Swift e-Bulletin

Swift e-Bulletin
Edition 23/21-22
Week – September 06th to September 10th

<u>Quote for the week:</u>

"The man who does not read good books has no advantage over the man who cannot read them."

-Mark Twain

Introduction

We welcome you to our weekly newsletter!

The 'Swift e-Bulletin' - weekly newsletter, covers all regulatory updates and critical judgements passed during the week. We hope that you liked our previous editions and found it to be of great value in its content. We want this newsletter to be valuable for you so, please share your feedback and suggestions to help us improve.

Further, various regulatory authorities have been proactive in bringing significant regulatory changes in recent challenging times. This week's newsletter covers various Circulars/notifications issued by certain regulatory authorities such as the Securities and Exchange Board of India ("SEBI") and critical judgements and orders passed by the SEBI, High Court and Supreme Court.

The Regulatory authorities provided various updates/relaxations, some of which being:

- SEBI amends SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of September 06, 2021 to September 10, 2021.

Thank you,
Swift team

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REGULATORY UPDATES

SEBI UPDATES

1. **SEBI introduces shorter trade settlement cycle vide Circular dated September 07, 2021**

- SEBI through Circular dated February 06, 2003 had brought down the trade settlement cycle from **T+3 to T+2.** It means that trades will be settled within 2 days from the date of transaction.

- However due to changing times and based on representation received, SEBI has decided to provided flexibility to stock exchanges ("**SE**") to either offer T+2 or T+1 settlement cycles.

- In case a SE does want to reduce the settlement cycle to T+1 on any script, advance notice of at least one month for the same shall be needed to be provided. After reducing the settlement cycle for a particular script, the same shall have to followed for at least a period of six months.

- In case the SE again intends to switch back to T+2 then advance notice of at least one month for the same shall be provided. No netting shall be allowed between T+1 and T+2 settlements.

- The provisions of this Circular shall be effective from January 01, 2022

To read the Circular in detail, please click here.

2. **SEBI amends SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") vide Gazette Notification dated September 07, 2021**

- These Regulations shall be called SEBI LODR (Fifth Amendment) Regulations, 2021.

- Among other changes, some of them are as under:

  - *Reference to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 have been made in the LODR Regulations to give better clarity in respect to the new regulations that had been notified.*

- *In Regulation 15 (**Applicability**), LODR regulations shall henceforth be applicable on listed entities that have listed their non-convertible debt securities of rupees five hundred crores and above (high value debt listed entity).*
- *As per Regulation 21 (**Risk Management Committee**), a high value debt listed company shall also henceforth constitute a risk management committee.*
- *Certain changes have also been made to Regulation 52 (**Financial Results**) on how a company shall report its financial statements.*

To read the Gazette Notification in detail, please click here.

3. SEBI amends SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 ("CAPSM Regulations") vide Gazette Notification dated September 07, 2021

- An associated person is any principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a (foreign portfolio investor) or a foreign venture capital investor working in India.

- Pursuant to this amendment the associated person functioning as principal officer of a Portfolio Manager or employee(s) of the Portfolio Manager having decision making authority related to fund management, shall obtain certification from the National Institute of Securities Markets and going forward Portfolio Manager, who engages or employs any such associated person who is a principal officer or an employee having decision making authority related to fund management, after the date of this notification, shall ensure that such person obtains such certification.

To read the Gazette Notification in detail, please click here.

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JUDGEMENTS/ ORDERS

SEBI

1. SEBI barred 85 entities from the capital markets for manipulating the company's share price.

SEBI conducted an investigation in the scrip of Sunrise Asian Limited ("**the Company**") to ascertain whether there was any violation of the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("PFUTP Regulations, 2003") by certain entities while trading in the shares.

SEBI found that pursuant to allotment of shares under the scheme of amalgamation, Sunrise Asian and its then directors had devised an arrangement whereby 83 connected entities had manipulated the price of the scrip in four patches of trading during the investigation period, thereby violating PFTUP Regulations, 2003.

After considering the facts and circumstance SEBI bans total 85 entities, including Sunrise Asian Ltd, from the capital markets for up to one year for manipulating the company's share price. Further, SEBI restrained the Company and its then five directors from the capital markets for one year and the 79 connected entities for six months.

To read the order in detail, please click here.

