MMJCINSIGHTS
30 June, 2023

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SEBI notifies Annual Secretarial Compliance Report for Investment Managers of Infrastructure Investment Trusts (InvITs)

1. Securities Exchange Board of India ('SEBI') vide circular SEBI/HO/DDHS-PoD-2/P/CIR/2023/102 dated June 26, 2023 issued a format of Annual Secretarial Compliance Report to be submitted by the investment manager of Infrastructure Investment Trust ('InvIT'). The requirement for submission of this report was introduced in SEBI InvIT Regulations w.e.f. April 1, 2023. The format for submission of this report has been prescribed by this SEBI circular.
2. SEBI has issued this circular in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 26J of the SEBI (Infrastructure Investment Trusts) Regulations, 2014. This circular is applicable to investment managers of all InvITs, irrespective of their size.
3. As per Regulation 26J of SEBI (Infrastructure Investment Trusts) Regulations, 2014, the investment manager has to submit the Secretarial compliance report given by a Practicing Company Secretary to the stock exchanges, within sixty days from end of each financial year. Also, this report has to be annexed with the Annual Report of the InvIT.
4. The investment manager of the InvIT, has to appoint a Practicing Company Secretary on annual basis in order 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.
5. The investment manager also has to provide all such documents/information as may be sought by the Practicing Company Secretary for the purpose of providing Secretarial compliance report.
6. **Effective date:** This circular shall come into force with effect from the financial year 2023-24 onwards.

A detailed newsletter on the same shall follow. Copy of SEBI circular can be accessed at below mentioned link: https://www.sebi.gov.in/legal/circulars/jun-2023/format-for-annual-secretarial-compliance-report-for-invits_73076.html

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SEBI notifies Compliance Report on Governance for Investment Managers of Infrastructure Investment Trusts (InvITs)

1. Securities Exchange Board of India ('SEBI') vide circular SEBI/HO/DDHS-PoD-2/P/CIR/2023/100 dated June 26, 2023 issued a format of Compliance Report on Governance to be submitted by the investment managers of Infrastructure Investment Trust('InvITs'). This circular is applicable to InvITs whose units are listed on recognised stock exchange. The requirement for submission of this report was introduced in SEBI InvIT Regulations w.e.f. April 1, 2023. The format for submission of this report has been prescribed by this SEBI circular.
2. As per Regulation 26K of SEBI InvITs Regulation 2014, the investment manager has to submit a quarterly compliance report on governance to the recognized stock exchange(s) within twenty-one days from the end of each quarter. The quarterly compliance report has to be signed by the compliance officer or the chief executive officer of the investment manager. The requirement to submit these compliance reports is applicable to all InvITs irrespective of their size.
3. SEBI through this circular has released a format which is divided in three parts as follows:

Annexure No.	**Heading of the Annexure**	**Timeline**
I	Format of compliance report on Governance to be submitted by the investment manager	Within 21 days from the end of each quarter
II	Format to be submitted by investment manager for the financial year	Within 21 days from end of financial year on an annual basis
III	Format to be submitted by the investment manager	Within 3 months from the end of financial year on an annual basis

4. The investment manager has to submit the Governance report to the stock exchange as per the timeline specified above. Apart from submitting to stock exchanges as mentioned above, the compliance report on governance should also be given as a part

of annual report of the InvIT. The effective date of this circular is from the financial year 2023-2024 onwards.

5. However, the first reporting as per Annexure I shall be made for the quarter ended June 30, 2023 within 21 days from end of quarter i.e., on or before July 21, 2023.
6. It is not clear whether the Compliance Report on Governance has to be submitted in XBRL or PDF format? Hence clarity is awaited on this aspect from the stock exchanges.

A detailed newsletter on the same shall follow. Copy of SEBI circular can be accessed at below mentioned link: https://www.sebi.gov.in/legal/circulars/jun-2023/format-of-compliance-report-on-governance-for-invits_73079.html

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SEBI Circular on online processing of investor service requests and complaints by Registrar and Transfer Agents ('RTA')

I. Background:

Processing of investor service requests and complaints relating to thereto are being dealt as per provisions of SEBI Circular May 17, 2023. Processing of investor service requests and complaints were resolved pursuant to a standard operating procedure prescribed by SEBI.
Now SEBI is trying make this procedure of resolving investor complaints of physical security holder investor friendly, through the new SEBI Circular dt: June 8, 2023, which is being discussed in this note.

II. Online mechanism for dealing in investor complaints:

SEBI Circular dt: June 8, 2023 ('June Circular') now mandates RTAs to provide for online mechanism for resolution of investor service requests and complaints relating to it.

Processing of all types of investor service requests and complaints relating to physical security holders would now be resolved online, pursuant to June Circular.

June Circular is basically applicable to RTAs and QRTAs who deal in physical folios of listed companies.

III. Timeline and phases for implementation of June Circular:

SEBI has provided timeline by which systems needs to be put in place by RTAs to implement this circular. SEBI has prescribed the implementation of this circular to be done in 2 phases.

Implementation of Phase I is applicable for Qualified RTAs (QRTAs), i.e., such RTAs who serve for a combined number of physical and demat folios of listed companies exceeding 2 crore, by January 1, 2024 and for other RTAs by June 1, 2024.

A. Implementation of Phase I:

- **Functional Website**
  All RTAs serving listed companies shall have a functional website which shall display following information in addition to information already required to be published by SEBI:
  a) Basic details of the RTA such as registration number, registered address of Head Office and branches, if any.
  b) Names and contact details such as email ids etc. of key managerial personnel (KMPs) including compliance officer in the format provided by June Circular.
  c) 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, etc.

As mentioned above, QRTAs are mandated to host these details on their website by January 1, 2024 and other RTAs are mandated to host these details on their website by June 1, 2024.

- **Authenticated process of resolving service request and complaints:** Further under Phase I all RTAs are also required to set up a user-friendly online mechanism or portal for service requests/ complaints (as per the above timeline, depending on whether the RTA is classified as QRTA or otherwise). On this online system investors can register themselves by creating a login id and password. This online system would provide such facility and it would be authenticated one with OTP received on mobile no. of investor. Through this online system investor would be able to view his/her holdings, lodge service requests/ complaints for the respective companies and track the status of service requests/complaints so lodged.

