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## **WEEKLY CORPORATE UPDATES**

**Saturday 21<sup>st</sup> October, 2023**

(Curated & compiled by)

### **Team Indiacorp Law**

**Headed by:**

**Adv.(CS) Alok Kumar Kuchhal. Com, LL.B., FCS, Insolvency Professional**

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## MCA UPDATES

*Companies are advised to file their Financial Statements and Annual Returns for the FY 2022-23 within the stipulated dates from the date of AGM as per the provisions of the Companies Act, to avoid payment of additional fee.*

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

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

### *MCA plans to crowdsource ideas for rules update*

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

*The Ministry of Corporate Affairs (MCA) will soon start crowdsourcing ideas for amending a wide gamut of rules under the Companies Act, 2013, as it is on the verge of releasing a framework this month to seek public consultations, a senior official said. The move is part of broader efforts by the government to reduce India Inc's compliance burden and make it easier for companies to do business. It's also in sync with the 2023-24 budget announcements.*

*Related Link: <https://economictimes.indiatimes.com/news/economy/policy/mca-plans-to-crowdsource-ideas-for-rules-update/articleshow/104477068.cms?from=mdr>*

### *One in five board members at India Inc is now a woman*

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

*After 10 years of the enforcement of the Companies Act, 2013 that made it mandatory for companies to have at least one-woman director on their boards, one in every five board members on average in Nifty-500 companies is a woman. Five years ago, one in eight directors was a woman, and ten years ago, the proportion was one among twenty members, Prime Database research showed.*

*Though there is progress made in enhancing gender equity at the board level, the glass is both half full and half empty. The legal mandate has ensured that almost all the 500 companies have a woman director on their boards, but it has also defined the presence of women on Indian boards. In total, 223 (or 45%) of the Nifty-500 companies have only one-woman director, in compliance with the law.*

*“There is no dearth of qualified women but most of them do not have board experience”, said Vikesh Wallia, managing director Board Stewardship Inc., a research and advisory firm. “Promoters in India are still settling down*

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*with the one-woman director mandate. Besides, women are not pitching themselves hard enough for board seats. Also, the government and MNCs are not taking the lead in ensuring gender diversity at the board level. There are several PSUs that do not have a single woman on their boards and there are MNCs who have better women representation on their boards overseas but not here in India” he added.*

*To be sure, PSUs such as Power Grid Corp, UCO Bank, Bank of Maharashtra and BEML do not have a woman director on their boards.*

*According to a latest diversity, equity, and inclusion (DE&I) study undertaken by Aon Human Capital Solutions in collaboration with NASSCOM that had 220 participating organizations across 14 industries, despite the focus and efforts on improving gender diversity, women representation remains skewed to junior and middle management levels, with 70% organizations reporting less than 20% representation in senior management. The findings show that when the CEO is directly accountable, women representation is greater.*

*Related Link: <https://economictimes.indiatimes.com/jobs/c-suite/one-in-five-board-members-at-india-inc-is-now-a-woman/articleshow/104535032.cms>*

## **SEBI UPDATES**

### ***SEBI releases disaster recovery and business-continuity guidelines for Qualified RTAs***

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

*Qualified Registrar and Transfer Agents (QRTAs) must now have in place a Business Continuity Plan (BCP) and Disaster Recovery Site (DRS) to ensure continuity of operations, maintain data and transaction integrity, said a circular issued by the market regulator on October 20.*

*The QRTAs have been asked to declare a disaster within 30 minutes of the incident and switch to the DRS within 45 minutes, among the guidelines given by the regulator.*

*The circular from the Securities and Exchange Board of India (Sebi) said, “Qualified RTAs (i.e. RTAs having more than 2 Crore folios) are systemically important institutions as they, inter-alia, provide infrastructure necessary for the smooth and uninterrupted functioning of the securities market. As part of the operational risk management, these QRTAs need to have high level of resiliency to provide essential facilities and perform systemically critical functions uninterrupted in the securities market.”*

*Related Link: <https://www.moneycontrol.com/news/business/markets/sebi-releases-disaster-recovery-and-business-continuity-guidelines-for-qualified-rtas-11573411.html>*

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## *SEBI eases norms for mandatory bond issuances, announces incentives for surplus*

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

*Large corporates (LCs, which have raised more than the mandated share — 25 percent — of their qualified borrowings by issuing bonds will be incentivized through reductions in the annual listing fee of its debt securities and in the company's contribution to the Core Settlement Fund (CSF), according to a circular issued by the market regulator on October 19.*

*LCs that have a shortfall will be disincentivized by being asked to pay an additional contribution to the CSF, added the circular.*

*The Securities and Exchange Board of India (SEBI) has been trying to deepen the corporate bond market, and this circular is in line with that effort, to ease the framework for fundraising by issuing debt securities by LCs.*

*This revised framework will be applicable with effect from April 01, 2024, for LCs following the April-March financial year, and it will be applicable with effect from January 01, 2024, for LCs which follow the January-December financial year.*

