

VEDANAM

A MONTHLY NEWSLETTER BY MEHTA & MEHTA

June 2023 | Issue

MEHTA & MEHTA
Legal and Advisory Services



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WHY VEDANAM?

We, Mehta & Mehta, present you with our monthly newsletter which covers regulatory updates, case laws and study articles. We hereby release our June 2023 issue.



THOUGHT

"Ignorance of the law is no excuse."

This quote signifies that individuals are expected to know and follow the law, regardless of whether they are aware of specific legal provisions or not.

Ministry of Corporate Affairs Update

MCA Update : Relaxation in paying additional fees in case of delay in filing DPT 3 for Financial Year ended on 31st March 2023 to 31st July 2023

Due date for filing Form DPT-3 (Return of deposits) is 30th of June 2023 for the Financial Year ended on 31st March 2023. Keeping in view the transition of MCA-21 Portal from Version -2 to Version -3, it has been decided to allow companies to file Form DPT-3 for the financial year ended on 31st March 2023 without paying additional fees up to 31st July 2023.

Link:

<https://www.mca.gov.in/bin/dms/getdocumentmids=GZbzY8G5s24kITjoGKWLQQ%253D%253D&type=open>



**E-FORM DPT -3 : RETURN OF
DEPOSITS**

SEBI Update: Online processing of investor service requests and complaints by RTAs

SEBI vide its Circular dated 3rd June 2023 that states; Sebi decided to provide a mechanism for processing of investors' service requests and complaints through online mode by RTAs and thereafter track the status as well as obtain periodical updates. To digitize the process in two phases, the mechanism would provide benefits such as a database for service requests and complaints, online acknowledgement and intimation to the investor and online tracking of status of service requests and complaints by investors.

At present, holders of physical security certificates are required to submit various documents to the registrars to an issue and share transfer agents (RTAs) with respect to various service requests such as issuance of duplicate security certificates, folio consolidation and services through depository participants such as dematerialization and rematerialisation.

In the first phase, all RTAs servicing listed companies will have a functional website. Such a website will mandatorily display basic details of the RTA like registration number, registered address of head office and branches, names and contact details of key managerial personnel (KMPs) including compliance officer.

In addition, such websites will have to display step-by-step procedures for various service requests, Frequently Asked Questions (FAQs), procedure for filing a complaint and finding out the status of the complaint.

Further, all RTAs will have to set up a user-friendly online mechanism or portal for service requests with certain minimum features.

Qualified RTAs or QRTAs to implement the direction of an online system along with a functional website from January 1, 2024, while the same for all RTAs is June 1, 2024.

Thereafter in the second phase, a common website will be made and operated by QRTAs from July 1, next year, through which investors will be redirected to individual web-based portals of the concerned RTA for further resolution by putting the name of the listed company.

This website will have the functionality of adding companies and RTAs to its search list as and when required.

This new framework will be applicable to the RTAs which deal in folios of listed companies. Also, while transferring the business from one RTA to another, the listed company will have to ensure that the new RTA is in compliance with the framework.

[Link: Online processing of investor service requests and complaints by RTAs](#)

SEBI Update: Participation of Mutual funds in repo transactions on Corporate Debt Securities.

SEBI vide its Circular dated 3rd June 2023 that states; Sebi allowed mutual funds to invest in repo transactions in securities such as Commercial Papers and Certificate of Deposits. In addition, the capital markets regulator said that mutual funds can participate in repo transactions only in "AA" and above rated corporate debt securities.

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at a later date. The instrument is used for raising short-term capital.

For the purpose of consideration of credit rating of exposure on repo transactions for various purposes, including for potential risk class matrix, liquidity ratios and risk-o-meter, the same will be as that of the underlying securities on a look-through basis.

With regards to transactions where settlement is guaranteed by a clearing corporation, the exposure will not be considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.

The new provision would come into force with immediate effect.

[Link: Participation of Mutual funds in repo transactions on Corporate Debt Securities](#)

SEBI Update: Upstreaming of clients' funds by Stockbrokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)

SEBI has mandated upstreaming of all client funds received by Stockbrokers (SBs)/Clearing Members (CMs) to Clearing Corporations (CCs) with a view to safeguard clients' funds placed with SBs/CMs.

As per the framework, no clients' funds shall be retained by SBs/ CMs on End of Day (EoD) basis. The clients' funds shall all be upstreamed by SB/ CMs to CCs only in the form of either cash, lien or pledge of units of Mutual Fund Overnight Schemes (MFOS).