- **Linking of service request and compliant to mobile no.:** Investor service request and complaints relating to that would now be linked to mobile no and email id of investor.
  It may be noted that SEBI has been asking listed entities to ensure that folios of physical security holders are fully KYC compliant. SEBI has recently by way of May 17, 2023 circular had set deadlines for completion of KYC process by physical security holders. It appears that folios holders with KYC compliance fully done would be able to have access to this online mechanism going forward.

  Further at every stage of processing the service requests/complaints, the investor will receive an alert about the status through SMS and / or email till the matter is concluded. The system will have provision for seeking clarifications by the RTAs and submission by the investors in response to the same including option of uploading additional document.

- **Submission of documents online but RTA may ask to submit physically too:** Online mechanism would now allow investors to submit documents for processing of investor requests and complaints online. The service request/ complaint can be submitted either through upload of duly filled in relevant standard forms prescribed by SEBI or through fillable relevant standard forms provided in the portal. Further stated that wherever investor service requests require submission of physical documents, those requests will be considered and taken up for processing by RTA only after receipt of physical documents.

  Online requests will be kept pending for receipt of physical documents for 30 days. Requests pending beyond 30 days awaiting receipt of physical documents will be closed with communication about non-receipt. In such case, the investor will have to raise a fresh request. This facility is not substituting physical submission of documents whenever required.

- **Generation of Unique Reference Number ['URN']:** Online submission process would be user friendly. For each service request/ complaint, the online system shall display a number of categories in order to enable the investor to choose the most relevant category for lodging his/her service request/ complaint.

  The system shall also display a list of documents required to be provided by the investor and the instructions thereof for each category. These documents shall be finalized by the Qualified RTAs (QRTAs) latest by September 30, 2023 in accordance with various SEBI circulars issued from time to time and shall be uniform across all the RTAs.

  SEBI has further stated that copy of the self-attested documents which are required to be submitted to the RTA may also be submitted by way of uploading the same on the portal. **Now each service request and/or compliant relating to that would be identified by a URN. This number would be generated and displayed on the portal as soon as request or compliant is submitted.** The same will also be sent to the investor by way of email and SMS to the email id and mobile number respectively registered with RTA. For all further communication with investor pertaining to a query would be done by referring URN. By using URN along with appropriate authentication/validation, the investor can track the status of his/her service request/ complaint on website/portal of the RTA.
  Above referred features of online mechanism are minimum features. RTAs and QRTAs can provide enhanced features as they may deem fit. RTAs shall ensure that the online mechanism complies with the existing guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) specified by SEBI.

B. Implementation of Phase II :

Phase II of the Online Portal requires a common website shall be made and operated by QRTAs from July 01,2024 through which investors shall be redirected to individual web-based portal/website of the concerned RTA for further resolution by putting the name of the listed company. This website shall have the functionality of adding companies/RTAs to its search list as and when required.

C. Certification from a Practicing Company Secretary: RTAs will be required to provide a **Certificate of Compliance from a Practicing Company Secretary,** within **30 days from the date of implementation of Phase I** certifying the changes carried out, systems put in place/ new operating procedures implemented etc. to comply with the provisions of this circular.

D. Actionable on the part of RTAs and Listed Companies:

- Listed Companies need to ensure compliance with SEBI Circular May 17, 2023 viz. informing physical security holders to link PAN with Aadhar by June 30, 2023, ensure other KYC compliance is done by October 1, 2023. This will ensure that KYC compliant folios are known to listed entities.
- Listed Companies then needs to identify whether their RTA is categorised as a QRTA or not?

- Listed Companies will have to ensure that their RTAs has sent an electronic intimation post January 1, 2024 in case of QRTA and post June 1, 2024 in case of RTA, as the case may be to all the investors whose e-mail address and/or mobile number is available about the availability of the aforesaid online mechanism.
- Additionally, listed companies and RTAs also required to disseminate the availability of this mechanism on their respective websites.
- In case a listed entity is in the process of change of RTA then while transferring the business from one RTA to another, the listed company have to ensure that the new RTA is in compliance with the provisions of this circular.

Copy of circular can be accessed at below link:
https://www.sebi.gov.in/legal/circulars/jun-2023/online-processing-of-investor-service-requests-and-complaints-by-rtas_72363.html

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Adjudication order and order of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Quasar India Limited.

Facts of the case:

1. Quasar India Limited (hereinafter referred to as "**Noticee-1**"/ "**QIL**") made a preferential allotment on January 31, 2014 by allotting 51,05,000 equity shares of Rs. 10/- each at par to promoter and non-promoter entities aggregating to Rs. 5.10 Cr. Bombay Stock exchange (hereinafter referred to as "BSE") had carried out preliminary examination of the utilisation of funds raised by Quasar India limited (hereinafter referred to as Noticee-1/QIL) through preferential allotment.
2. BSE on investigation found that the objects of preferential allotments, as presented by the Noticee-1 to the shareholders vide Notice of Extra Ordinary General Meeting ('EGM') of the members of the Company dated December 16, 2013 for the EGM to be held on January 15, 2014, was to augment the working capital requirements of QIL and to fund the proposed business expansion plans of the company. BSE further observed that the aforesaid resolution for the preferential allotment was passed by the members, and there has been no mention about any modification made to the 'Objects of the preferential issue' as set out in the Notice of the EGM dated December 16, 2013. On further examination carried out by BSE, of the utilization of funds raised by QIL, based on observation of BSE's Auditor Committee and Disciplinary Action Committee, it was observed that QIL had utilized the issue proceeds for granting loan and advances to various entities, which did not adhere to the objects of the issue.
3. In this regard details were further sought from QIL with respect to utilisation of proceeds of preferential issue. Under preliminary examination BSE sought details regarding utilisation of funds by the Noticee no.1. QIL submitted same vide letter dated January 31, 2016. On investigation BSE found that Noticee No.1 had given Rs. 4,67,00,000 as loans to certain entities and Rs. 45,10,400 as payment to creditors. BSE further sought details from Noticee no. 1 with respect to loans given and payment made to creditors. On replies by QIL, BSE observed that in certain cases the loans were given without interest. BSE, in this regard, further sought clarification from QIL with respect to giving of interest free loans. BSE then stated that, QIL changed its earlier stand and intimated that funds were given as business advances for different purposes such as buying of premises, purchases of fabric, setting of power projects, acquisition of sick company, buying office premises etc., and therefore no interest was charged.
4. Further the matter was referred to SEBI and SEBI, as part of its investigation and examination, vide its letter dated November 28, 2019 advised QIL to provide the details of utilization of funds of the allotment dated January 31, 2014 along with reasons/purpose/transaction/agreement in details along with all relevant documentary evidence. Vide letter dated December 31, 2019, QIL provided the details of utilization of funds raised through the preferential issue. , The Company had submitted a copy of its bank account statement highlighting the aforesaid payments/transactions. It was observed from the details of utilization of funds submitted by the Company that the same did not match with the utilization details as submitted by the Company to BSE vide letter dated January 31, 2016. On

