

## **WEEKLY CORPORATE UPDATES**

**Saturday 16<sup>th</sup> September, 2023**

(Curated & compiled by)

### **Team Indiacorp Law**

**Headed by:**

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## MCA UPDATES

*All Members of ICSI & ICAI (registered in Professional category at MCA) are requested to add Membership Type (viz Associate or Fellow) in their profile. This functionality is also applicable to the users who had associated their Professional Membership Numbers with their ID in past on MCA portal*

*Dated: 16<sup>th</sup> September, 2023*

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*Related Link: <https://www.mca.gov.in/content/mca/global/en/home.html>*

*Stakeholders, please note that PAS-2 has to be filed as an independent form in V3 and not as one of the purposes of GNL-2*

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*Related Link: <https://www.mca.gov.in/content/mca/global/en/home.html>*

## SEBI UPDATES

*Influencing finfluencers: Finfluencers can significantly impact investors and their investment decisions*

*Dated: 15<sup>th</sup> September, 2023*

*On August 25, 2023, Sebi released a consultation paper outlining proposed measures to address growing concerns regarding the association of registered intermediaries and regulated entities with unregistered entities, including finfluencers. The key objective of these proposed measures is to mitigate potential conflicts of interest and disrupt the revenue model for the latter. Financial products, unlike other consumer products, require a different and an enhanced*

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level of scrutiny. The guiding principle is that a product shall be chosen on its merits and suitability, rather than endorsements. Celebrity or influencer endorsements can create a misleading sense of trust and reliability.

As it stands, there are no specific guidelines governing influencers and their activities in India. The Advertising Standards Council of India (ASCI) has issued guidelines on disclosure requirements for influencers, requiring that sponsored posts be clearly marked as advertisements. Recent ASCI guidelines impose certain restrictions on influencers in the BFSI sector. Such influencers must possess the requisite qualifications, be registered with Sebi, and prominently display their registration numbers. They must also adhere to disclosure requirements mandated by financial sector regulators. However, as ASCI is a self-regulatory body, these guidelines are not mandatory and there are no consequences if they are violated.

Related Link: <https://www.financialexpress.com/opinion/influencing-influencers-finfluencers-can-significantly-impact-investors-and-their-investment-decisions/3244021/>

## **SAT partly sets aside Sebi's disgorgement order against NSE in dark-fibre case**

Dated: 11<sup>th</sup> September, 2023

The Securities Appellate Tribunal (SAT) has partly set aside the Securities and Exchange Board of India's (Sebi) order directing the National Stock Exchange(NSE) to disgorge 62.6 crore in the dark-fibre case.

The tribunal has quashed Sebi's direction barring NSE's former CEO Chitra Ramkrishna from holding any position in stock exchanges or listed companies for three years and three other former officials — Ravi Varanasi, Nagendra Kumar SRVS and Deviprasad Singh for two years. SAT said the directions were 'harsh and excessive and cannot be sustained'.

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sat-partly-sets-aside-sebis-disgorgement-order-against-nse-in-dark-fibre-case/articleshow/102626553.cms>

## **SEBI Releases Framework for Unitholders of REITs & InvITs Allowing them to Exercise their Board Nomination Rights**

Dated: 13<sup>th</sup> September, 2023

As per the SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014, unitholders holding 10% or more of the total outstanding units of the REIT/InvIT, either individually or collectively must be entitled to nominate one director on the board of directors of the manager or investment manager.

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Accordingly, the SEBI has released a framework for unitholders of Real Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) allowing them to exercise their board nomination rights.

As per the framework, the manager of a REIT/investment manager of the InvIT must review whether the eligible unitholders who have exercised their board nomination right, continue to hold the required number of units of REIT/InvIT and make a report on the same. The review must be done within 10 days from the end of each calendar month.

Further, the report must be submitted by the manager/investment manager to the trustee of the REIT or InvIT concerned. Also, the framework has been annexed to the circular itself. The circular shall be effective immediately.