Upstreaming via pledge of units of Mutual Fund Overnight Schemes (MFOS)

Units of Mutual Fund Overnight Schemes (MFOS) is a new avenue being made available to SBs/ CMs to deploy client funds into. MFOS ensures minimal risk transformation of client funds (that are withdrawable on demand) available with SBs/ CMs because of overnight tenure and exposure to only risk-free government securities.

SBs/CMs shall ensure that client funds are invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Tri-party Repo Dealing and Settlement (TREPS).



Such MFOS units should be in dematerialized (demat) form and must necessarily be pledged with a CC at all times.

SBs/CMs shall maintain a dedicated demat account for subscription/ redemption of MFOS units. The depositories shall allow subscription/redemption transactions only in the said account.

Withdrawal of client funds

The SBs/CMs may seek withdrawal of client funds from CCs only under following scenarios:

1. Client unpaid securities obligations/ MTF Obligations
2. Loss due to sale of unpaid securities
3. Penalties
4. Statutory levies (STT / Stamp Duty / SEBI Turnover Fee)
5. Brokerage (including exchange transaction fee)
6. Other charges (DP charges, etc.)
7. Funds to be released to client on account of regulatory requirements such as running account settlement)
8. Funds withdrawal request from client

Monitoring mechanisms

The stock exchanges and CCs shall create an SOP for monitoring the implementation of provisions of this Circular and put in place a uniform penalty structure for non-compliance.

[Link: Upstreaming of clients' funds by Stock Brokers \(SBs\) / Clearing Members \(CMs\) to Clearing Corporations \(CCs\)](#)

SEBI Update: Regulatory framework for Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds

SEBI on 13th June 2023 issued a Regulatory framework for Execution only platform for facilitating transactions in direct plans of scheme of Mutual Fund.

This circular shall come into force with effect from 1st Sept 2023

The following has been stated.

It states that a comprehensive framework It states that the Stock Exchange shall enact an appropriate framework for the EOP.

[Link: Regulatory framework for Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds](#)

SEBI Update: Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie.

Sebi has amended AIF Regulations to provide flexibility to Alternative Investment Funds to deal with investments of their schemes which are not sold due to lack of liquidity during winding up process by either selling such investments to a new scheme of the same AIF or distributing such unliquidated investments in-specie.

If the AIF during the period of Liquidation decides to launch Liquidation Scheme, then the consent of 75% of the investors by value of their investments in the Original Scheme shall require to be obtained and the scheme launched by the liquidator will require "Liquidation Scheme" in its name.

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

After obtaining the consent of investors the AIF shall arrange for minimum of 25% bid of the value of unliquidated investment. Bid shall be arranged for units representing consolidated value of each unliquidated investment of the Original Scheme.

The investors who did not consent to sell the unliquidated investments shall offered to fully exit the Original Scheme out of the 25% bid arranged by the AIF. The bidders or related parties in the Original Scheme shall not be provided to exit out of the bid from the Original Scheme.

The Liquidation Scheme shall allot its units to the Original Scheme for purchasing investments in the manner specified. On the launch of Liquidation Scheme, the Original Scheme shall be wound up prior to the expiry of Liquidation Period of the Original Scheme.

As Liquidation Scheme has been exempted from obtaining SEBI's comments on the PPM the tenure of the scheme shall be from the date of filing of the PPM with SEBI and shall not be more than the tenure of Original Scheme.

Performance of Liquidation Scheme shall also be reported to Performance Benchmarking Agencies.

If the AIF fails to obtain consent for launch of the Liquidation Scheme the unliquidated investments shall be distributed to investors mandatorily without requiring obtaining consent of 75% of investors by their value of investment in the scheme. Further the value of such investments shall be recognized at Rupee one for reporting to Performance Benchmarking Agencies and the investments of the investor unwilling to take the in-specie distribution shall be written off.

The manager, trustee, KMP of AIF shall be responsible for the compliance within the procedure prescribed.

The manager shall submit report on compliance with the provisions of this circular on SEBI intermediary Portal in format specified there-in.

The manager shall report the value of unliquidated investments to Liquidation Scheme in terms of sale or distribution to the Benchmarking Agencies in timely manner for the purpose of performance benchmarking. The manager shall also make suitable disclosure with regard to the same in the PPMs of subsequent schemes.

The trustee/sponsor of AIF, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager includes compliance with the provisions of this circular.

This circular shall come into force with immediate effect.

[Link: SEBI | Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds \(AIFs\) in-specie](#)

SEBI Update: Standardised approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)

Sebi has notified that AIFs are inter-alia required to carry out valuation of their investments in the manner specified by SEBI from time to time.

The notification specifies:

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

Valuation of securities for which valuation norms have already been prescribed under SEBI (Mutual Funds) Regulations, 1996 ('MF Regulations'), shall be carried out as per the norms prescribed under MF Regulations.