seeking clarification, vide letter dated December 16, 2020, QIL had submitted that there might have been a clerical error in the submission of data to BSE. Also, it was observed from the bank account statement of the Company, where the preferential issue proceeds were credited, that the fund flow did not match with the deployment of proceeds as provided by QIL. So QIL was asked to provide comments on how the details of funds utilization submitted by them did not match with actual fund flow as observed from its bank statement of? QIL submitted that the fund utilization provided was true and correct to the best of their knowledge and belief and depicts the final position of the funds utilization.

5. SEBI thus stated that investigation, *prima facie*, revealed that Noticee-1 had mis-utilized the issue proceeds by not deploying funds for the stated objects of the preferential issue. It was also observed that the said fraudulent act of deviating and mis-utilising the preferential issue proceeds was done by QIL with the knowledge of its directors i.e. Ankit Agarwal, Ganesh Prasad Gupta and Yogesh Bansal (hereinafter referred to as **Noticees-2 to 4** respectively).

Charge: Section 12 A (a) (b) (c) of SEBI Act, 1992 read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"). Non-disclosure under clause 43 of the erstwhile Listing Agreement read with section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**, **1956**") in respect of variation or deviation in the utilization of preferential allotment proceeds and therefore it was alleged that QIL was in violation of the said provisions.

Arguments by QIL:

1. **Company Utilised the proceeds of preferential allotment for the objects as specified in the explanatory statement to EGM:**

A. QIL stated that amounts that were raised were advanced to several parties for meeting the business requirements / working capital needs of the Company. They were not diverted or utilised for any other purpose as contended by the Audit Committee of the BSE. QIL further submitted that they have advanced Rs 278 lacs as loan and has received interest on them as well. It was further stated that the amount was advanced as it was lying idle and they intended to earn some income on the same. QIL further stated that the contents of the main objects permits the business of investing in shares. Further**,** clause 6 of the Main Objects permits the Company to engage in any lawful activity as may be permitted by the law of the land for the time being in force. This clearly prove**s** that Compan**y** has not done any activity which is not permitted by its Memorandum of Association. QIL further submitted certificate from Ms. V N Purohit & Co., Chartered Accountants confirming the utilisation of the proceeds in accordance with the objects stated. QIL further affirmed that pending utilisation of the funds, they had provided short term advances to certain entities, which have been returned to the Company. QIL further stated that details provided by the

Company regarding the utilisation of the Funds is true and correct and depicts the final position regarding the utilisation of funds.

B. **Ratification of utilisation of funds done:** QIL further stated that BSE directed them to ratify the utilisation of funds by way of a shareholder resolution vide notice no: 20180613-29 dated 13.06.20 18 in the year 2018. They confirmed that the ratification was done in January 2019 as that was the earliest Shareholders Meeting after the direction of the BSE. QIL also submitted that they believed that there was no mis-utilisation of funds and they deny that they have mis-utilized the funds or committed a fraud and violated the provisions of Section 12 of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(I), 4(2)(f), and 4(2)(r) of PFUTP Regulations, 2003. QIL further stated that Noticees 2 to 4 have carried out all duties assigned to them as per the provisions of applicable laws.

C. QIL further specifically stated as follows with respect to certain contracts:
   i. **Neeru Bansal:** QIL confirmed that an amount of Rs.50, 00,000 was paid as advance to Ms Neeru Bansal on September 10, 2013 towards the office space that was proposed to be purchased from her. Since she could not deliver as per the commitment made, the amount given to her was returned by her to our Company.
   ii. **Taxus Infrastructure:** With regard to the allegation in Paragraph 9(b) regarding the payment of Rs. 96,00,000 made to Taxus Infrastructure ('Taxus') on September 12, 2013, September 27, 2013 and November 07, 2013, QIL denied that the amount advanced was not in accordance with the objects of the issue. One of the Objects was to finance fund the expansion propositions of the Company. QIL had accordingly identified investment in the power project of Taxus Infrastructure as it appeared to be lucrative and accordingly advanced Rs.90,00,000 towards the subscription to the equity capital of Taxus. Remaining Rs. 6,00,000 was a penalty imposed on Taxus opportunity loss caused due to failure of the investment. However, the same was returned to Taxus after they made a request to QIL to refund the penalty amount.
   iii. **Madhu Vashist:** Amount of Rs. l0, 00,000 was paid to Ms Madhu Vashist, as advance towards purchase of fabric.
   iv. **Sandeep Gupta:** It is submitted that amount was provided as an advance to Mr Sandeep Gupta so that he could identify certain takeover targets, particularly companies which were sick. Mr Sandeep Gupta however could not complete the transaction and hence the amount advanced to him were refunded by him to QIL on March 10, 2014, March 11, 2014 and March 26, 2014.
   v. **Munish Bajaj & Sons HUF:** With regard to the payment made to Munish Bajaj & Sons HUF, QIL denied all the allegations made in the Notice. The amount of Rs.17, 00,000 was advanced to purchase property. The deal was however cancelled as Munish Bajaj & Sons HUF was unable to handover the possession of the property.
   vi. **Josh Impex Pvt Ltd:** With regard to the amount of Rs.30,00,000 paid to Josh Impex Private Limited, QIL denied all the allegations made in the Notice, The amount was advanced towards purchase of Blended Woven Fabric, which is part of the business in which we operate. This was in accordance with the objects of the issue as well.