Related Link: [https://www.taxmann.com/post/blog/sebi-releases-framework-for-unitholders-of-reits-invits-allowing-them-to-exercise-their-board-nomination-rights/#:~:text=As%20per%20the%20SEBI%20\(Real,the%20board%20of%20directors%20of](https://www.taxmann.com/post/blog/sebi-releases-framework-for-unitholders-of-reits-invits-allowing-them-to-exercise-their-board-nomination-rights/#:~:text=As%20per%20the%20SEBI%20(Real,the%20board%20of%20directors%20of)

## RBI UPDATES

### **RBI likely to start digital rupee pilot in call money market by October**

Dated: 10<sup>th</sup> September, 2023

The Reserve Bank is likely to launch the pilot of Central Bank Digital Currency (CBDC) for transactions for interbank borrowing or call money market by October, central bank Executive Director Ajay Kumar Choudhary said on Sunday. The pilot of the wholesale CBDC, known as the Digital Rupee-Wholesale (e-W), was launched on November 1, 2022, with the use case being limited to the settlement of secondary market transactions in government securities.

"The RBI will introduce the wholesale CBDC in the call market either this month or next month," Choudhary said on the sidelines of the G20 Leaders' Summit here.

The introduction of CBDC was announced in the Union Budget 2022-23 by Finance Minister Nirmala Sitharaman and necessary amendments to the relevant section of the RBI Act, 1934, were made with the passage of the Finance Bill 2022.

The RBI picked nine banks -- State Bank of India, Bank of Baroda, Union Bank of India, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, YES Bank, IDFC First Bank and HSBC -- for its pilot project for wholesale CBDC.

Besides, the central bank has already rolled out a pilot in the retail version of the CBDC (e-R) on December 1, 2022. The e-R is in the form of a digital token that represents legal tender.

It is being issued in the same denominations as the paper currency and coins. It is being distributed through financial intermediaries like banks. Users can transact with e-R through a digital wallet offered by the participating banks.

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Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/rbi-likely-to-start-digital-rupee-pilot-in-call-money-market-by-october/articleshow/103552389.cms>

## **Shanghvi Finance exits RBI's upper layer NBFC list**

Dated: 15<sup>th</sup> September, 2023

*Dilip Shanghvi-promoted NBFC Shanghvi Finance no longer is in the upper layer list of the Reserve Bank of India (RBI), according to the central bank's classification for 2023-24.*

*A total of 15 NBFCs are part of the list, down from 16 when the RBI first released it in September 2022. The RBI did not give any reason for the exclusion of Shanghvi Finance from the list. Among the 15 NBFCs in the list is Tata Capital Financial Services. Tata Sons, the holding company of the Tata Group, is classified as a core investment company (CIC) and part of the NBFC-Upper Layer.*

*"Despite qualifying for identification as NBFC-UL as per scoring methodology, TMF Business Services (formerly Tata Motors Finance) is not being included in the list ... due to its ongoing business reorganisation," RBI said.*

*RBI rules say that NBFCs classified in the UL are subject to enhanced regulatory requirement, at least for five years from its classification in the layer.*

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/shanghvi-finance-exits-rbis-upper-layer-nbfc-list/articleshow/103676290.cms>

## **Banks must release property documents to borrowers within 30 days of loan settlement: RBI**

Dated: 14<sup>th</sup> September, 2023

*The Reserve Bank of India (RBI) on Wednesday said banks must release property documents and clear charges against borrowers with any registry within 30 days after the borrower fully settles their loan account. The norm shall be applicable to all cases where release of property documents falls due from December 1 onwards.*

*In case of non-compliance and delay in releasing property documents or failing to file charge satisfaction form with relevant registry beyond 30 days of full repayment, the lender shall communicate to the borrower reasons for such delay. In case the delay is attributable to the bank or non-bank lender, it shall compensate the borrower at the rate of `5,000 for each day of delay.*

*The regulator said despite its 2003 guidelines on Fair Practices Code which pertain to lenders releasing property document after loan settlement, it has been observed that lenders are following divergent practices in releasing property documents, thereby leading to customer grievances and disputes.*

*Lenders shall also be given the option of collecting the original property documents either from the banking outlet or branch where the loan account was serviced or any other office of the lender where the documents are available. The*

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*timeline and place of return of original property documents should also be mentioned in the loan sanction letters issued on or after the effective date.*