Valuation of securities which are not covered in para 3.1 above, shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs.

The eligible AIFs shall endorse appropriate valuation guidelines after taking into consideration recommendations of Alternative Investment Policy Advisory Committee of SEBI.

The details of the valuation methodology and approach adopted under the stipulation guidelines for each asset class of the scheme of AIF shall also be disclosed in PPM.

Responsibility of manager of AIF with regard to valuation of investments of AIF:

The independent valuer must compute and carry out the valuation of the investments of the scheme of the AIF in the manner specified by the Board from time to time and the same must be ensured by the manager and the Key Managerial Personnel.

Manager shall be responsible for true and fair valuation of the investments of the scheme of the AIF. If the established policies and procedures of valuation do not result in fair and appropriate valuation then the manager shall deviate the established policies and procedures to value assets or securities at a fair and document the rationale for such deviation.

In case of deviation of 20% or more between the two consecutive valuations or a deviation of more than 33% in a financial year the same shall be informed with reasons/factors for the deviation both generic and specific not limited to changes in accounting policies/practices, valuation methodology and approach etc. and reasons thereof to the investors.

The change in the methodology and approach for valuation of investments of scheme of AIF shall be considered to be change influencing decision of the investors to continue investing in the scheme.

The AIF shall appoint an independent valuer satisfying the criteria specified by SEBI from time to time for valuing investment portfolio of AIFs. The same shall be ensured by the Manager.

Reporting of valuation of investments of AIF to performance benchmarking agencies:

Manager shall ensure that subscription agreement/ investment agreement with the investee company includes a specific time frame for providing audited accounts by the investee company to ensure reporting of valuation of audited data of investee companies as on 31st March to performance benchmarking agencies within specific limit of six months.



SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

Manager shall ensure that the audited data of investee company is reported to performance benchmarking agencies after the audit of books of accounts of AIF. Further the manager shall also submit the report on SEBI Intermediary Portal in the format as specified.

The trustee/sponsor of AIF, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager includes compliance with the provisions of this circular.

The provisions of this circular shall come into force with effect from November 01, 2023.

Sebi has notified that AIFs are inter-alia required to carry out valuation of their investments in the manner specified by SEBI from time to time.

[Link: SEBI | Standardised approach to valuation of investment portfolio of Alternative Investment Funds \(AIFs\)](#)

SEBI Update: Adherence to provisions of regulation 51A of SEBI (Issue and Listing of Nonconvertible Securities) Regulations, 2021 by Online Bond Platform Providers on product offerings on Online Bond Platforms

Sebi on 16th June 2023 restricted online bond platform providers from offering products other than listed debt securities on their platforms. In addition, the regulator allowed them to offer securities such as Government Securities, Treasury Bills, listed Sovereign Gold Bonds, listed municipal debt securities, and listed securitised debt instruments on their online bond platforms.

Under the rules, Online Bond Platform Providers (OBPPs) need to register themselves as stock brokers in the debt segment of the stock exchange.

OBPs offer an avenue for investors, particularly non-institutional investors to access the bond market.

While restricting products offered on an online bond platform, Sebi reiterated that an entity acting as an online bond platform provider would cease to offer on its platform or any other platform website, products or services not permitted under the rules.

It, further, said that the holding company, subsidiary, or associate of an online bond platform provider will not utilise the name, brand name, or any name resembling that of the online bond platform provider for offering products and services that are not regulated by a financial sector regulator

This comes after Sebi noted that a few OBPPs have commenced operations and observed that certain OBPPs continue to offer products other than listed debt securities and debt securities proposed to be listed through a public offering on their platforms.

Also, they are offering unlisted bonds on a separate platform or website and have not divested such offerings. Moreover, certain OBP providers have given a link on the online bond platform to another platform for transacting in unlisted bonds and other products.

Such practices are in contravention of NCS (Issue and Listing of Non-Convertible Securities) Regulations.

The new framework would come into force with immediate effect

[Link: Adherence to provisions of regulation 51A of SEBI \(Issue and Listing of Non-Convertible Securities\) Regulations, 2021 by Online Bond Platform Providers on product offerings on Online Bond Platforms](#)

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

SEBI Update: Issuance of units of AIFs in dematerialized form

Regulation 10(aa) of AIF Regulations, AIFs shall issue units in dematerialised form subject to the conditions specified by SEBI from time to time.

