

WEEKLY UPDATES ON COMPANY LAW,SEBI, RBI AND IBC

Akshayam Tejomaya Edition No. 209 - Week 05 - January 24 2022 to January 30 2022

1

Companies Act 2013 during the week

Rules -0; Circulars -0; Notifications-0; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				

S. No	NEWS ON MCA
	NIL

2

SEBI during the week

Act -0; Rules -0; Circulars-2; Press Release-0; Regulations – 7; Guidelines- 0

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	24/01/2022	Regulations	<p>Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 [Last amended on January 24, 2022]</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Securities%20and%20Exchange%20Board%20of%20India%20(Credit%20Rating%20Agencies)%20Regulations%2C%201999%20%5BLast%20amended%20on%20January%2024%2C%202022%5D</p> <p>Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-</p>	<p>SEBI vide its notification has amended the provisions of SEBI (Credit Rating Agencies) Regulations, 1999, which shall come into force on the date of their publication in the Official Gazette.</p> <p>Earlier, as per provision of Regulation 9(f) of SEBI (CRA) regulations, “Nothing contained in these regulations shall preclude a credit rating agency from rating of financial instruments under the respective guidelines of a financial sector regulator or any authority as may be specified by the Board”.</p> <p>Now SEBI has included “carrying out any activity as may be specified by the Board” to the above clause, thereby widening the scope of Credit Rating agencies to engage in such other</p>

			credit-rating-agencies-amendment-regulations-2022 55534.html	activity as may be specified by SEBI.
2	24/01/2022	Regulations	<p>SEBI (Listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2022 55526.html</p>	<p>SEBI vide its notification has amended the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force on the date of their publication in the Official Gazette.</p> <p>The amendments inter alia include the following :</p> <ul style="list-style-type: none"> • The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. Explanatory statement annexed to the notice to the shareholders, for considering such appointments shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment • Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a public or

				<p>rights issue, the monitoring report of such agency shall be placed before the audit committee on an quarterly basis (earlier Annual basis), promptly upon its receipt</p> <ul style="list-style-type: none"> • Listed entity shall effect issuance of Issuance of duplicates or new certificates in cases of loss or old decrepit or worn out certificates in dematerialized form. • The requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. Earlier, there ws not requirement to process transmission or transposition of securities in dematerialized form.
3	25/01/2022	Circular	<p>Issuance of Securities in dematerialized form in case of Investor Service Requests</p> <p>https://www.sebi.gov.in/legal/circulars/jan-2022/issuance-of-securities-in-dematerialized-form-in-case-of-investor-service-requests_55542.html</p>	<p>SEBI has prescribed that listed companies shall issue the securities in dematerialized form only while processing the following service</p> <ul style="list-style-type: none"> ◦ Issue of duplicate securities certificate ◦ Claim from Unclaimed Suspense Account ◦ Renewal / Exchange of securities certificate ◦ Endorsement ◦ Sub-division / Splitting of securities certificate ◦ Consolidation of securities certificates/folios ◦ Transmission

				<ul style="list-style-type: none"> ◦ Transposition • The securities holder/claimant shall submit duly filled up Form ISR-4 (to be hosted on the website of the Issuer Companies and the RTAs) as per the format attached to this circular along with the documents / details specified therein. • The RTA / Issuer Companies shall verify and process the service requests and thereafter issue a 'Letter of confirmation' in lieu of physical securities certificate(s), to the securities holder/claimant within 30 days of its receipt of such request after removing objections, if any. • The 'Letter of Confirmation' shall be valid for a period of 120days from the date of its issuance, within which the securities holder/claimant shall make a request to the Depository Participant for dematerializing the said securities. • The RTA / Issuer Companies shall issue a reminder after the end of 45days and 90 days from the date of issuance of Letter of Confirmation, informing the securities holder/claimant to submit the demat request as above, in case no such request has been received by the RTA / Issuer Company • In case the securities holder/claimant fails to submit the demat request within the aforesaid period, RTA/ Issuer Companies shall credit the securities to the Suspend
--	--	--	--	--

