



JSA

JAYA SHARMA & ASSOCIATES

NEWSLETTER

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MCA AND RBI UPDATES

www.mca.gov.in	April 22, 2021	Spending of CSR funds for setting up makeshift hospitals	GeneralCircularNo5_22042021.pdf (mca.gov.in)
www.mca.gov.in	April 09, 2021	Insolvency and Bankruptcy (pre-packaged insolvency resolution process) Rules, 2021	InsolvencyandBankruptcyRules_12042021.pdf (mca.gov.in)
www.mca.gov.in	April 09, 2021	Minimum amount of default under pre-packaged insolvency resolution process	InsolvencyandBankruptcyRules_12042021.pdf (mca.gov.in)
www.mca.gov.in	April 04, 2021	The Insolvency And Bankruptcy Code (Amendment) Ordinance, 2021	http://www.mca.gov.in/Ministry/pdf/NotificationAuthorization_20012021.pdf
https://www.rbi.org.in/	April 29, 2021	Exim Bank's Government of India supported Line of Credit (LoC) of USD 250 million to the Government of the Republic of Mozambique	Reserve Bank of India - Notifications (rbi.org.in)
https://www.rbi.org.in/	April 22, 2021	Declaration of dividends by banks	Reserve Bank of India - Notifications (rbi.org.in)
https://www.rbi.org.in/	April 05, 2021	Enhancement of limit of maximum balance per customer at end of the day from ₹1 lakh to ₹2 lakh – Payments Banks (PBs)	Reserve Bank of India - Notifications (rbi.org.in)

1. April 06, 2021 - Setting up of Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Funds.
[SEBI | Setting up of Limited Purpose Clearing Corporation \(LPCC\) by Asset Management Companies \(AMCs\) of Mutual Funds](#)
2. April 07, 2021 - Circular on Regulatory Reporting by AIFs.
[SEBI | Circular on Regulatory Reporting by AIFs](#)
3. April 12, 2021 - Circular on Reporting Formats for Mutual Funds
[SEBI | Circular on Reporting Formats for Mutual Funds](#)
4. April 22, 2021 - Relaxations relating to procedural matters –Issues and Listing.
[SEBI | Relaxations relating to procedural matters –Issues and Listing](#)
5. April 27, 2021 - Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments
[SEBI | Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies \(CRAs\) for Debt Instruments](#)
6. April 29, 2021 - Relaxation from compliance with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 due to the CoVID-19 pandemic
[SEBI | Relaxation from compliance with certain provisions of the SEBI \(Listing Obligations Disclosure Requirements\) Regulations, 2015 due to the CoVID-19 pandemic](#)
7. April 29, 2021 - Relaxation in timelines for compliance with regulatory requirements
[SEBI | Relaxation in timelines for compliance with regulatory requirements](#)

1. Zomato files papers for Rs. 8,250 Crore IPO.

Foodtech platform Zomato Ltd has filed its draft red herring prospectus with SEBI, proposing an Initial public offering of Rs. 8,250 Crore. The Company will be issuing fresh equity shares worth Rs. 7,500 crore along with company's earlier backer Info edge India Ltd selling its stake worth Rs. 750 crore in the upcoming IPO.

2. CSR funds can be used for setting up makeshift hospitals.

The Ministry of Corporate vide notification dated April 22, 2021 clarified that spending of CSR obligations on setting up makeshift hospitals can be considered as a valid CSR expenditure.

3. Covid-19 Vaccine for all above age of 18 years from May 1, 2021.

In a significant step, the Indian government on Monday announced that all persons above 18 years of age will be eligible to get COVID-19 vaccine doses from May 1, 2021. While announcing a 'liberalized and accelerated Phase 3 strategy of Covid-19 vaccination from May 1', the Centre stated that the pricing, procurement, eligibility and administration of coronavirus vaccines being will be made flexible in Phase 3 of the world's largest vaccination drive. The government in its order stated that states and Union Territories have been empowered to procure additional coronavirus vaccine doses directly from the manufacturers, as well as open up vaccination to any category of people above the age of 18 for the same. The Centre's vaccination drive will continue as before, providing free vaccination for essential and priority populations as defined earlier i.e. healthcare workers, frontline workers and population above 45 years of age.

Insider Trading by promoters in scrip of Future Retail Limited (FRL)

Fact of the case

The Future Retail Limited (FRL) made an announcement on April 20, 2017 during market hours on the exchange platform for scheme of arrangement between FRL, Bluerock eServices Private Limited (BSPL), Praxis Home Retail Private Limited (PHRPL) and their respective Shareholders. The said announcement had a positive impact on the price of the scrip of FRL. The information related to mergers, demergers, acquisitions, etc. qualifies as UPSI as per the 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders in the Securities of FRL. The information related to scheme of arrangement which resulted in the demerger of certain business from FRL, qualifies as UPSI as per Regulation 2(1)(n)(iv) of PIT Regulations, 2015, prior to its announcement on the exchange platform dated April 20, 2017.