However, QIL was forced to cancel the Order due to change in the import Policy of the Government of India and continuing with the Order would not have helped the Company's business.

vii. **Signature Builders Private Ltd:** With regard to the payment to Signature Builders Private Limited, QIL confirmed that same was advanced towards the purchase of 2 Bedroom Guest House. QIL had provided the necessary correspondence in this regard. It can be seen from the notice that it was Signature Builders which had changed its submission and not QIL. QIL had advanced Rs.90,00,000 towards the same and the amount was returned by Signature Builders Private Limited as they did not keep up their commitments.

viii. **Rekha Malhotra:** QIL denied the allegations made in the Notice with regard to the payments wade to Ms Rekha Malhotra. QIL said it would like to reiterate the amount of Rs.6,00,000 was made towards purchase of fabric and the Order was cancelled due to the non-matching of the final product with the sample and the unethical behaviour of Ms Rekha Malhotra.

ix. **Chanson Shipping and Packaging Company Private Ltd:** QIL denied the allegations regarding payment made to Chanson Shipping and Packing Company Private Limited. The same was for the purchase of warehouse, which they did not deliver on time and hence had to be cancelled. The amount of Rs.50,00,000 advance was towards purchase of warehouse and not interest free loan as alleged in the Notice. QIL denied that they did not have the intent of recovering the amounts advanced to the parties. The agreements may not have been entered on a stamp paper, but to receive the amounts advanced as loan or given as advance towards the purchase of fabric, office property, warehouse etc., was with good intent. If, the intent to recover the amount was not there, QIL would not have received all the amounts given to the parties mentioned above, except for the amount of Rs.12,00,000 advanced to Pun Films Private Limited.

Arguments by SEBI:

1. **Company Utilised the proceeds of preferential allotment for the objects as specified in the explanatory statement to EGM:** SEBI initially countered the arguments pertaining to each contract as follows:
   a. **Neeru Bansal:** The contention of Quasar India that Rs. 50,00,000 was paid to Neeru Bansal for purchase of office space does not seem tenable. No details/documents regarding the purchase property is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of office space was an afterthought. Since the amount was returned back by Neeru Bansal without paying any interest, SEBI concluded that the amount paid to Neeru Bansal was actually an interest-free loan.
   b. **Taxus Infra and Power Projects Ltd:** SEBI stated that the contention of Quasar India that Rs. 90,00,000 was paid to Taxus Infrastructure and Power Projects Pvt. Ltd. in accordance with objects of the issue is not tenable. No details/documents regarding how the payment made to Taxus in in accordance with the objects of the preferential issue was

available with the Company. As per information memorandum submitted by the Company to BSE dated June 9, 2014, the business activity of the Company was fabric/textile trading. It is not clear as to how participation in power projects would benefit a Company engaged in fabrics. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized in accordance with the objects of the issue was an afterthought. Since the amount was returned back by Taxus Infrastructure and Power Projects Pvt. Ltd. without paying any interest, SEBI concluded that the amount paid to Taxus Infrastructure and Power Projects Pvt. Ltd. was actually an interest-free loan.

c. **Madhu Vashist:** The contention of Quasar India that Rs. 10,00,000 was paid to Madhu Vashisht for purchase of fabric is not tenable. No valid legal documents regarding the purchase of fabric is available with the Company or the counterparty. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, SEBI concluded that the amount paid to Madhu Vashisht was actually an interest-free loan.
d. **Sandeep Gupta:** The contention of Quasar India that Rs. 10,00,000 was paid to Sandeep Gupta for buyout of a sick company with similar business objectives is not convincing and is not tenable. No valid legal documents/agreements regarding the deal is available with the Company. The counterparty entity had denied the existence of any such agreement. Further, it is observed that submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for identifying a sick company with similar business objectives was nothing but an afterthought. In view of the above, SEBI concluded that the amount paid to Sandeep Gupta was actually an interest-free loan.
e. **Munish Bajaj & Sons HUF:** The contention of Quasar India that Rs. 17,00,000 was paid to Munish Bajaj & Sons HUF in accordance with objects of the issue is not tenable. No details/documents regarding the property was available with the Company. Since the amount was returned back by Munish Bajaj & Sons HUF without paying any interest, SEBI concluded that the amount paid to Munish Bajaj & Sons HUF was an interest-free loan.
f. **Josh Impex Pvt Ltd:** It is difficult to accept the contention of Quasar India that Rs. 30,00,000 was paid to Josh Impex Pvt. Ltd. for purchase of fabric. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, SEBI concluded that the amount paid Josh Impex Pvt. Ltd. was actually an interest-free loan.
g. **Signature Builders Private Ltd:** It is difficult to accept the contention of Quasar India that Rs. 90,00,000 was paid to Signature Builders Pvt. Ltd. to take 2BHK flat as guest house of the Company. No details/documents regarding the purchase property is available with the Company. The counterparty entity-Signature Builders Pvt. Ltd. had submitted that the money was transferred for share application money. Further, submitting different documents to BSE and SEBI clearly shows

that the reason given by the Company that the amount was utilized for purchasing 2BHK flat was an afterthought. Since the amount was returned back by Signature Builders Pvt. Ltd. without paying any interest, SEBI concluded that the amount paid to Signature Builders Pvt. Ltd. was actually an interest-free loan.

h. **Rekha Malhotra:** The contention of QIL that Rs. 6,00,000 was paid to Rekha Malhotra for purchase of fabric is not tenable. No valid legal documents regarding the purchase of fabric is available with the Company. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for purchase of fabric was an afterthought. In view of the above, SEBI concluded that the amount paid Rekha Malhotra was actually an interest-free loan.

i. **Chanson Shipping and Packaging Company Private Ltd:** The contention of QIL that Rs. 50,00,000 was paid to Chanson Shipping and Packing Co. Pvt. Ltd. for office cum warehouse is not tenable. No details/documents regarding the purchase property is available with the Company. The reply of counterparty entity is also silent on whether any agreement for office cum warehouse was made. Further, submitting different documents to BSE and SEBI clearly shows that the reason given by the Company that the amount was utilized for taking office cum warehouse was an afterthought. Since the amount was returned back by Chanson Shipping and Packing Co. Pvt. Ltd. without paying any interest, SEBI concluded that the amount paid to Chanson Shipping and Packing Co. Pvt. Ltd. was actually an interest-free loan.