2. SEBI impose penalty on M/s Anurodh Merchandise Private Limited for not making disclosure under SEBI (SAST) Regulations, 2011

In the matter of Trivikrama Industries Limited (Target Company), SEBI received alert in the scrip and was alleged that M/s Anurodh Merchandise Private Limited ("Noticee") have violated the provisions of Regulation 29(1) read with Regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("SEBI (SAST) Regulations, 2011").

SEBI observed that, Noticees shareholding in the target company has been increased from 4.60% to 5.87%. Hence mandatory disclosures required under SEBI (SAST) Regulations,

2011. However, Target company informed that, it is not in receipt of any disclosure from Noticee.

SEBI found that, Noticee has violated the SEBI (SAST) Regulations, 2011 on only one occasion and therefore violation is not repetitive in nature. After considering all the facts and circumstances of the case SEBI imposed penalty of Rs. 1,00,000/- (INR One Lakh Only) on Noticee.

To read the order in detail please click here.

HIGH COURT

1. **Dispute arose between 'ITMA Hotels' and 'Ammyts Interior' over two separate work orders regarding non-payment of the Running Account Bills (RA Bills)**

Itma Hotels India Private Limited	**Petitioner**
M/s. Ammtys Interior (India) Projects Private Limited	**Respondents**

Date of Judgement: September 06, 2021

Itma Hotels India Private Limited ("ITMA"), incorporated under the Companies Act, 1956, a company engaged in providing accommodation services, has filed the present petition under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the arbitral award rendered by the Arbitral Tribunal. The respondent, Ammtys Interior (India) Projects Private Limited ("Ammtys"), being a company incorporated under the Companies Act, 1956, engaged in the business of construction, interior and decorator's work.

Dispute arose between the parties in relation to two separate work orders regarding non-payment of the Running Account Bills (RA Bills) by ITMA under the Work Orders. ITMA had invited Ammtys to offer its tender for execution of the work described as interior works of banquet, pre-function, banquet entrance lobby at the first floor of the hotel- 'The Park, Kochi'. Thereafter negotiations were held between the parties and the said work were to be completed within a period of four months from the date of receipt of the Work Order.

This being the case, in view of the Court, it found no reason to interfere with the challenged award and the petition was unmerited and accordingly dismissed.

To read the Judgement in detail, please click here.

SUPREME COURT

1. Delhi Metro Rail Corporation Ltd. ("DMRC"), proposed implementation of the Airport Metro Express Line project in New Delhi

Delhi Airport Metro Express Private Limited	Appellant (s)
Delhi Metro Rail Corporation Limited	Respondent (s)

Date of Judgement: September 09, 2021

Delhi Metro Rail Corporation Ltd. ("DMRC"), a joint venture of the Government of India and the Government of National Capital Territory of Delhi, proposed implementation of the Airport Metro Express Line project in New Delhi, from New Delhi Railway Station to Dwarka Sector 21 via Indira Gandhi International Airport, New Delhi ("AMEL"). DMRC had to undertake design and construction of basic civil structure for the project, which was in the nature of a public private partnership.

Bids were accepted by DMRC by issuing a letter of acceptance, from a consortium comprising Reliance Infrastructure Limited and M/s Construcciones y Auxiliar de Ferrocarriles, S.A. Thereafter a Concession Agreement was entered into between DMRC and DAMEPL for design, installation, commissioning, operation and maintenance of the AMEL. As agreed between the parties, DMRC was to take up all civil works as well as appointment of consultants, land acquisition and other clearances from the Government and other Authorities to be obtained and DAMEPL to provide the design, supply, installation, testing and commissioning of various systems like rolling stock, power supply, overhead equipment, signalling, track system, platform, screen doors, ventilation, architectural finishing etc.

DAMEPL requested DMRC for a joint inspection of viaduct and its bearings before expiry of the defect liability period of the civil contractors, followed by a letter complaining of issues relating to the design and quality in the installation of viaduct bearings.

DAMEPL thereafter had issued a notice terminating the Concession Agreement, as it observed that the defects that were pointed out in its notice were not cured within a period of 90 days, resulting in an event of default under the Concession Agreement. However, the main issue that arose for determination before the Arbitral Tribunal constituted under the Concession Agreement is the validity of the termination notice.

To read the Judgement in detail, please click here.

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About Swift

Swift India Corporate Services LLP ("Swift") (Formerly known as SwiftIndiaInc Corporate Services Private Limited) established in the year 2005, is an associate entity of Nishith Desai Associates — Legal & Tax Counseling Worldwide (legal and tax consulting firm).

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