				<p>Escrow Demat Account of the Company</p> <ul style="list-style-type: none"> • The operational guidelines are detailed in the Annexure – A to this circular of the link provided. • The circular shall come into force with immediate effect.
4	24/01/2022	Regulations	<p>Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-alternative-investment-funds-amendment-regulations-2022_55525.html</p>	<ul style="list-style-type: none"> • SEBI has introduced “Special situation funds” as new category of funds introduced in Category I Alternative Investment Fund and CHAPTER III –B is newly inserted in SEBI (AIF) regulations, 2012 vide this Amendment.
	28/01/2022	Regulations	<p>Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 [Last amended on January 25, 2022]</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Securities%20and%20Exchange%20Board%20of%20India%20(Alternative%20Investment%20Funds)%20Regulations%202012%20%5BLast%20amended%20on%20J</p>	<p>Broad outline of the said amendment is given below</p> <ul style="list-style-type: none"> - “special situation asset” includes, <ul style="list-style-type: none"> (a) stressed loan available for acquisition in terms of Clause 58 of Master Direction –Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 or as part of a resolution plan approved under the Insolvency and Bankruptcy Code, 2016 (b) security receipts issued by an Asset Reconstruction Company (ARC) registered with the Reserve Bank of India; (c) securities of investee companies, <ul style="list-style-type: none"> (i) whose stressed loans are available for acquisition in terms

[anuary%2025%2C%202022%5D](#)

- of Clause 58 of the Master Direction –Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 or as part of a resolution plan approved under the Insolvency and Bankruptcy Code, 2016
- (ii) against whose borrowings, security receipts have been issued by ARC registered with the Reserve Bank of India;
 - (iii) whose borrowings are subject to CIRP under Chapter II of IBC
 - (iv) who have disclosed all the defaults relating to the payment of interest/ repayment of principal amount on loans from banks / financial institutions/ Systemically Important Non-Deposit taking Non-Banking Financial Companies/ Deposit taking Non-Banking Financial Companies and /or listed or unlisted debt securities in terms of SEBI (ICDR) Regulations, 2018 and such payment default is continuing for a period of at least ninety calendar days after the occurrence of such default:
 - An applicant may apply for registration as a special situation fund in accordance with the provisions of Chapter II of these Regulations.
 - Each scheme of a special situation fund shall have a corpus as

				<p>may be specified by the Board.</p> <ul style="list-style-type: none"> • The special situation fund shall accept from an investor, an investment of such value as may be specified by the Board. • The special situation fund shall not accept investments from any other Alternative Investment Fund other than a special situation funds. • The special situation fund shall not invest in <ul style="list-style-type: none"> (i) its associates; or (ii) the units of any other Alternative Investment Fund other than the units of a special situation fund; or (iii) units of special situation funds managed or sponsored by its manager, sponsor or associates of its manager or sponsor
--	--	--	--	--

5	27/01/2022	Circulars	<p>Introduction of Special Situation Funds as a sub-category under Category I AIFs</p> <p>https://www.sebi.gov.in/legal/circulars/jan-2022/introduction-of-special-situation-funds-as-a-sub-category-under-category-i-aifs_55625.html</p>	<p>SEBI has amended the SEBI (Alternative Investment Funds) Regulations, 2012 to introduce Special Situation Funds (SSF), a sub-category under Category I AIF, which shall invest in ‘special situation assets’.</p> <ul style="list-style-type: none"> ◦ In this context, SEBI has specified that each scheme of SSF shall have a corpus of at least one hundred crore rupees. ◦ SSF shall accept an investment of value not less than ten crore rupees from an investor. ◦ In case of an accredited investor, the SSF shall accept an investment of value not less than five crore rupees. ◦ Further, in case of investors who are employees or directors of the SSF or employees or directors of the manager of the SSF, the minimum value of investment shall be twenty-five lakh rupees. ◦ Stressed loan acquired by SSF in terms of clause 58 of the RBI Master Direction shall be subject to a minimum lock-in period of six months. The lock in period shall not be applicable in case of recovery of the stressed loan from the borrower ◦ SSF acquiring stressed loans in terms of the RBI
---	------------	-----------	--	--