*Further, in order to address the event of a demise of the sole borrower or joint borrowers, the lenders shall have a well laid out procedure for return of property documents to the legal heirs. Such procedure shall be displayed on the website of the banks along with other similar policies and procedures for customer information.*

*Related Link: <https://www.financialexpress.com/business/banking-finance-banks-must-release-property-documents-to-borrowers-within-30-days-of-loan-settlement-rbi-3242810/>*

## ***Seeing 15,000 retail CBDC transaction per day: RBI Deputy Governor T Rabi Sankar***

*Dated: 15<sup>th</sup> September, 2023*

*Indian banks are witnessing roughly 15,000 retail central bank digital currency (CBDC) transactions per day, and the Reserve Bank of India (RBI) is aiming to take it to 1 million transactions per day by end of the current calendar year, said deputy governor T Rabi Sankar told reporters on the sidelines of the SME Finance Forum here today.*

*“It (retail CBDC) transactions is roughly around Rs 15,000 a day or so. We will have to take it to one million but initially our efforts over the last month and a half has been to make it interoperable with the UPI QR codes, and that process is done. Now, we will focus on the transactions,” he said.*

*Country’s largest lender State Bank of India (SBI), HDFC Bank, Bank of Baroda, Canara Bank, Axis Bank, Kotak Mahindra Bank, YES Bank and IDFC First Bank have till now enabled Unified Payments Interface (UPI) QR code interoperability with central bank digital currency (CBDC) payments.*

*Related Link: <https://www.financialexpress.com/business/banking-finance-seeing-15000-retail-cbdc-transaction-per-day-rbi-deputy-governor-t-rabi-sankar-3243954/>*

### **NCLT AND M & A UPDATES**

## ***Reliance Capital insolvency: NCLT rejects Torrents's plea, to hear Hinduja's resolution plan approval on Sep 26***

*Dated: 11<sup>th</sup> September, 2023*

*The National Company Law Tribunal (NCLT) will hear on September 26 the resolution plan for debt-ridden Reliance Capital submitted by Hinduja Group firm Indusind International Holdings Ltd (IIHL) as Torrent Investments' plea to keep the decision in abeyance has been rejected.*

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The Mumbai bench of the insolvency tribunal has rejected the Torrent's plea to keep the application for approving IHL's resolution plan in abeyance till a final order is passed by the Supreme Court in the matter. The matter was listed for hearing on Tuesday before the insolvency tribunal, however, it has now been adjourned to September 26.

The NCLT said the Supreme Court on the plea filed by Torrent has 'abundantly' made it clear that it would be kept in abeyance until the parties have had an opportunity to obtain circulation and interim orders of stay in the proceedings.

However, so far "Supreme Court did not stay the proceedings before us," said a two-member NCLT bench on September 1, 2023. Besides, it was also submitted that the pendency of the plan is resulting in a loss amounting to Rs 42 crore weekly to lenders of Reliance Capital. "Considering, the aforesaid backdrop of facts and circumstances, it is appropriate that the resolution plan application be heard," NCLT had said while rejecting the Torrent Investments' plea.

Related Link: <https://www.cnbctv18.com/business/companies/reliance-capital-insolvency-nclt-rejects-torrents-plea-to-hear-hindujas-resolution-plan-approval-on-sep-26-17801771.htm>

## **Restoration of the struck of name under Section 252 of the Companies Act, 2013- Imposition of huge costs is not tenable**

Dated: 11<sup>th</sup> September, 2023

### **Brief facts:**

The appellant's name was struck off from the register of companies and an appeal for restoration of the name was filed by the Appellant before the NCLT. By the impugned order under challenge, NCLT directed the ROC Mumbai to restore the name of the company i.e. Vbuiltfine Properties Pvt Ltd, to the register of Registrar of Companies with imposition of cost of Rs. 5,00,000/- . Appellant challenged the imposition of this huge cost.