Chronology of events as per Investigation

March 10, 2017 – The announcement related to the “Composite Scheme of Arrangement between FRL, BSPL, PHRPL and their respective Shareholders” had come into existence as preliminary discussion for the proposed scheme of arrangement was carried out on this date.

March 14, 2017 - A team was also created by FRL on to work on this scheme on this date.

April 20, 2017 - The press release pertaining to the aforesaid scheme was made on this day during market hours.

In view of the same, the period of UPSI was identified as March 10, 2017 to April 20, 2017. SEBI's Investigation observed that Future Corporate Resources Private Limited (FCRPL) (promoter and promoter group of FRL), Kishore Biyani (CMD and Promoter of FRL) and Anil Biyani (Promoter and brother of FRL) traded in the scrip of FRL during the period of UPSI.

SEBI ORDER

SEBI restrained Kishore Biyani, Anil Biyani and FCRPL from accessing the securities market for a period of 1 year and from buying, selling or dealing in the securities of the Future Retail Limited (FRL) for a period of two years. Further, FCRPL, Kishore Biyani and Anil Biyani imposed with penalty of Rs. 1 crore each.

- They were also directed to disgorge an amount of ₹ 17.78 crore, jointly and severally, along with interest at the rate of 12 per cent per annum from April 20, 2020, till the date of actual payment.

APPEAL TO SAT

In pursuant to this, Kishore Biyani, Anil Biyani and FCRPL have moved the Securities Appellate Tribunal (SAT) against the SEBI order that barred them from the securities market. SAT ORDER The Securities Appellate Tribunal (SAT) has stayed the order passed by SEBI on FCRPL, Kishore Biyani and Anil Biyani. SAT has also directed them to deposit a sum of ₹11 crore as an interim measure.

CASE STUDY -2

04.1.2021	Mr. Prannoy Roy and Mrs. Radhika Roy (Appellants) vs. Securities and Exchange Board of India (SEBI)	Held by Securities Appellant Tribunal (SAT)
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Suspected Insider trading in the scrip of 'NDTV'.

Fact of the case

SEBI conducted an investigation into the suspected insider trading in the scrip of NDTV ("the Company") and the investigation detected that –

Mr Prannoy Roy and Mrs Radhika Roy were insiders in terms of regulation 2(e) of the PIT Regulations, 1992

Mr. Prannoy Roy and Mrs. Radhika Roy indulged in the act of insider trading by trading in the scrip of New Delhi Television Ltd (NDTV) while in possession of unpublished price sensitive information ("UPSI") relating to the proposed reorganization of the Company and therefore, have violated the provision of sections 12A(d) and (e) of the SEBI Act, 1992 read with regulations 3(i) and 4 of the PIT Regulations, 1992.

Mr. Prannoy Roy and Mrs. Radhika Roy sold their shares of NDTV on April 17, 2008, during trading window closure period, i.e., within 24 hours of the public announcement of Price Sensitive Information relating to the proposed reorganization of the Company on April 16, 2008 and as such have violated NDTV's Code of Conduct and the provisions of regulation 12(2) read with regulation 12(1) of the PIT Regulations, 1992.

Mr. Prannoy Roy and Mrs. Radhika Roy together have made a wrongful gain of ₹16.97 crores by trading in the shares NDTV while in possession of UPSI relating to the reorganization of the Company

SEBI vide order dated 27.11.2020 issued the following directions:

- (a) Mr. Prannoy Roy and Mrs. Radhika Roy shall, jointly or severally, disgorge the amount of wrongful gain of ₹16,97,38,335/- , along with interest at the rate of 6% per annum from April 17, 2008, till the date of actual payment of disgorgement amount along with interest, within 45 days from the date of coming into force of this order; and
- (b) Mr. Prannoy Roy and Mrs. Radhika Roy shall be restrained from accessing the securities market and further prohibited them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 years

SAT Order

SAT has directed NDTV's promoters Prannoy Roy and Radhika Roy to deposit 50 per cent of the disgorged amount before SEBI within four weeks. If NDTV deposits the amount, the balance amount will not be recovered during the pendency of the appeal before SAT.

LIST OF JSA ARTICLES PUBLISHED:

Serial No.	Name of Article	Link
1.	Central Scrutiny Cell: A torch bearer for enhanced corporate governance This Article has been authored by Mehul Solanki, Devyani Bhati and Saurabh Vaze and the same is published on Taxguru	https://tinyurl.com/mnsy6wr4
2.	CSR Amendments- A Journey from Recommendatory to Mandatory This Article has been authored by Mehul Solanki, Ayush Maheshwari and Menakshi Bajaj and the same is published on Compliance Calendar	https://tinyurl.com/yvuasfsh
3.	A bird's eye view on SEBI's consultation paper for review of provisions of Independent Director This Article has been authored by Mehul Solanki and Ishita Samani and the same is published on Taxguru	https://tinyurl.com/2tdhm94b

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