SEBI concluded that QIL has used the funds of preferential allotment to advance loans without interest in most cases and with some interest in few cases. No adverse inference was drawn with respect to utilisation of funds for purchase of fabric as it was main object as per MOA. SEBI further noted that few of the lendings have been carried out without any agreements or MoU. With respect to some of the other lendings that were done through MoU/agreements/ other documents, it was observed that the said agreements were not executed on stamp paper, not notarized not registered, interest payable not a part of terms in many documents, thus severely hampering the legal validity and scope of enforcing the agreement. SEBI thus summarised that Loans amounting to Rs. 4.67 crores were given from the preferential allotment money. Further, Rs. 1.81 crores were given to different counterparties which were subsequently returned and again utilized. Rs. 0.17 crores were also paid to stock broker for trading in the stock market. As such, Noticee-1 mis-utilized the issue proceeds by not deploying funds for the stated objects of the preferential issue.

Ratification of utilisation of funds done: SEBI stated that ratification was done after six years that too on receipt of notice from BSE. SEBI stated that past fraudulent acts and deeds of Quasar India Ltd. cannot be legitimized by subsequent ratification of the same by shareholders of the Company.

Role of directors in the misutilization of preferential issue proceeds: Noticee No.4 was an independent, non-executive director of the Company, he was actively involved in the activities of the Company. Also, Yogesh Bansal and Ankit Agarwal (other directors) were authorized, jointly and severally to sign and file the necessary form and papers with the Registrar of Companies and to take other steps as may be required. Noticee 2 to 4 all attended 19 Board meetings conducted

during the investigation period and the only Audit Committee meeting during the year 2013-14 as per annual report. Noticee-4 played a significant role in QIL as he was the chairman of the Audit Committee and Nomination and Remuneration Committee during the period 2013-14. SEBI further stated that Noticee 1 did not utilize the funds as stated in the objects of the issue and utilized the same for making loans and advance and thus there was a variation in the object of utilization of fund, which the Noticee 1 should have disclosed under clause 43 of listing agreement. However, the Noticee failed to do so. Hence, it is established that Noticee 1 failed to utilize the fund as stated in the object and failed to disclose the same under clause 43 of listing agreement and therefore has violated the provisions of clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA. **All the above contentions of SEBI were affirmed by Securities Appellate Tribunal ('SAT') in its order dt: February 28, 2023.**

Name of Noticee	Violation	Penal provision	Amount	SAT
QIL	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of the SEBI Act	500,000	upheld
	Clause 43 of the erstwhile Listing Agreement (which is now regulation 32 of the LODR Regulations) read with section 21 of SCRA.	Section 23A(a) of the SCRA	200,000	Upheld
		Section 23E of the SCRA	500,000	Cancelled on technical grounds
Ankit Agarwal	Section 12 A (a) (b) (c) of SEBI Act read with Regulations 3(a)(b)(c)(d), 4(1), 4(2)(f) and (r) of PFUTP Regulations	Section 15HA of SEBI Act, 1992	500,000	Upheld
Ganesh Prasad Gupta			500,000	upheld
Yogesh Bansal			200,000	upheld

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IN THE MATTER OF ANBRONICA TECHNOLOGIES PRIVATE LIMITED.
ADJUDICATION ORDER DATED 1 MARCH 2023, ROC (DELHI)

Facts of the case:

- The Anbronica Technologies Private Limited (hereinafter referred as ”Subject company”) approached Tyke Platform (owned and operated by Tyke Technologies Private Limited) which is engaged in the business of running a technology-based community platform under the brand name “Tyke.” This network is created through registration on Tyke platform and includes individuals from the business industry, corporate executives and professionals who are part of the start-up ecosystem.
- Further, the Tyke platform also provides various services, including but not limited to, facilitation of setting up of escrow bank account for accepting the investment in the separate subscription bank account, identity verification of proposed investors (KYC Verification) using Aadhar authentication and PAN verification, and assistance in completing the compliance procedures of Private Placement as provided under Companies Act, 2013.
- As per published terms of use including the Privacy Policy, and Risks ("Terms of Use") to govern the use of the website of Tyke platform includes Our platform has an internal mechanism to restrict the number of Investors that view the detailed profile to 200 by default thereby making it compliant with the applicable laws. However, it shall be the company's responsibility to comply with the provisions of applicable laws including the Companies Act, 2013 and the private placement rules thereunder.
- Further it is also stated that, Tyke is neither acting as an intermediary to offer nor inviting public to subscribe to securities of any company and is merely collecting investment interests from its community of members. Also, the Tyke platform is not acting as an agent of the company to inform the public at large about any private placement offer.
- The subject company had issued its Compulsorily Convertible Debentures (hereinafter referred as "CCDs") using the website of Tyke
- Tyke platform organized an online pitching session (referred as “AMA” or “Ask Me Anything”) for the subject company, after which, the members of Tyke showed interest in investing in the company. Out of these interested members, company identified 28 members who were willing to invest in the Company and board passed a resolution in the Board meeting held on 10th July, 2021 to issue 1,25,000, 0.01% CCDs having face value of Rs. 10 each at par for a total consideration of Rs. 12,50,000 subjects to approval of members. The members passed a special resolution as on 2nd August, 2021. To approve Private Placement and MGT-14 to said effect was filed with ROC and Private Placement offer letter was circulated and allotment happened. .
- ROC considered This private placement in violation of section 42(7) and issued a show cause notice dated 27th December, 2022 to the company asking therein the reasons for not imposing penalty on company under section 42(10)

Observation of ROC in Show Cause Notice:

- The campaign for raising fund closed on 25th July, 2021, the Company had already got a Board approval of identified persons on 10th July, 2021.
- The CCDs was oversubscribed, as was displayed on the website of Tyke
- The details of the banking transactions enclosed by the Company suggest that the money in the virtual escrow account of the company was received from the investors at different dates ranging from 15th July, 2021 to 28th July, 2021 in the virtual escrow account, whereas the approval of members in the EGM was received only on 2nd August, 2021.
- It was also not clear as to whether Tyke was collecting any commission or service fees.
- Whether engaging the services of Tyke amounted to violation of sub-section (7) of Section 42 of the Act.