All schemes of AIFs shall dematerialise their units in the following time frame:

Particulars	Schemes of AIFs with corpus \geq Rs 500 Crore	Schemes of AIFs with corpus $<$ Rs 500 Crore
Dematerialisation of all the units issued	Latest by October 31, 2023	Latest by April 30, 2024
Issuance of units only in dematerialized form	November 01, 2023 onwards	May 01, 2024, onwards

The requirement of dematerialization of units of AIFs as specified above, shall not be applicable for schemes whose tenure (excluding permissible extensions in tenure) ends on or before April 30, 2024.

Link: [SEBI | Issuance of units of AIFs in dematerialised form](#)

SEBI Update: Trading Preferences by Clients

Securities and Exchange Board of India (Sebi) has proposed to standardize the format of trading preferences, in a bid to allow investors to access all the stock exchanges in which the stockbrokers are registered for the same segment.

At present, clients have to give separate authorization in case they want to trade on different stock exchanges for the same segment or on different segments.

Sebi has mandated all stockbrokers to register their new clients on all the active stock exchanges after obtaining the trading preferences as per the new proposed format.

The provisions of this circular shall come into force with effect from August 01, 2023.

Link: [SEBI | Trading Preferences by Clients](#)

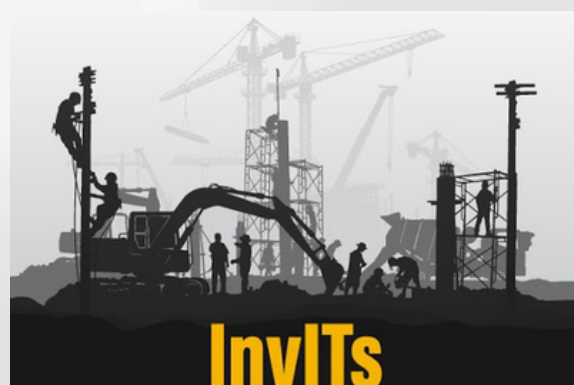
SEBI Update: Format for Annual Secretarial Compliance Report for InvITs

The following shall be complied with regard to annual secretarial compliance report:

The investment manager of the InvIT, on an annual basis, shall appoint a practicing company secretary to examine the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the practicing company secretary shall submit a report to the investment manager of the InvIT.

The format for the annual secretarial compliance report is placed at Annex-A.

Link: [Format for Annual Secretarial Compliance Report for InvITs](#)



SEBI Update: Format for Annual Secretarial Compliance Report for REITs

The following shall be complied with regard to annual secretarial compliance report:

The Manager of the REIT, on an annual basis, shall appoint a practicing company secretary to examine the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the practicing company secretary shall submit a report to the Manager of the REIT.

The format for the annual secretarial compliance report is placed at Annex-A.

[Link: Format for Annual Secretarial Compliance Report for REITs](#)

Format of Compliance Report on Governance for REITs

Please find the following update under SEBI

Regulation 26E of SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”) requires as under:

The Manager shall submit a quarterly compliance report on governance in the format as may be specified by the Board, to the recognized stock exchange(s) within twenty-one days from the end of each quarter.

The report shall be signed either by the compliance officer or the chief executive officer of the Manager.

[Link: Format of Compliance Report on Governance for REITs](#)

SEBI Update: Format of Compliance Report on Governance for InvITs

Regulation 26K of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) requires as under:

The investment manager shall submit a quarterly compliance report on governance in the format as may be specified by the Board, to the recognized stock exchange(s) within twenty-one days from the end of each quarter.

The report shall be signed either by the compliance officer or the chief executive officer of the investment manager.

[Link: Format of Compliance Report on Governance for InvITs](#)

Manner of achieving minimum public unitholding – InvITs and REITs

SEBI provided methods that can be adopted by real estate investment trusts and infrastructure investment trusts to achieve minimum public unitholding.

A REIT or an InvIT is required to achieve a minimum public unitholding of 25% within three years of listing. The market regulator has now prescribed eight methods by which this can be achieved. It has also allowed REITs and InvITs to use any other method approved by the board.

The methods laid down by the Securities and Exchange Board of India include:

Issuance of units to the public through an offer document.

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

An offer-for-sale route, where the sponsor, manager, or related parties can offer their units to the public—either through a public document or through a stock exchange route.

Rights issues and bonus issues of shares. Sponsors and managers will have to forego their entitlement to units.

Sale of units held by sponsors, managers, or their related parties in the open market. This can be up to 2%, subject to five times the average monthly trading volume in a given fiscal. Or up to 5% if the public shareholding becomes 25% after the sale.

Transferring shares held by promoter to an exchange-traded fund, subject to a maximum cap of 5% of their paid-up unit capital.

Link: Manner of achieving minimum public unitholding – InvITs and REITs

SEBI Update: Format of Compliance Report on Governance for InvITs

Regulation 26K of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) requires as under:

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The report shall be signed either by the compliance officer or the chief executive officer of the investment manager.

