

## **WEEKLY CORPORATE UPDATES**

*Saturday 06<sup>th</sup> January, 2024*

(Curated & compiled by)

### **Team Indiacorp Law**

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## MCA UPDATES

*1,34,699 Companies got incorporated from 1st Apr to 27th Dec 23 as against 1,28,702 Company Incorporations last year for the same period and 41,465 LLPs got incorporated from 1st Apr to 27th Dec 23 as against 27,064 LLP Incorporations last year for the same period*

*Dated: 06<sup>th</sup> January, 2024*

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

## SEBI UPDATES

*SEBI bans naked short selling in securities market*

*Dated: 05<sup>th</sup> January, 2024*

*The Securities and Exchange Board of India (Sebi) on Friday reiterated its existing rules on short selling by including its 2007 circular on the subject in the master circular.*

*Short selling involved selling a stock which the seller doesn't own at the time of trade. Both retail and institutional investors are allowed to short sell securities.*

*But rules do not allow naked short selling in Indian securities market. Short sellers must honour their obligation of delivering the securities at the time of settlement.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-bans-naked-short-selling-in-securities-market/articleshow/106581977.cms>*

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## *SEBI crackdown reinforces need for registration*

*Dated: 02<sup>nd</sup> January, 2024*

*ET Intelligence Group: Those leaning on astrology as a guide to stock market investments might do well to heed recent actions by the Securities and Exchange Board of India (Sebi).*

*On November 22, the market regulator penalised and barred P Krishnakumar and Jagadeeshan S for a year for giving illegal investment advisory services and ordered them to refund over ₹30 lakh collected as fees through astrology-based prediction packages sold on the website [www.ymforecast.com](http://www.ymforecast.com).*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-crackdown-reinforces-need-for-registration/articleshow/106462095.cms>*

## *SEBI allows short-selling by all investors; F&O stocks also eligible*

*Dated: 05<sup>th</sup> January, 2024*

*The Securities and Exchange Board of India on Friday said that investors across all categories will be allowed for short-selling, but naked short-selling will not be permitted.*

*Further, all stocks that trade in the futures and options segment are eligible for short-selling.*

*“Naked short-selling shall not be permitted in the Indian securities market and accordingly, all investors would be required to mandatorily honour their obligation of delivering the securities at the time of settlement,” the regulator said in its framework.*

*“Short selling” means selling a stock that the seller does not own at the time of trade.*

*Further, institutional investors will not be allowed to do day trading. This means all transactions would be grossed for institutional investors at the custodians’ level. The custodians, however, will continue to settle their deliveries on a net basis with the stock exchanges.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-allows-short-selling-by-all-investors-fo-stocks-also-eligible/articleshow/106579081.cms>*

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## SC backs SEBI inquiry into Adani, rejects any other

Dated: 04<sup>th</sup> January, 2024

The Supreme Court on Wednesday refused to interfere with the Securities and Exchange Board of India (Sebi) probe into the Adani-Hindenburg case. In its verdict, the Supreme Court held that there was 'no ground to transfer the investigation from SEBI to SIT (Special Investigation Team)', saying the George Soros-led Organised Crime and Corruption Reporting Project (OCCRP)'s report can't be the basis for doubting the Sebi report.

The Supreme Court was hearing a batch of petitions in the Adani-Hindenburg row over allegations of stock price manipulation by the Indian corporate giant.

A bench comprising Chief Justice DY Chandrachud and justices JB Pardiwala and Manoj Misra delivered the judgment on as many as four petitions.

"The power of this court to enter the regulatory framework of Sebi is limited. There are no valid grounds raised to direct Sebi to revoke its amendments on Foreign Portfolio Investors (FPI) and Listing Obligations and Disclosure Requirements (LODR) regulations. The regulations do not suffer from any infirmities," the bench observed.

Related Link: <https://www.indiatoday.in/india/story/supreme-court-refuses-to-interfere-with-sebi-probe-into-adani-hindenburg-case-no-ground-to-transfer-probe-2483569-2024-01-03>

### RBI UPDATES

## IVCA seeks more time for lenders to comply with RBI rules

Dated: 05<sup>th</sup> January, 2024

The Indian Venture and Alternate Capital Association (IVCA) has sought an extension of the deadline to six months for lenders that must mandatorily liquidate investments in Alternative Investment Funds (AIFs) linked to a debtor company, or furnish 100% of their exposure if unable to do so. The original one-month deadline, mandated by the RBI, expires on January 18.

"The industry body has suggested extending the timelines from 30 days to six months, with varying durations for NBFCs and banks, based on their exposure to AIFs," said a source.

Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/ivca-seeks-more-time-for-lenders-to-comply-with-sebis-aif-rules/articleshow/106556305.cms>

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## *The rupee's destiny to 82.50 amid RBI's tactical moves and liquidity challenges*

*Dated: 05<sup>th</sup> January, 2024*

*After a steadfast three-month span with a narrow range of approximately 40 paise, the Rupee last month surpassed the 83 level, a level last touched in August. Despite an inability to sustain near 82.90, the Rupee experienced heightened volatility, a result of the RBI deliberately permitting a deviation from the established range.*

*As there was a dollar and Rupee liquidity mismatch in the system, the local currency failed to track the fundamentals and the weaker dollar index.*

*As per the recent figure of December 25, the surge in banking liquidity deficit reached 2.67 trillion rupees, representing the highest since April 1, 2016. The given constraints stem from outflows related to advanced tax payments and GST are expected to persist through the month-end.*