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Reply on the part of Company:

The opportunity of being heard was also provided to representative/officer of Tyke, director of the Company was appeared gave detailed submission on working of Tyke platform. The relevant submissions are as under:

- Tyke charges a fee (on-boarding fees from the Company) for accessing the Tyke platform
- Tykes allows the company to display the pitching information in the Tyke's website and orgnises AMA sessions which are accessible to all the community members which are approximately 1.5 lacs.
- Community members can communicate their intention to invest by parking the proposed investment amount in their own virtual escrow account .Tyke charges fee on the amount transferred in the escrow account by the community members
- Company can access list of members anytime who have parked their money in their own virtual escrow account. The number of community members at this stage can exceed 200.
- In case the community members who have shown interest to invest exceed 200 or the investment commitment has exceeded the amount sought by the company, this is termed as, `over-subscription'. On the basis of this information, the company finalises the list of identified persons to whom private placement offer is made.
- The company thereafter passes a board resolution with such identified group of people to initiate the private placement process and also, calls for an EGM to take necessary approvals. A form PAS-4 is circulated by the company to such identified group of people using the Tyke platform via hosting it on the profile of the user and at times over email as well. Also, the Company enters into investment Agreements with each of the identified people, individually.
- Upon compliance with private placement offer requirements the proposed investment amount is remitted by the Escrow Account Agent to the Company's Separate bank account.
- Thereafter, the company allots the securities through a Board Resolution and the same is filed via e-Form PAS — 3 with the Registrar of Company and thereafter issues the

security certificates to each investor. Tyke charges the company a Service fees which is calculated as a percentage of the amount raised from the investors.

Contentions of Subject Company:

The authorised representative of the company on behalf of company argued as follows:

- The Company has only availed Value added services in the form of facilitation of connecting like-minded people. Community with start-ups. Tyke also provides the verification of KYC, identification of KYC of people who have shown interest to invest in the company.
- Mere, availing the value added services from TYKE platform will not amount to issue of public advertisements and company has complied section 42(7) while issuing of CCDs.
- Company connected with persons who showed the interest in their business on TYKE. The company availed the services of the TYKE and entered into the agreement with TYKE. CCDs were issued to the investors identified by Board.

Held:

- Section 42 of the Act clearly provides that the private placement shall be made to a select group of persons who have been identified by the Board. The number of such persons cannot exceed 200 as prescribed in the rules.

- The Explanation I. to section42(3) makes it very clear that the process of "private placement" covers:
  - the offer, or
  - invitation to subscribe, or
  - issue of securities
- The provision requires the company to adhere to the limit of 200 persons not just with respect to the number of persons who ultimately subscribe to the securities of the company, but also the said number, i.e. 200, cannot be exceeded at the time of making an offer or invitation to offer of the securities of the company.
- Thus section 42(7) provides that no company issuing securities under this section shall release any public advertisement or utilize any media, marketing or distribution channels or agents to inform the public at large about such issue.
- Even if it is assumed that the pitch related information is visible to the members of the Tyke platform, such number is around 1.5 lakhs. Also, while explaining the issue of over-subscription for fund campaign on its website, the representative of Tyke admitted that community members showing interest in the company can exceed 200. Therefore, the *"Terms of Use"* of Tyke which was quoted by the subject company that the platform restricts the number of investors to 200 is clearly not true.
- In this present case, the website of Tyke has been clearly used by the company as a media/marketing/distribution channel/agent to inform the public at large about the issue of securities.
- Tyke has collected its fees/commission at various stages from the company. Moreover Tyke, based on its own submissions has also collected money from the investors who have used the platform for investing in different companies. Thus, the role of Tyke cannot be relegated to mere "generation of interest in the company". Instead, it is an active facilitator

for allowing the companies to raise investments through its portal and it is providing end-to-end services, either by itself or through its agents/partners.

- In view of the above facts and circumstances, it has been found that the company and its promoters/directors are liable for penalty for violation of section 42 (7).
- The nature of the present violation on the part of the subject company is serious. Whereas, under the Act, the subject companies fulfil the requirements of a small company. Thus, the penalty on the subject company would be governed by Section 446B of the Act.
- The penalty levied on Company is Rs. 2 lakhs and on officer in default Rs. 1 lakh each on 2 directors of the Company.
- Further it is noted that as the provisions of Section 42 of the Act does not allow adjudication officer to impose penalty on Tyke which has clearly facilitated the subject company in the act of commission of default of sub-section (7) of Section 42.

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Recent Changes in Form 11 LLP

Ministry of Corporate Affairs (MCA) vide its update dt: June 3, 2023 **amended the format of filing Form 11**.

A. Purpose of Filing Form 11 LLP:

As per section 35 of the Limited Liability Partnership Act, 2008 read with rule 25(1) of the Limited Liability Partnership Rules, 2009, "Every limited liability partnership needs file an annual return, along with all the documents in the said form within the prescribed time limit mentioned in LLP Act." Accordingly, Form 11 is the format prescribed for filing of annual return of the LLP with Registrar of Companies.

B. Recent changes in Form 11 LLP w.e.f June 3, 2023:

When Form 11 LLP is being filed, the details of individual partners and partners being bodies corporate needs to be mentioned in the table given in the Form 11 LLP manually.

Now post amendment some details in Form 11 LLP would be prefilled. These prefilled details would be available in excel file. The below details will be auto-prefilled in the excel file:-

- Details of DP/Partner,
- Designation, Name,
- Date of appointment and Cessation and
- Resident in India or not

The users only need to mention the below details in excel file manually: -

- Obligation of Contribution,
- Contribution received,
- Number of limited liability partnership(s) in which he/she is a partner and
- Number of company(s) in which he/she is a director

If there are any data related issues which has been pre-filled in the Excel utility file, then users need to reach out to MCA helpdesk or raise a ticket with MCA helpdesk with screenshot of the error/ incorrect data and LLPIN on immediate basis.

C. What's the impact of change of this amendment?

This will be a step forward for ease of doing business. Downloading and editing details in the excel files will be more convenient while uploading revised data. This can also help in reducing the load on V3 portal of MCA and help the V3 portal in collation of accurate data and displaying accurate data in all future LLP related forms being filed on MCA.

This change indicates that in future, there can be many other forms on V3 portal where data will be mandated to be filled in excel sheet, so as to enable V3 portal of MCA to function better.