Link: Format of Compliance Report on Governance for InvITs

SEBI Update: Disclosure of Information on Issuers Not Cooperating (INC) with CRAs

Sebi observed over the time the number of issuers that are non-cooperative with CRAs (Credit Rating Agencies) have increased, with a vast majority of INC issuers being unlisted and small entities.

In this regard, to provide enhanced transparency and information regarding non-cooperative issuers to various stakeholders, market participants and investors. CRA shall disclose two lists of issuers who are non-cooperative with the CRA, separately for securities that are listed, or proposed to be listed, on a recognized stock exchange, and other ratings.

The list would be disclosed in a prescribed format and the disclosure would be updated on a daily basis.

SEBI provided methods that can be adopted by real estate investment trusts and infrastructure investment trusts to achieve minimum public unitholding.

A REIT or an InvIT is required to achieve a minimum public unitholding of 25% within three years of listing. The market regulator has now prescribed eight methods by which this can be achieved. It has also allowed REITs and InvITs to use any other method approved by the board.

SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES

The methods laid down by the Securities and Exchange Board of India include:

Issuance of units to the public through an offer document

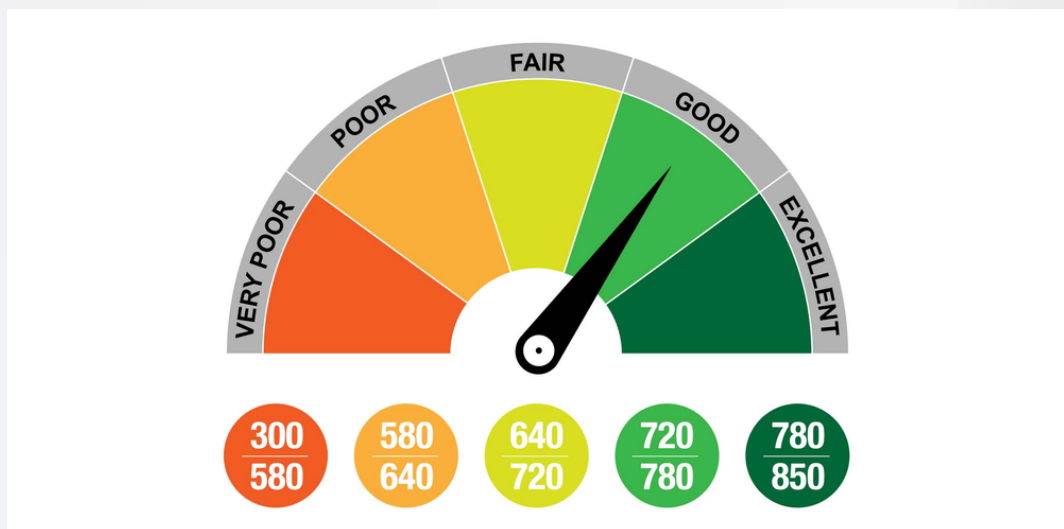
An offer-for-sale route, where the sponsor, manager, or related parties can offer their units to the public—either through a public document or through a stock exchange route.

Rights issues and bonus issues of shares. Sponsors and managers will have to forego their entitlement to units.

Sale of units held by sponsors, managers, or their related parties in the open market. This can be up to 2%, subject to five times the average monthly trading volume in a given fiscal. Or up to 5% if the public shareholding becomes 25% after the sale.

Transferring shares held by promoter to an exchange-traded fund, subject to a maximum cap of 5% of their paid-up unit capital.

[Link: Disclosure of Information on Issuers Not Cooperating \(INC\) with CRAs](#)



RESERVE BANK OF INDIA UPDATES

RBI Update: Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) – Extension of time

In order to address implementational challenges faced by the UCBs and to make the transition non-disruptive, it has been decided to extend the glide path for these PSL targets by an additional period of two years as under:

Financial Year ended	March 31, 2024	March 31, 2025	March 31, 2026
Overall PSL Target @	60% of ANBC or CEOBSE whichever is higher	65% of ANBC or CEOBSE, whichever is higher	75% of ANBC or CEOBSE, whichever is higher
Sub-target for advances to weaker sections #	11.50% of ANBC or CEOBSE whichever is higher	11.75% of ANBC or CEOBSE, whichever is higher	12.00% of ANBC or CEOBSE, whichever is higher

@ The targets for March 31, 2023 (at 60 %) shall continue till March 31, 2024. # The sub target set for March 31, 2023 (at 11.50%) shall continue till March 31, 2024.