				Master Direction shall comply with the same initial and continuous due diligence requirements for its investors, as those mandated by Reserve Bank of India for investors in Asset Reconstruction Companies
6	24/01/2022	Regulations	<p>Securities and Exchange Board of India (Employees' Service) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-employees-service-amendment-regulations-2022_55514.html</p>	<p>SEBI has notified the amendment in respect of filling up of posts from internal candidates by deputation or contract</p> <p>The notification will come into force from 24th January,2022.</p>
7	25/01/2022	Regulations	<p>Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-prohibition-of-fraudulent-and-unfair-trade-practices-relating-to-securities-market-amendment-regulations-2022_55595.html</p>	<p>SEBI vide its notification has amended the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette.</p> <p>Summary of Amendment is as under :</p> <ul style="list-style-type: none"> • Definition: <ul style="list-style-type: none"> ◦ The words and expressions used and not defined in these regulations but defined in the Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the


	27/01/2022	Regulations	<p>Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 [Last amended on January 25, 2022]</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-prohibition-of-fraudulent-and-unfair-trade-practices-relating-to-securities-market-regulations-2003-last-amended-on-january-25-2022- 55604.html</p>	<p>Depositories Act, 1996 (22 of 1996), the Companies Act, 2013 (18 of 2013), or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.</p> <ul style="list-style-type: none"> • Prohibition of manipulative, fraudulent and unfair trade practices: <ul style="list-style-type: none"> ◦ Disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities shall also deemed to be a[manipulative] fraudulent or an unfair trade practice. • Powers of Investigating Authority: <ul style="list-style-type: none"> ◦ The period to keep in custody of any books, registers, other documents and record produced under this regulation is extended period of six months. Earlier, it was one month which shall be extended to six months. <p><u>Additional powers to Investigating Authority</u></p> <ul style="list-style-type: none"> ◦ To call for information and record from any person
--	------------	-------------	---	--

				<p>including any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which are under investigation.</p> <ul style="list-style-type: none"> ◦ To make an application to the Judge of the designated court in Mumbai as notified by the Central Government for an order for the seizure of any books, registers, other documents and record, if in the course of investigation, the Investigating Authority has reasonable ground to believe that such books, registers, other documents and record of, or relating to, any intermediary or any person associated with securities market in any manner may be destroyed, mutilated, altered, falsified or secreted; ◦ To keep in his custody the books, registers, other documents and record seized under these regulations for such period not later than the conclusion of the investigation as he considers necessary and thereafter to return the same to the person, the company or the other body corporate, or, as the case may be, to the managing director or the manager or any other person from whose custody or power they were seized
--	--	--	--	--

				<ul style="list-style-type: none"> ◦ Save as otherwise provided in this regulation, every search or seizure made under this regulation shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) relating to searches or seizures made under that Code. ◦ Earlier, the above search or seizure shall be exercised with prior approval. Reg 7 relating to the same is now omitted. <p>• Duty to co-operate:</p> <ul style="list-style-type: none"> ◦ Person under investigation shall co-operate with Investigating Authority or any other person authorized by him in this behalf for carrying out the investigation. ◦ He shall also allow Investigating Authority or any other person authorized by him in this behalf to take computer print-outs of books, accounts and records which, in the opinion of the Investigating Authority, are relevant to the investigation. <p>• SEBI has also newly provided for Manner of service of summons and notices issued by the Board under Reg 11A of these regulations.</p>
--	--	--	--	---

8	25/01/2022	Regulations	<p>Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-mutual-funds-amendment-regulations-2022_55593.html</p>	<p>SEBI, vide its notification dated January 25, 2022, has notified the SEBI (Mutual Funds) (Amendment) Regulations, 2022 which shall come into force on the date of their publication in the Official Gazette. The amendment, inter alia, provides that the financial statements and accounts of the mutual fund schemes shall be prepared in accordance with Indian Accounting Standards (IND AS) and any addendum thereto, as notified by the Companies (Indian Accounting Standards) notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. Provided that in case there is any conflict between the requirements of IND AS and these regulations and guidelines issued thereunder, the asset management companies shall follow the requirements specified under SEBI (Mutual Fund) Regulations.</p>
9	28/01/2022	Regulations	<p>Securities and exchange board of india {Kyc (know your client) registration agency} (amendment) regulations, 2022</p> <p>232984.pdf (egazette.nic.in)</p>	<p>SEBI vide this notification brought “change in control” definition into scope of SEBI KYC (know your client) registration agency regulations, (“KRA regulations”) as under</p> <ul style="list-style-type: none"> ° if its shares are listed on any recognised stock exchange, change in control within the meaning of regulations framed under clause (h) of sub-section (2)