*Consequently, there is a prevailing expectation that the RBI may refrain from aggressive intervention at higher levels due to the Rupee liquidity tightness within the banking system.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/new-year-new-rhythms-the-rupees-destiny-to-82-50-amid-rbis-tactical-moves-and-liquidity-challenges/articleshow/106562704.cms>*

## *RBI circular on lenders investing in AIFs: Practical challenges may raise concerns regarding compliance*

*Dated: 03<sup>rd</sup> January, 2024*

*The Reserve Bank of India (RBI) has recently issued a circular prohibiting the regulated entities (REs) from making investment in units of Alternative Investment Funds (AIFs) having downstream investments either directly or indirectly in a 'debtor company' of the REs. Further, the circular requires the REs, which have already invested in such AIFs, to liquidate their investment within 30 days from the date of downstream investment by the AIF/date of circular (in case of existing investments).*

*The term 'debtor company' has been defined to include any company to which the RE currently has or previously had a loan or investment exposure anytime during the preceding 12 months.*

*The circular particularly aims to curb structures which could be used by REs (including NBFCs) for 'evergreening' of loans.*

*Typically, in structures involving AIFs, the RE invests in the AIF which may invest in non-convertible debentures ('NCDs') of the debtor company of the RE. Consequently, the debtor company may use the funds raised by issuance of NCDs to repay the overdue loan from the RE – in such cases, the books of accounts of the RE reflect that the overdue debt has been repaid while indirectly the exposure (in the form of investments in the AIF) continues.*

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## **Porinju Veliyath praises RBI, Shaktikanta Das on X as asset quality of banks improves in H1FY24**

Dated: 29<sup>th</sup> December, 2023

After the Reserve Bank of India announced that the asset quality of banks has shown significant improvement in the first half of FY24, market expert Porinju Veliyath took to X (formerly Twitter) to praise the central bank on achieving this extraordinary feat.

"High NPAs reflected the sins of the past. Interestingly, those who passively oversaw reckless lending tried to play messiah by calling out the mess. It took nearly a decade of discipline, reforms, and prudence to clean up the inherited mess. Kudos to @DasShaktikanta and #RBI #ChangingIndia," posted the expert on X.

In its Financial Stability Report (FSR) that came out on Thursday (December 28), the RBI announced that scheduled commercial banks' gross non-performing assets (GNPAs) have dropped to a seven-year low, while net NPAs contracted to a decade low. Also, banks' asset quality for the industrial sector improved, while there was a massive decline in large borrowers' shares by the end of September 2023.

Related Link: <https://www.livemint.com/market/stock-market-news/porinju-veliyath-praises-rbi-shaktikanta-das-on-x-as-asset-quality-improves-in-h2fy24-11703831540511.html>

### **NCLT UPDATES**

## **Air India Express taps NCLT doors for final nod to its merger plans with AIX**

Dated: 01<sup>st</sup> January, 2024

In a strategic move for the coming year, Tata Group is progressing towards the consolidation of its four airlines.

According to a TOI report, Air India Express has initiated the 'second motion' for a final hearing in the National Company Law Tribunal (NCLT) to merge AIX Connect (formerly known as AirAsia India) into its operations. Anticipating approval by March, this merger will result in the operation of both airlines under a single air operator certificate or license.

The larger-scale merger involving Vistara into Air India is contingent on the latter reaching a specified operational level, as communicated by Air India's Managing Director and CEO, Campbell Wilson, in September to TOI. While the exact

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timeline for this merger remains undisclosed, insiders suggest it is also slated for realization in 2024.

Related Link: <https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/air-india-express-taps-nclt-doors-for-final-nod-to-its-merger-plans-with-aix/articleshow/106435870.cms>

## **IBBI forms panel of 787 professionals to expedite resolution process**

Dated: 29<sup>th</sup> December, 2023

The Insolvency and Bankruptcy Board of India (IBBI) has taken a decisive step towards expediting insolvency resolution by finalising a provisional list of 787 insolvency professionals (IPs), an increase from the previous 400 IPs listed in June, according to a report by The Economic Times (ET). This list, along with 31 insolvency professional entities (IPEs), will be presented to the adjudicating authority, which should help facilitate immediate appointments for overseeing resolution or liquidation cases.

IPs play pivotal roles as resolution professionals, liquidators, or bankruptcy trustees within the insolvency ecosystem. This initiative aims to mitigate administrative delays in appointing IPs, therefore accelerating insolvency resolution processes and protecting the value of stressed assets, as stated by a senior official in the ET report.

This move also addresses the need for the regulator to recommend an IP's name only after receiving a reference from the National Company Law Tribunal (NCLT) during a corporate insolvency resolution process (CIRP).

In June, the IBBI had prepared a common panel of 400 IPs, marking the first instance of such a consolidated list. The professionals featured in these lists were eligible for appointments as interim resolution professionals (IRPs), resolution professionals (RPs), liquidators, and bankruptcy trustees under different sections of the Insolvency and Bankruptcy Code (IBC). The list was also submitted to the Debt Recovery Tribunal for handling individual insolvency cases. The IBBI, at the time, shared its plans to renew the list periodically.

Related Link: [https://www.business-standard.com/industry/news/ibbi-forms-panel-of-787-professionals-to-expedite-resolution-process-123122800240\\_1.html](https://www.business-standard.com/industry/news/ibbi-forms-panel-of-787-professionals-to-expedite-resolution-process-123122800240_1.html)

**Thanking You,**

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