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12515&Mode=0>

RBI Update: Guidelines on Default Loss Guarantee (DLG) in Digital Lending

The Reserve Bank came out with guidelines on default loss guarantee (DLG) in digital lending, a move aimed at ensuring the orderly development of the credit delivery system.

DLG is a contractual arrangement between a regulated entity (RE) and an entity meeting prescribed norms, under which the latter guarantees to compensate the RE, loss due to default up to a certain percentage of the loan portfolio specified upfront.

RE refers to entities, like banks and NBFCs, which are regulated by the RBI.

As per the guidelines, a RE may enter into DLG arrangements only with a Lending Service Provider (LSP)/ other RE with which it has entered into an outsourcing (LSP) arrangement.

DLG arrangements must be backed by an explicit legally enforceable contract between the RE and the DLG provider.

Last year, the Reserve Bank issued the regulatory framework for digital lending.

With a view to further promoting responsible innovation and prudent risk management, it has been decided to issue guidelines on Default Loss Guarantee arrangements in Digital Lending, RBI Governor Shaktikanta Das said while announcing the monetary policy earlier in the day.

This, he said, will further facilitate the orderly development of the digital lending ecosystem and enhance credit penetration in the economy.

The guidelines further said RE should ensure that the total amount of DLG cover on any outstanding portfolio, which is specified upfront should not exceed 5 per cent of the amount of that loan portfolio.

RESERVE BANK OF INDIA UPDATES

In case of implicit guarantee arrangements, the DLG provider shall not bear performance risk of more than the equivalent amount of five per cent of the underlying loan portfolio.

It also said recognition of individual loan assets in the portfolio as NPA and consequent provisioning will be the responsibility of the RE.

Also, the REs will have put in place a Board approved policy before entering into any DLG arrangement.

[Link:https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0)

RBI Update: Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review

It has been decided that henceforth, Scheduled Commercial Banks (excluding small finance banks and payment banks) may set their own limits for borrowing in Call and Notice Money Markets. As in the case of Term Money Market borrowing, Scheduled Commercial Banks shall put in place internal board approved limits for borrowing through Call and Notice Money Markets within the prudential limits for inter-bank liabilities prescribed by Department of Regulation.

[Link:https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12511&Mode=0](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12511&Mode=0)

RBI Update: Framework for Compromise Settlements and Technical Write-offs

It has been decided to issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the REs.

The provisions of this framework shall be applicable to all REs to which this circular is addressed and shall be without prejudice to the provisions of the Prudential Framework, or any other guidelines applicable to the REs on resolution of stressed assets.

[Link:https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12513&Mode=0](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12513&Mode=0)

RBI Update: Rationalization of Branch Authorization Policy for Urban Co-operative Banks (UCBs)

In order to rationalize the process of branch opening and to enable the UCBs to tap growth opportunities in the sector, it has been decided to grant general permission for branch expansion in the approved area of operation to financially strong UCBs. This is as per the Revised Regulatory Framework for Urban Co-operative Banks (UCBs) released by RBI on July 19, 2022, based on the recommendation of the Expert Committee on Primary (Urban) Co-operative Banks.

In addition to the general permission, the branch expansion under the prior approval route as per the existing framework will also continue, for other eligible UCBs. However, the process has been simplified to reduce the time taken for granting approvals for opening new branches.

The revised instructions shall come into force with immediate effect.

This circular is applicable to all Primary (Urban) Co-operative Banks (except Salary Earners' Banks).

[Link:https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12512&Mode=0](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12512&Mode=0)

RESERVE BANK OF INDIA UPDATES

RBI Update: Sovereign Gold Bond (SGB) Period of subscription Scheme 2023-24

Government of India, vide its Notification dated June 14, 2023, has announced Sovereign Gold Bond Scheme 2023-24. Under the Scheme, there will be a distinct series (starting from series I) which will be indicated on the Bond issued to the investor.

Date of Issue

The bonds shall be issued as per the details given below:

S. No.	Tranche	Date of Subscription	Date of Issuance
1.	2023-24 Series I	June 19 – June 23, 2023	June 27, 2023
2.	2023-24 Series II	September 11 – September 15, 2023	September 20, 2023

Subscription for the Gold Bonds under the Scheme shall be open (Monday to Friday) on the dates specified above, provided that the Central Government may, with prior notice, close the Scheme at any time before the period specified above.

Application

Subscription for the Bonds may be made in the prescribed application form Form A or in any other form. The Receiving Office shall issue an acknowledgment receipt in Form B to the applicant.

All online applications should be accompanied by email Id of the investor/s which should be uploaded on the Ekuber portal of the Reserve Bank of India along with the subscription details.