				<p>of section 11 of the Act;</p> <ul style="list-style-type: none"> ◦ in any other case, change in the controlling interest; • Where the KRA proposes change in control, it shall obtain prior approval of the Board for continuing to act as such after the change • KRA shall carry out an independent validation of the KYC records uploaded onto its system by the intermediary in such a manner as specified by the Board from time to time • KRA shall maintain an audit trail of any upload/ modification /download regarding the KYC records of each client.
--	--	--	--	--

S. No	NEWS ON SEBI 
1	<p>Consultation Paper on Environmental, Social and Governance (ESG) Rating Providers for Securities Markets: SEBI, through this consultation paper, is seeking public comments on a proposed regulatory framework to regulate ESG ratings providers (ERPs) and oversight there on, periodicity of disclosure etc.</p> <p>The activities of ERPs are typically not subject to regulatory oversight at present, increasing reliance on such unregulated ESG rating providers in securities markets raises concerns about the potential risks it poses to investor protection, the transparency and efficiency of markets, risk pricing, and capital allocation, among others.</p> <p>Moreover, a lack of transparency in this area gives rise to the risk of greenwashing and misallocation of assets which could lead to infirmity in such ESG rating and a consequent lack of trust thereof.</p> <p>The comments/ suggestions may be provided as per the prescribed format latest by March 10, 2022.</p>
2	<p>SEBI imposes Rs 30 lakh fine on 6 entities in illiquid stock options case Capital markets regulator SEBI imposed penalties totaling Rs 30 lakh on six entities, including individuals, for indulging in non-genuine trades in illiquid stock options segment on the BSE. In six separate orders, the regulator has levied a fine of Rs 5 lakh each on Rajendra Kumar Agrawal, Rajendra Kumar Agrawal HUF, Lovely Vincom, Sudhir Kedia, Nimesh Harishkumar Vora HUF, and Ankit Kumar Agrawala.</p>
3	<p>Nine entities settle case of alleged AIF rules violations with SEBI As many as nine entities, including PenBrook Capital Advisors and Peninsula Brookfield Trustee, settled with SEBI on a case pertaining to alleged violations of alternative investment funds rules after paying Rs 85 lakh towards settlement charges</p>

3

RBI during the week

Notifications -0; Master Directions –0; Master Circulars –0; Press Release -0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON RBI
1	<p>RBI Working Paper No. 05/2022: Quantifying Survey-based Qualitative Responses on Capacity Utilization - An Analysis for India:</p> <p>The Reserve Bank of India placed on its website a Working Paper titled “Quantifying Survey-based Qualitative Responses on Capacity Utilisation - An Analysis for India” under the Reserve Bank of India Working Paper Series. This paper focuses on examining the efficacy of survey-based qualitative information on Capacity Utilization (CU) in tracking or predicting quantitative estimates of CU, which helps to assess economic slack and provides useful insights into the overall demand situation, inflationary pressure and investment conditions prevailing in the economy. Empirical results based on competing models reveal that although popular diffusion indices or summary measures of qualitative responses such as Balance Statistics or Net Response (NR) are useful indicators of CU; at times, they result in positive bias in the prediction. The forecast accuracy, however, may be improved by</p>

	employing percentage responses separately on “rise/improvement in CU” and “fall/deterioration in CU”. The results are robust for both assessment of CU in the current quarter and one-quarter-ahead expectation.
2	RBI warns public on KYC frauds The Reserve Bank of India (RBI) has asked members of the public not to respond to offers for getting their KYC (know-your-customer) details updated. The fresh warning comes in the wake of unscrupulous elements innovating their modus operandi for frauds, including social media techniques.