*LCs have to raise not less than 25 percent of their qualified borrowings by way of issuance of debt securities in the financial years following the financial year in which the company has been identified as an LC.*

*Related Link: <https://www.moneycontrol.com/news/business/markets/sebi-eases-norms-for-mandatory-bond-issuances-announces-incentives-for-surplus-11566551.html>*

## *SEBI exempts family trusts linked to Torrent Power, Torrent Pharma, Gujarat Lease Financing from open offer requirements*

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

*Regulator Sebi on October 17 exempted four family trusts linked to promoters from making open offers to the shareholders of three companies — Torrent Power, Torrent Pharmaceuticals and Gujarat Lease Financing — following their proposed indirect share acquisition in these firms. The orders came after four Mehta Family Trusts filed applications with the regulator in July 2023, and sought exemption from certain provisions of takeover regulations.*

*In order to facilitate succession planning, Sudhir Uttamlal Mehta and Samir Uttamlal Mehta created four trusts to streamline the family's shareholding in Torrent Investments Private Limited (TIPL). Under the proposed acquisitions, four acquirer trusts intended to acquire interest in the target companies — Torrent Power, Torrent Pharmaceuticals and Gujarat Lease Financing — indirectly from TIPL, one of the promoters of these firms, according to three separate orders by the Securities and Exchange Board of India (Sebi).*

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*The acquirer trusts plans to acquire 6.37 lakh shares of TIPL, which holds a 53.56 per cent stake in the power firm, by way of gift. Similarly, the trusts intended to acquire 6.37 lakh shares of TIPL, which owns 71.25 per cent stake in Torrent Pharmaceuticals. Also, the trusts plan to acquire 6.37 stocks of TIPL, which has a 29.55 per cent stake in Gujarat Lease Financing. Granting an exemption from the open offer, Sebi noted that the proposed acquisitions are intended to streamline succession and promote the welfare of the Mehta Family. The proposed acquisitions will be non-commercial transactions that will not affect or prejudice the interests of the public shareholders of the three companies.*

Related Link: <https://www.moneycontrol.com/news/business/sebi-exempts-family-trusts-linked-to-torrent-power-torrent-pharma-gujarat-lease-financing-from-open-offer-requirements-11549971.html>

## **RBI UPDATES**

### ***Broad-based growth visible despite external risks: RBI***

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

*A broad-based gaining of momentum is discernible in high frequency economic indicators despite external risks, the Reserve Bank of India (RBI) said on Thursday, adding that a moderation in retail inflation in September from its July peak strengthened the macroeconomic fundamentals.*

*“In the assessment of the monetary policy committee, the outlook for domestic activity is brightening on account of the sustained buoyancy in services, consumer and business optimism, public spending on infrastructure,” RBI said in its state of the economy report.*

*Capacity utilization in the manufacturing sector, on a seasonally adjusted basis, increased to 75.4% in April-June from 74.1% in the previous quarter. Deleveraging and higher capacity utilization has enabled capital-heavy industries to gain traction, it added.*

Related Link: <https://www.financialexpress.com/business/banking-finance-broad-based-growth-visible-despite-external-risks-rbi-3279598/>

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## **RBI begins CBDC pilot in call money market**

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

*The Reserve Bank of India (RBI) has begun the wholesale pilot of the central bank digital currency (CBDC) in the call money market, said a senior official on Thursday.*

*“It (the wholesale pilot of CBDC) has started, but volumes are not pretty well, as it is a test of the system, accounting and multiple things, and the pilot is to test all those things,” said Ajay Kumar Choudhary, executive director, RBI, on the sidelines of an Assocham event.*

*Talking about the growth in transactions of CBDC in the retail segment, Choudhary said the transactions are averaging about 18,000-20,000 per day at present, but exuded confidence that they will grow in the next few months to achieve the target of 1 million a day by December.*

*Related Link: <https://www.financialexpress.com/business/banking-finance-rbi-begins-cbdc-pilot-in-call-money-market-3279613/>*

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## ***Bank of Baroda suspends employees after RBI app ban***

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

*Public sector lender Bank of Baroda (BoB) has suspended several employees after the Reserve Bank of India (RBI) banned it from onboarding new customers on its 'BoB World' mobile app until further notice. The action, which has come after an internal investigation, covers officers, business correspondents and a consultant hired to onboard new customers on the mobile app. The number of employees could not be confirmed as some business correspondents are also affected by this move.*

*"The bank has suspended some officials including some senior ones at the level of Assistant General Manager for onboarding customers on BoB World application without permission of account holders," a source in the Bank of Baroda told FE. "The action has been taken against employees from Gujarat and North West region," she added.*

*Related Link: <https://www.financialexpress.com/business/banking-finance-bank-of-baroda-suspends-employees-after-rbi-app-ban-3279217/>*