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12517&Mode=0>



Knowledge Sharing Case Law

NCLT allows refund of EMD of Bidder since the title of property fell under the buffer zone which was not disclosed – Mr. Abhishek Agarwal Vs. Mr. Yedavilli Sai Karunakar, Liquidator of B.S. Ltd. – NCLT Hyderabad Bench

Summary:

An application is filed by applicant who is Bidder in the e-auction against conducted by the respondent which is liquidator for assets of the Corporate Debtor. The applicant herein seeks relief through this application by cancelling the sale of the land and to seek refund of Rs. 90 lakhs from the Respondent.

Facts of the case:

The applicant who is Bidder of the land (asset of Corporate Debtor) in the e-auction conducted by the Respondent Liquidator. The land which was sold in the e-auction conducted by the liquidator was bought by the Bidder who deposited the EMD Rs. 90 Lakhs towards the same and later found out that the land falls under Open Space Buffer Use Zone as per GO No. 33.

As per the GO No. 33 dated 24th January 2013 the land is preserved and no construction is permitted in the said Open Buffer Space except for fishing, boating and picnics and along the banks only the construction allowed is to open sky jetties for boating and platform for fishing.

Thus, the application has been filed by Bidder for the refund of EMD seeking relief by cancelling the sale of the land and by providing refund of Rs. 90 Lakhs deposited by the applicant as it was not within the knowledge of the applicant that the land is in prohibited list as it was not disclosed by the Respondent Liquidator during the e-auction. Further the Bidder did not deposit rest of the bid amount for the title was not clear.

Issues Involved:

- In the given case the Respondent Liquidator did not disclose in the sale notice that the property was in prohibited list which was well within the knowledge of the of the Liquidator and not within the knowledge of the applicant.
- Due to lack of information the bidder who won the bid deposited Rs. 90 Lakhs towards the sale and later found out about the land being prohibited from construction/use for purposes other than fishing, boating and picnic.
- It was also observed that the Liquidator had addressed a letter to the Tehsildar, Medchal Mandal on 19th July 2021 requesting to exclude the land from the prohibited properties. An application was also filed in Dharani portal for the same by Liquidator.
- The details of the land which are available on Dharni portal were well within the knowledge of the liquidator and yet not disclosed in the sale notice.
- The Liquidator further argued that the bidder should have conducted due diligence towards the title of the land and that the bid document clearly state that the property is being sold on "As is where is basis and whatever is where is basis".

- The time given to the bidder for enquiry and due diligence was of only two days and hence it was noted that the bidder could not conduct due diligence in the given time.
- The land was also again put to e-auction and was purchased by another bidder at higher price than price agreed by the bidder.

Conclusion:

As per the facts of the case stated above the it was observed that the land which was put to e-auction by the Liquidator fell under the buffer zone which is preserved for Open Space Buffer Use Zone restricted for use/construction for purposes of fishing, boating, and picnic. The application was thus filed by the applicant only after depositing Rs. 90 Lakhs as the sale notice did not disclose the facts about the land being in Buffer Zone as per GO No.33 dated 24th January 2013.

The court considering the above stated facts noted that the application filed for refund of the amount deposited towards the sale was genuine and that the refund should be initiated as the Bidder could not conduct due diligence in the short period of time of just two days. Further, it was also stated that the liquidator did not even attempt to cause preliminary enquiry regarding the land and was expected to disclose the information available which can be obtained from public domain of Dharni Portal and hence cannot take refuge under the "As is where is basis and whatever is where is basis."

Thus, the court ordered to refund the Earnest money of the applicant since it would amount to undue enrichment of the Corporate Debtor and that considering that the bidder had genuine reason to not deposit the remaining amount as the case was not of "defective title but is of no title". Hence in the above order no interest is awarded.



Insolvency and Bankruptcy Case Laws

Jayantilal Ranshi Sangoi Vs. Mr. Anuj Bajpai - NATIONAL COMPANY LAW TRIBUNAL, MUMBAI.

Order date: 28th June 2023

“Liquidation Process Regulations does not contain any provision dealing with belated submission of claims.”

Facts:

A company Appeal was filed for seeking condonation of delay to file claim in liquidation. Wherein the Liquidator rejected the claim upon delay without considering the merits or giving any reason even when he was aware that an arbitral decree was already passed.

Judgement:

The NCLT held that the delay in submission of the claim deserves to be condoned, and the Liquidator is directed to adjudicate the claim of the appellant upon the merits for its admission.



The Federal Bank Ltd. Vs. Ruben George Joseph, Liquidator, M/s. Platino Classic Motors (India) Pvt. Ltd. -NATIONAL COMPANY LAW TRIBUNAL, KOCHI

Order dated: 23rd June 2023

“The period of 180 days prescribed under Regulation 21A(2)(b) of IBBI (Liquidation Process) 2016 to is mandatory and cannot be extended.”