4

IBC during the week

Notifications -0; Master Directions -0; Master Circulars -0; Circular -0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON IBC
1	JM Financial ARC allowed to substitute BoI as petitioner in NSAIL insolvency case A dedicated bankruptcy court has allowed JM Financial Asset Reconstruction Company to substitute the original petitioner Bank of India in a plea seeking admission of National Steel & Agro Industries Ltd (NSAIL) under the Corporate Insolvency Resolution Process (CIRP)
2	Scrutiny By Income Tax Department Barred For The Period Covered By The Resolution Plan The High Court of Telangana in a Bench consisting of Justice Ujjal Bhuyan and Justice Chillakur Sumalatha in Sirpur Paper Mills Limited & Another. V. Union of India & Two Others held that for the period covered by the Resolution Plan, Income Tax Department cannot carry out any scrutiny or assessment in respect of the Corporate Debtor regarding carry forward of losses and set off against future profits under Income Tax Act, 1961.

3	<p>NCLT</p> <p>Advanced License Fee Is An Operational Debt And Notice U/s 138 NIA Is Not A Dispute Under IBC: NCLT, Delhi The NCLT, Delhi Bench comprising of Justice Abni Ranjan Kumar Sinha (Judicial Member) and Mr. Avinash K. Srivastava (Technical Member) in Ashimara Housing Private Limited v. Vibrus Homes Private Limited has held that advanced deposit towards license fee would be considered as an Operational Debt and issuance of notice under Section 138 of the Negotiable Instruments Act is not a dispute under the IBC.</p>
4	<p>RBI Submits Punjab & Maharashtra Cooperative Bank's Resolution Plan To Government : The draft scheme included a depositor repayment plan proposing:</p> <ol style="list-style-type: none"> 1. Retail depositors with outstanding deposits worth up to Rs 5 lakh would be repaid in full. 2. Deferred repayment of up to 10 years, depending on the size of the deposits, for retail depositors with outstanding deposits of more than Rs 5 lakh. 3. Converting outstanding deposits to perpetual non-convertible preference shares and equity warrants for institutional depositors
5	<p>NCLAT stays insolvency proceedings against HCL Tech NEW DELHI: In a major relief to IT firm HCL Technologies, the National Company Law Appellate Tribunal (NCLAT) has stayed the insolvency proceedings initiated against it on a plea filed by a creditor</p>
6	<p>Guarantor Whose Guarantee Stands Invoked By Any Creditor Barred From Giving Resolution Plan, Though Insolvency Initiated By Another Creditor:</p> <p>SC on Sec 29A (h) of IBC - The Supreme Court has delivered an important judgment interpreting the scope of Section 29A(h) of the Insolvency and Bankruptcy Code specifying the categories of persons who are not eligible to be resolution applicants.</p>
7	<p>The NCLAT in a Bench comprising of Justice Anant Bijay Singh (Judicial Member) and Ms. Shreesha Merla (Technical Member) in the case of Indiabulls Housing Finance Limited v. Sandeep Chandna, differentiating between 'exclusion' and 'extension' of time under IBC held that the approval of the Committee of Creditors is not mandatory when seeking exclusion of time in view of Regulation 40C of the IBBI (CIRP) Regulations, 2016.</p>

5

Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -0;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				

s.no	GENERAL NEWS
1	<p>Zomato to form non-banking finance company to enter financial services biz</p> <p>Zomato Ltd, restaurant aggregator and food delivery company, has decided to foray into the financial services business and has decided to create a non-banking finance company (NBFC) as a wholly-owned subsidiary for the purpose.</p>



Flat No.7, Door No.10 Madhans,
South Canal Bank Road,
Mandavelipakkam, Chennai 600028.

bhuvana.r@akshayamcorporate.com | jayanth.v@akshayamcorporate.com

www.akshayamcorporate.com ;

Mobile: 9789982805 | 9962156708

The Information Contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. The views expressed here are solely those of the author in his private capacity. The News items are taken as is provided in various websites and newspapers and the author shall not be held responsible for any of it.