchal Vidyut Vitran Nigam Limited v. Raman Ispat Private Limited and Others** [Civil Appeal No. 7976 of 2019] has observed that Section 238 of the Insolvency and Bankruptcy Code, 2016 overrides the provisions of the Electricity Act 2003. This decision has come in response to an appeal filed by Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL) against an order passed by the Hon'ble NCLAT. The case involved unpaid electricity dues owed by Raman Ispat Pvt. Ltd. to PVVNL, which led to the attachment of Raman Ispat's property.

The Hon'ble Apex Court upheld the decision of the Hon'ble NCLAT ordering release of the property, stating that the Code takes precedence over the Electricity Act and that electricity dues does not enjoy priority.

The ruling of the Apex Court has clarified that the Code prioritizes secured creditors differently, placing their dues at a higher footing than dues owed to the central or state government.

This ruling by the Hon'ble Supreme Court clarifies the priority of claims and provides clarity on the interaction between the IBC and the Electricity Act. The decision establishes that IBC takes precedence in cases involving insolvency and liquidation, ensuring a structured and orderly process for debt recovery and distribution among creditors.

Related Link: <https://ibbi.gov.in/uploads/order/1183e861e1fc3ee7efa4882637e9a7ce.pdf>

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## OTHERS

### *Notification on registration of Trust and Company Service Provider (TCSP) with FIU\_IND*

*Dated: 17<sup>th</sup> July, 2023*

*The list of activities as per 2(1) (sa) (vi) of Prevention of Money Laundering Act, 2002 carried out by an entity referred as Trust and Company Service Providers as per notification S.O.2135 (E ) dated May 9, 2023 and covered under reporting entity. TCSPs are required to strictly comply with the obligations under the PMLA and PML rules that includes registration on FINNET 2.0 portal with FIU-India.*

*Soon after getting the professionals under the purview of PMLA, FIU introduced the norms for Trust and Company Service Providers. So finally much needed clarity has come from the AML regulator agency FIU IND themselves.*

*Relevant Link: <https://indiaforensic.com/trust-and-company-service-providers/>*

### *DGFT implements the Advance Authorization Scheme, allows duty-free import of inputs for export purposes*

*Dated: 18<sup>th</sup> July, 2023*

*Directorate General of Foreign Trade (DGFT) implements the Advance Authorization Scheme under the Foreign Trade Policy, which allows duty-free import of inputs for export purposes. The eligibility of inputs is determined by Sector-specific Norms Committees based on input-output norms. To make the norms fixation process more efficient, the DGFT has created a user-friendly and searchable database of Ad-hoc Norms fixed in the previous years. These norms can be used by any exporter without requiring a Norms Committee review as outlined in the Foreign Trade Policy 2023. The database is hosted on the DGFT Website (<https://dgft.gov.in>) and allows users to search using Export or Import Item Description, Technical Characteristics, or Indian Tariff Classification ITC (HS) codes. To access the database, the exporter or public may visit the DGFT Website under Services --> Advance Authorization/DFIA --> Ad-hoc norms. If an ad-hoc norm matches the item description, specified wastages, and complies with the provisions outlined in the Handbook of Procedures (HBP), applicants may choose to apply for an Advance Authorization under the "No-Norm Repeat" basis. This option allows users to obtain an advance authorization without approaching the Norms Committee again, reducing the workload and enabling faster processing, subject to provisions as outlined in FTP/HBP. This trade facilitation measure simplifies the advance authorization and norms fixation process, resulting in shorter turnaround times for exporters, improved ease of doing business, and reduced compliance burden.*

*Relevant Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-exchanges-ease-trading-rule-for-stocks-under-enhanced-surveillance-framework/articleshow/101881187.cms>*

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