Facts:

The Applicant was a secured creditor although could not realize the amount of the of immovable secured asset as 180days had elapsed from the date of commencement of liquidation. Application is filed for extension of time.

Judgement:

The AA dismissed the application on the ground that the period of 180days prescribed under the law is mandatory and cannot be extended. And that the asset will now form part of the liquidation estate.

Insolvency and Bankruptcy Case Laws

V. Duraisamy IRP of M/s. H G S Diaries and Agro Ltd. Vs. Jeyapriya Fruits and Vegetables Commission Agent - NATIONAL COMPANY LAW APPELLATE TRIBUNAL, CHENNAI
Order Dated- 23rd June 2023

Facts:

The IRP had constituted a COC of the sole operational creditor as directed by the AA. However, since the company has been struck off on MCA, the IRP moved an application for dismissal of CIRP.

Judgement:

The order of the Adjudicating Authority is set aside as no claim had been received by the IRP and that the COC was also not constituted pursuant to which the Company is released from all rigors of CIRP.

Bank of India Ltd. Vs. BD & P Hotels (India) Pvt. Ltd. - NATIONAL COMPANY LAW TRIBUNAL, MUMBAI

Order date: 23rd June 2023

“Whether insufficiently stamped loan/ mortgage agreements can have a bearing on the adjudication of an application u/s 7 of the IBC in case the claim can otherwise be substantiated?”

Fact:

The Corporate Debtor has challenged the maintainability of this Petition on the ground of insufficiency of stamp duty paid on loan / mortgaged documents.

Judgement:

The Adjudicating Authority held that such contract that is unstamped or insufficiently stamped, void, and the said decision further lays down the principle that such contract gets revived upon payment of duty with penalty under the Stamp Act.



Our Representation at Conferences

24th PCS CONFERENCE OF PRACTISING COMPANY SECRETARIES

THEME: Company Secretary Stepping Beyond Boundaries

**Represented by Mr Sudhakar Saraswatula
Chief Consultant at Mehta & Mehta**

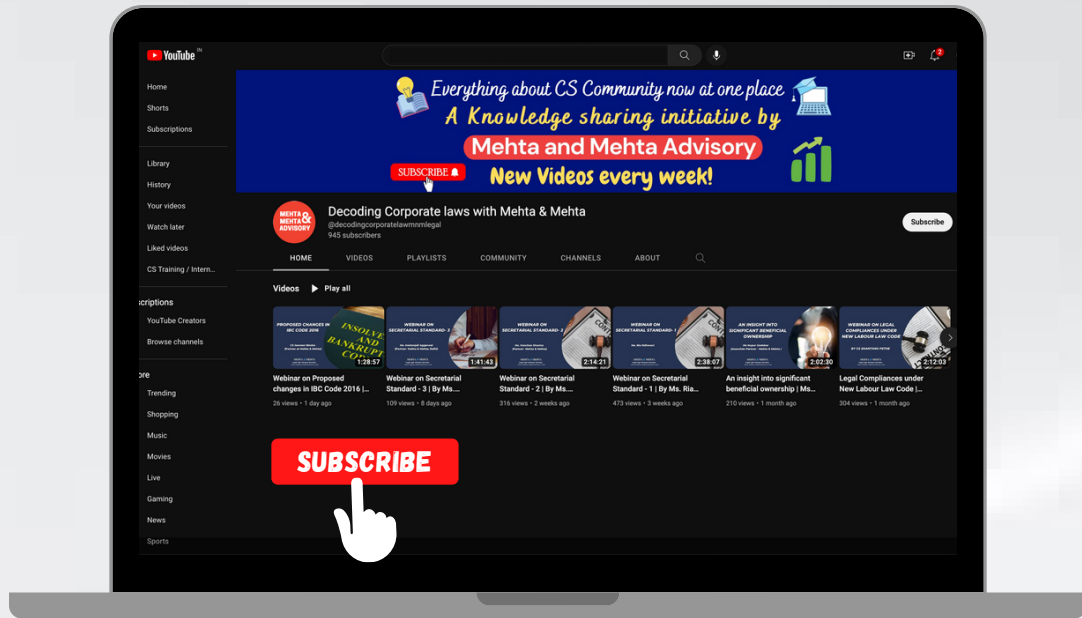


PIT session at KSB Ltd.

**Represented by Mr. Sudhakar Saraswatula
Chief Consultant at Mehta & Mehta**



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KEY AMENDMENTS TO SEBI LISTING REGULATION 2015

Presenter and Panelist:
Ms. Alifya Sapatwala
(Partner-Mehta & Mehta)

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