### **Judgment:**

Hon'ble NCLAT observed that on examination of aforesaid provision it is evident that from the date of striking off the name of the company from the register of Registrar of Companies, one can prefer an appeal within a period of three years from the date of striking off the name of the company. In the order impugned date of striking off under Section 248(5) of Companies Act, 2013 has not been mentioned. On examination of the impugned order, it is evident that though date of striking off was not mentioned, the appeal was preferred after four years. The order on this issue appears to be completely vague. Moreover, if the NCLT was exercising its jurisdiction under Section 252(3) of the Companies Act, 2013, in such situation the appellant was required to satisfy the NCLT that on the date of striking off the company, the company was carrying on business or in operation. There was third condition for passing of the restoration order in case it was otherwise just for restoring the name of the company. The order does not meet either of the three criteria under Section 252(3) of the Act. Moreover, since the appeal was preferred under Section 252(1) of the Companies Act, 2013 the learned NCLT was required to examine the appeal strictly in accordance with the provision under Section 252(1) of the Companies Act, 2013. In absence of exact date of striking off it would be difficult to approve the impugned order. Moreover, learned NCLT has imposed cost of Rs. 5 lakhs but no plausible

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reason has been given for imposing such cost. In such view of the matter we are left with no option but to set aside the order and remit back the matter to the NCLT for passing order afresh after affording opportunity to both the parties i.e. Appellant and ROC

Related Link: [http://164.100.158.181/interim\\_orders/guwahati/11.08.2017/3.pdf](http://164.100.158.181/interim_orders/guwahati/11.08.2017/3.pdf)

## **NCLAT dismisses insolvency plea against Wipro**

Dated: 10<sup>th</sup> September, 2023

The National Company Law Appellate Tribunal has dismissed an operational creditor's petition to initiate insolvency proceedings against Wipro Ltd. A two-member Chennai bench of the appellate tribunal held earlier that there was a pre-existing dispute over the payment between Wipro and the petitioner and observed that the Insolvency and Bankruptcy Code was not framed for being a "mere recovery legislation for creditors".

Earlier, the Bengaluru Bench of the National Company Law Tribunal (NCLT), on January 16, 2020, dismissed the plea by Tricolite Electrical Industries in the capacity of operational creditor.

The order was challenged by the Delhi-based operational creditor, a manufacturer of 'LT/ HT Electric Panels' before the appellate body NCLAT.

However, the NCLAT also dismissed it after observing, "We are satisfied that a 'dispute' truly existed for the Respondent Company (Wipro) to have withheld 3% of the total invoice amount".

Under the IBC, the insolvency process against any corporate debtor is generally initiated only in clear cases where a real dispute between the parties as to the debt owed did not exist.

Related Link: <https://economictimes.indiatimes.com/tech/information-tech/nclat-dismisses-insolvency-plea-against-wipro/articleshow/103555800.cms>

### **OTHER UPDATES**

## **Government notifies 31 Benches of GST Appellate Tribunal**

Dated: 15<sup>th</sup> September, 2023

The Finance Ministry notified the constitution of 31 Appellate Tribunals across 28 States and eight Union Territories for the Goods and Services Tax (GST) late on Thursday night, setting the stage to resolve a growing number of taxpayer disputes with the Revenue Department.

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*The establishment of these tribunals — envisaged at the time of the implementation of the GST regime from July 1, 2017 — got a final clearance from the GST Council this July, and was a much-awaited move for industry players, who had been approaching the High Courts and Supreme Court during the past six years.*

*As of June 30, the number of pending appeals from taxpayers over central GST levies had spiked sharply to over 14,000. That marks a 20% growth from the number of such pending cases as on March 31 this year.*

**Tribunals in States**

*While States had proposed 50 tribunal benches to the GST Council, the Union government had signalled that they will come up in a phased manner, beginning with State capitals and cities with High Court benches. The first set of tribunals will become operational sometime between this November and January 2024.*

*To start with, Uttar Pradesh will have the highest number of benches of the GST tribunals, with three benches proposed to be set up across Lucknow, Varanasi, Ghaziabad, Agra, and Prayagraj. Karnataka and Rajasthan will have two benches each, while Maharashtra and Goa together will have three benches to take up appeals.*

*Related Link: <https://www.thehindu.com/business/Economy/finance-ministry-notifies-constitution-of-gst-appellate-tribunals/article67312126.ece>*

**Thanking You,**

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