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A resolution plan passed by a CoC, which is comprised of related parties of the Corporate Debtor, is void ab initio?

In the matter of M/s. Punjabi Accessoriezz Private Limited (Applicant / Operational Creditor) Vs. M/s. Kredo Beauty Private Limited (Respondent) at National Company Law Tribunal (NCLT) New Delhi Bench dated 17th March 2023.

Facts of the Case:

- M/s. Punjabi Accessoriezz Private Limited – Operational Creditor (OC) filed an application u/s 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) for initiation of Corporate Insolvency Resolution Process (CIRP) against the Kredo Beauty Private Limited – Corporate Debtor (CD).
- The application was admitted by NCLT vide order dated 16th January 2020 and Mr. Ravi Bansal was appointed as the Interim Resolution Professional (IRP), who was further confirmed as the Resolution Professional (RP) of the CD.
- IRP constituted the Committee of Creditors (CoC). On comparison of the existing shareholding pattern of the CD with the Composition of CoC, it was found that the CoC members namely, Crickxon Trade & Export Private Limited and Swift Builders Limited were the shareholders of the CD.
- The application was filed by the RP of CD for approval of the resolution plan submitted by Ms. Vanshika Raheja jointly with Ms. Mridula Mangla - Resolution Applicants- (RA).
- The total claims of creditors/stakeholders admitted were to the tune of Rs. 382.98 Lakhs, against which the Successful Resolution Applicant (SRA) had proposed to pay Rs. 4.07 Lakhs only.
- The Financial Creditors (FC) were paid 0.99% only of their claim amounts.
- The Resolution Plan involved a haircut of 99% plus for the FC.
- The entire CoC of the CD consisted of its shareholders only. From the compliances in "Form-H", it wad observed that none of the two FC or the members of the CoC names are reflected under the category of "Unsecured Creditors in Column 2(a)", which meant that they were not considered as "related party" and therefore, they were not been debarred from the voting rights u/s 21(2) of the IBC.
- With this background - it was required to be examine that, if the CoC members, namely, M/s Crickxon Trade and Exports Private Limited and Swift Builders Limited, were unrelated parties of the CD.

Noting of the NCLT:

- It was noted that the two CoC members hold a 19% voting share each. Therefore, individually they are not related parties to the CD in terms of Section 5(24)(j) of the IBC [*where related party in relation to a corporate debtor, means any person who controls more than 20% of voting rights in the corporate debtor*

on account of ownership or a voting agreement]. However, in order to pass the test of being unrelated parties, the members of the CoC would have sail through all the criteria stipulated u/s 5(24) of IBC. Therefore, it is required to be examined if they are a related party under any of the other criteria stipulated u/s 5(24) of IBC.

- Another criterion to be considered for declaring a person as a related party to the CD, is stipulated u/s 5(24)(l) of IBC [i.e. *related party in relation to a corporate debtor, means any person who can control the composition of the board of directors or corresponding governing body of the corporate debtor*].
- The aforesaid criterion implies that any person, who can control the composition of the board of directors of the CD is a related party to the CD. When it is said controlling the composition, it includes the appointment and removal of directors. In view of the above, NCLT examined, whether the two Shareholders/CoC members were in a position or legally capable to appoint or remove a director in the CD.
- To adjudicate removal and appointment of a director passing resolution by voting by show of hands NCLT examined the provisions regarding the removal and appointment of a director. First, it can be inferred from Section 169(1) of the Companies Act, 2013 (the Act) that an Ordinary Resolution is required to be passed by the Members/Shareholders of the Company for the removal of a director.
- Similarly, the provisions for appointing directors are given u/s 152(2) read with 102 of the Act. The appointment of directors in place of those who are retiring is not considered a special business at the Annual General Meeting of the Company. In other words, the appointment of directors in place of those retiring is considered "an ordinary business", and an ordinary resolution is required to be passed for its approval.
- In order to perform various functions in a Company including appointment and removal of directors, the approval of shareholders is required in the form of an ordinary resolution or special resolution, as the case may be. The criteria for passing ordinary and special resolutions are stipulated under Section 114 of the Act.
- In order to pass an ordinary resolution, the assent of more than 50%, of members/shareholders of a company is required and for passing a special resolution, the assent of at least 75% of members/shareholders is needed. Section 114 of the Act further recognizes the terms "show of hands" and 'poll' as the voting criteria.
- In the normal course, the voting has to be done through the show of hands only, unless a Poll is demanded under Section 109 of the Act, or the voting is carried out electronically.
- On comparison of the provisions relating to voting by poll with the voting by show of hands, it can be inferred that a voting by poll has to be specifically demanded u/s 109, and if voting through a poll was conducted, then in that situation, the votes of a member shall be in proportion to the paid-up capital

held by them. In other words, the higher the paid-up capital held by a member/shareholder in comparison to other members, the higher would-be voting share. In contrast, voting by show of hand works on the principle of one member – one vote, irrespective of the percentage of paid-up capital held by the member in the Company.

- When NCLT revisited the section 114 of the Act, it was found that both voting by show of hands and voting by poll are recognized for passing of Ordinary and Special Resolutions. It goes without saying that the criteria of voting by show of hands is not excluded for the purpose of passing the resolutions.

Analysis of the NCLT:

- NCLT analysed that:
    - There are only 4 shareholders in the CD and both the Members of the CoC are from amongst them.
    - To appoint or remove a director, an ordinary resolution is required to be passed.
    - Voting by show of hands, is not excluded as a mode of voting for an ordinary resolution for either appointing or removing a director of the board.
    - To pass an ordinary resolution by a show of hands, approval of more than 50% of the shareholders in number is required, which in the present case comes to 3.

HELD:

- If voting by show of hands would have taken place for passing an ordinary resolution for the appointment or removal of a director in the CD then the same would not have been possible without the participation of any of the CoC members.
- Therefore, the said two shareholders, who are also the members of the CoC of the CD, were capable of controlling the composition of the board of directors of the said CD. Hence, by virtue of their capability of controlling the composition of the board of directors of the CD, NCLT concluded that both the CoC members/CoC as a whole comprised of "related parties" to the CD in terms of Section 2(l) of IBC and therefore, the entire constitution of CoC was erroneous in the eyes of law.
- A resolution plan passed by a CoC, which is comprised of related parties of the CD, is void ab initio as it violates Section 21(2) read with Section 30(2)(e) of IBC.
- Accordingly, the application was dismissed. And since the maximum permissible period of the CIRP period has elapsed, the Liquidation of the CD was ordered.