### **NCLT UPDATES**

## ***Insolvency watchdog seeks public comments to further simplify compliance, reduce cost***

*Dated: 12<sup>th</sup> October, 2023*

*IBBI, the Insolvency watchdog, has recently issued a press release, inviting suggestions/ comments from public and regulated entities on the measures needed to simplify, ease, and reduce the cost of compliance on its regulations. This move is in line with this year's budget announcement where Finance and Corporate Affairs Minister Nirmala Sitharaman had requested the financial regulators to carry out a comprehensive review of existing regulations so as to simplify, ease, and reduce the cost of compliance.*

*Related Link:*

## ***Whether the Adjudicating Authority has the jurisdiction to pass an order in regard to payment of pre-CIRP dues during the CIRP?***

*Dated: 09<sup>th</sup> October, 2023*

*In the matter of **State Bank of India Vs. Ritesh Prakash Adatiya & Ors.** [Comp. App. (AT) (Ins) No. 505 of 2023 & I.A. No. 1650, 1651, 3599 of 2023], the Hon'ble NCLAT New Delhi bench after hearing the parties and examining the record, held that the issue raised by the Appellant, although attractive, no longer had relevance since the CIRP*

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*proceedings initiated by the order dated 10-02-2023 passed by the Hon'ble NCLT Kolkata bench in CP (IB) No. 1986/KB/2019 had been closed by the order dated 15-05-2023 by the Hon'ble NCLAT, thus the appeal had become infructuous due to closure of the CIRP proceedings. The NCLAT further noted that with the CIRP concluded, the Company's control had reverted to the Company itself, and the IRP was no longer in charge.*

Related Link: [https://nclat.nic.in/display-board/view\\_order](https://nclat.nic.in/display-board/view_order)

***Until and unless a notification is issued under the first proviso to Section 419(3) of the Companies Act, 2013 the single judicial member cannot take upon itself the jurisdiction to entertain an application – NCLAT New Delhi***

Publication Dated: 20<sup>th</sup> October, 2023

Judgment Dated: 16<sup>th</sup> October, 2023

*In the matter of Suchi Paper Mills Ltd. & Ors. Vs. Ashish Gupta RP in the Matter of Anush Finlease and Construction Pvt. Ltd. & Ors., the Hon'ble NCLAT of New Delhi clarifies that according to the bare reading of the Section 419(3) of the Companies Act, 2013 it clearly states that a single judicial member does not have the authority to handle and decide certain types of applications independently. However, a single Judicial Member can exercise the Tribunal's powers for specific cases or matters as specified by the President through general or special orders.*

Related

Link:

[https://efiling.nclat.gov.in/nclat/order\\_view.php?path=L05DTEFUX0RvY3VtZW50cy9DSVNfRG9jdW1lbnRzL2Nhc2Vkb2Mvb3JkZXJzL0RFTEhJLzlwMjMtMDQtMjYyY291cnRzLzQvZGFpbHkvMTY4MjUwNjQxNTY0ODE5ODkxOTY0NDkwMmFmY2M1YmlucGRm](https://efiling.nclat.gov.in/nclat/order_view.php?path=L05DTEFUX0RvY3VtZW50cy9DSVNfRG9jdW1lbnRzL2Nhc2Vkb2Mvb3JkZXJzL0RFTEhJLzlwMjMtMDQtMjYyY291cnRzLzQvZGFpbHkvMTY4MjUwNjQxNTY0ODE5ODkxOTY0NDkwMmFmY2M1YmlucGRm)

***Once a claim has been made by submitting Form-5, there is no provision in the Code, which enables the Operational Creditor to segregate the claims into valid and invalid claims during the proceedings and to plead that only valid claims may be considered for calculation of pecuniary threshold– NCLT New Delhi Bench***

Publication Dated: 20<sup>th</sup> October, 2023

Judgment Dated: 16<sup>th</sup> October, 2023

*In the case of Redpro Construction Pvt. Ltd. Vs. Skyline Infratech Pvt. Ltd., the Hon'ble NCLT clarified that under the Insolvency and Bankruptcy Code (IBC) operational creditors can revise their claims after receiving a reply from the debtor before submitting Form 5. However, once Form 5 is filed, there is no provision to separate valid and invalid*

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claims during the proceedings. This is because IBC proceedings don't involve determining individual claims to recover money. Instead, the Adjudicating Authority's role is to decide if the application is valid. If it is deemed valid and accepted, the Resolution Professional compiles individual claims based on the Corporate Debtor's records and evidence provided by the creditor.

Related Link:

[https://nclt.gov.in/gen\\_pdf.php?filepath=/Efile\\_Document/ncltdoc/casedoc/0710102021342022/04/Order-Challenge/04\\_order-Challenge\\_004\\_1697461718992479998652d35d697720.pdf](https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/0710102021342022/04/Order-Challenge/04_order-Challenge_004_1697461718992479998652d35d697720.pdf)

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