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Tribunals soliciting reassessment of bourses approval in Zee Sony Merger raises Investors Anxiety.

Introduction

Stock exchanges play a crucial role in ensuring the fair and efficient functioning of capital markets. One important aspect of their responsibility is reviewing and approving schemes of arrangement proposed by companies. These schemes, often designed to facilitate corporate restructuring, mergers, acquisitions, and other significant changes in a company's corporate structure. In addition to their primary function, stock exchanges are also responsible for scrutinizing and approving various other corporate actions and transactions to protect investor interests.

Zee-Sony Merger Saga

The recent case of the Zee-Sony merger has caught undivided attention of stakeholders whereby stock exchanges are being directed by NCLT to revisit approvals granted and issued fresh no objection certificate, pursuant to some fresh points raised by BSE and NSE related to scheme of merger and SEBI Order on Shirpur Gold refinery where ZEE Promoters name appears in the context of diversion of funds, this has raised curiosity levels amongst investors.

Significance of SEBI LODR 2015 (Regulation 37)

When it comes to schemes of arrangement, stock exchanges play a crucial role in safeguarding the interests of all shareholders. The approval process involves a thorough examination of the scheme, its implications, and the adherence to SEBI's guidelines. In India, the Securities and Exchange Board of India (SEBI) regulates the functioning of stock exchanges and has formulated guidelines, including Regulation 37 of the Listing Obligations and Disclosure Requirements (LODR) to govern the approval process for such schemes.

SEBI's Listing Obligations and Disclosure Requirements provides a framework for stock exchanges to assess and approve schemes of arrangement. These regulations outline the key factors that stock exchanges should consider during their review process. Delving into some of the important aspects generally, the stock exchange may look into following key aspects:

- **Compliance with applicable laws and regulations:** Ensuring that the proposed scheme complies with the provisions of securities laws and requirements of stock exchange. This includes examining compliance with procedural requirements, disclosures, and timelines. (Reg 11)
- **Fairness and equity:** Assessing the scheme's fairness and equity, focusing on the treatment of different classes of shareholders, creditors, and other stakeholders. They scrutinize whether the scheme provides an equitable distribution of benefits and safeguards the interests of minority shareholders. (Reg 4 (2)(c))
- **Protection of investors' interests:** Review the scheme to ensure that it adequately protects the interests of investors. This includes evaluating the impact of the arrangement on shareholders' rights, shareholding patterns, and voting rights, among other aspects.

- **Disclosure and transparency:** Examine whether the company has provided adequate information to enable investors to make informed decisions. This includes disclosure of financials, risks, prospects, and other relevant details.
- **Independent expert opinion:** Obtain an independent expert opinion, such as a fairness opinion or a valuation report, to validate the scheme's terms and ensure transparency.

The approval process for schemes of arrangement by stock exchanges is a critical component of the regulatory framework in India. By examining compliance with laws, ensuring fairness and equity, protecting investors' interests, promoting transparency, and seeking independent expert opinions, stock exchanges aim to maintain market integrity and safeguard the interests of shareholders and other stakeholders. There is a very rare possibility of stock exchanges being asked to revisit the approvals. The usual patterns go as once the shareholders have approved a scheme of arrangement; it is usually uncommon for the stock exchange to be asked to reconsider the approval given.

However, there could be certain exceptional circumstances where a request for reconsideration may arise. These apprehensions may be where there is a material change or a significant event that affects the validity or fairness of the approved scheme. Such apprehensions may include:

- **New Material Information**: If new material information surfaces after the shareholder approval that significantly impacts the scheme, such as the discovery of undisclosed liabilities or fraudulent activities, it may prompt a request for reconsideration.
- **Legal Violations**: If it is discovered that the approved scheme violated any applicable laws, regulations, or guidelines, stakeholders or regulatory authorities may request the stock exchange to reconsider the approval.
- **Non-Compliance with Conditions**: If the merged entity fails to comply with any of the conditions imposed by the stock exchange or regulatory authorities during the approval process, it could lead to a request for reconsideration.
- **Procedural Irregularities**: If there are procedural irregularities or a breach of due process in the approval process that raises concerns about fairness or transparency, it may trigger a reconsideration request.

In such cases, the party requesting reconsideration, which could be a stakeholder or a regulatory authority, would typically need to provide substantial evidence and demonstrate that there are valid grounds for reconsideration. This was depicted in the Zee Merger Saga where NCLT directed to stock exchanges to reassess approvals granted. The stock exchanges are now expected to evaluate the request based on the specific circumstances and determine the appropriate course of action.

Further, Stock exchange are also directed to review and confirm the non-Compete clause of the scheme. Here interesting fact is whether the payment of non-Compete fees by SPE Mauritius Investment Limited to Zee promoters i.e., Essel Holdings Limited (Defined – Essel Mauritius) will it be equitable treatment on other shareholders under Reg 4(2)(c) of LODR?

The non-compete clause is entered with those people who are ideally capable of entering into business again. Further, the non-compete clause is a separate section of the scheme and not a consideration clause against merger and therefore the question of equitable treatment may not arise.

The approval of Stock exchanges is a significant step in merger process and usually questioning the same by asking to revisit approvals raises anxiety levels for investors.

Stock exchanges act as gatekeepers for companies, ensuring compliance with regulatory requirements and maintaining market integrity. Adherence to these, fosters' investor confidence, promotes transparency, and ultimately contributes to the overall health and growth of the Indian capital markets. However, the availability and process for reconsideration may vary based on the jurisdiction and the specific regulations governing the stock exchange.

This Composite scheme of arrangement between two media companies has been academic entertainment for students, opportunity for professionals, evolution process for the regulator and judiciary but hard-pressed time for investor.

Taxmann Link

https://www.taxmann.com/research/company-and-sebi/top-story/105010000000023026/tribunals-soliciting-reassessment-of-bourses-approval-in-zee-sony-merger-raises-investors-anxiety-experts-opinion

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