

**Swift e-Bulletin**  
**Edition 29/20-21**

**Week – February 01<sup>st</sup> to February 05<sup>th</sup>**

**Quote for the week:**

*“Tough times never last, but tough people do”*

*- Robert H Schuller*

**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.

In the wake of COVID-19, the various regulatory authorities have been granting many relaxations, exemptions and amendments to the various legislations by regulatory authorities to ease out the operations during this time of crisis.

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 Ministry of Corporate Affairs (“MCA”), the Securities and Exchange Board of India (“SEBI”), and it also contains Overview of Budget 2021 and critical judgements and orders passed by the National Company Law Tribunal (“NCLT”), SEBI, Supreme Court and High Court.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of February 01, 2021 to February 05, 2021.

**Thank you,  
Swift Team**

## Table of Contents

<b>REGULATORY UPDATES</b> .....	4
<b>MCA UPDATES</b> .....	4
1. MCA amends the Companies (Specification of Definitions Details) Rules, 2014 vide Gazette Notification dated February 01, 2021.....	4
2. MCA amends Companies (Incorporation) Rules, 2014 vide Gazette notification dated February 01, 2021.....	4
3. MCA amends Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 vide Gazette notification dated February 01, 2021 .....	6
4. MCA initiates process of De-criminalization of Compoundable offence under Limited Liability Partnership Act, 2008 (“LLP Act, 2008”) vide Press Release dated February 03, 2021.....	6
<b>SEBI UPDATES</b> .....	8
1. SEBI prescribes setting up of Limited Purpose Clearing Corporation (“LPCC”) by Asset Management Companies (“AMCs”) of Mutual Funds vide Circular dated February 02, 2021.....	8
2. SEBI prescribes revised framework for Innovation Sandbox vide Circular dated February 02, 2021.....	8
<b>OVERVIEW OF BUDGET 2021:</b> .....	11
<b>JUDGEMENTS/ ORDERS</b> .....	14
<b>NCLT</b> .....	14
1. National Company Law Tribunal Initiates Corporate Insolvency Resolution Process (“CIRP”) against Lexcorp Advisory Services Private Limited .....	14
<b>SEBI</b> .....	15
1. Adjudication Order in respect of Ms. Manisha Makhija in the matter of Illiquid Stock Options on the BSE.....	15

**HIGH COURT..... 16**

1. National Highways Authority of India issues notice for debarment of personnel for incorrect disclosures in their “Curriculum Vitae” ..... 16

**SUPREME COURT..... 18**

1. Supreme Court concluded that due to the collusive nature of transactions alleged to be a financial debt, the members of the Committee of Creditors in relation to the Corporate Insolvency Resolution Process (“CIRP”) cannot be labelled as financial creditors..... 18
2. Supreme Court directed to defreeze the bank accounts of the OPTO Circuit India Limited and to honour the payments towards statutory dues. .... 19

## REGULATORY UPDATES

### MCA UPDATES

#### 1. MCA amends the Companies (Specification of Definitions Details) Rules, 2014 vide Gazette Notification dated February 01, 2021



- These Rules shall be called as the Companies (Specification of Definitions Details) Amendment Rules, 2021 and shall come into force on **April 01, 2021**.

- This notification amends **Rule 2 of Companies (Specification of Definitions Details) Rules, 2014** by insertion of sub clause (t) whereby a new threshold for small companies as been notified wherein a small Company shall mean a company whose *“paid up share capital shall not exceed **Rupees Two Crores** and whose turnover shall not exceed **Rupees Twenty Crores**”* from the earlier threshold limit of paid-up capital to *Rupees Fifty lakhs and turnover up to Rupees Two crores* respectively.

To read the Notification in detail, please click [here](#).

#### 2. MCA amends Companies (Incorporation) Rules, 2014 vide Gazette notification dated February 01, 2021



- This Rules shall be called as the Companies (Incorporation) Second amendment Rules, 2021 and shall come into force on **April 01, 2021**.

- In Rule 3 which prescribes Conditions for incorporating a One Person Company (“OPC”) in sub rule (1) “*Resident in India*” shall be substituted with “*whether resident in India or otherwise*”. Hence, going forward even a Non-resident Indian (“NRI”) can incorporate a One-Person Company. Sub rule (7) of Rule 3 which stated “No such company can convert voluntarily into any kind of company unless two years is expired from the date of incorporation of One Person Company, except threshold limit (paid up share capital) is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees” has been omitted.

✚ The definition of Resident in India has also been amended whereby residency limit of NRIs has been reduced to a period of not less than **One Hundred and Twenty days** instead of the earlier **One Hundred and Eighty-Two days** during the immediately preceding financial year.

✚ **Rule 6** in relation to **OPC to convert itself into a Public Company or a Private Company in certain cases** has been substituted by a new rule, **Conversion of OPC into a Public Company or a Private Company**:

- *The OPC shall alter its memorandum and articles by passing a resolution in accordance with sub-section (3) of Section 122 of the Companies Act, 2013 to give effect to the conversion and to make necessary changes incidental thereto.*
- *A OPC may be converted into a Private or Public Company, other than a Company registered under Section 8 of the Companies Act, 2013, after increasing the minimum number of members and directors to two or seven members and two or three directors, as the case may be, and maintaining the minimum paid-up capital as per the requirements of the Companies Act, 2013 for such class of company and by making due compliance of Section 18 of the Companies Act, 2013 for conversion. The thresholds in relation to the paid up share capital and average annual turnover when exceeded, required the OPC to be converted into a Private or Public Company. This compulsory requirement of conversion has been done away with now.*
- *A new **E-Form INC-6** shall be required to be filed with the Registrar which replaces the earlier **E- Form INC-5 (Intimation for exceeding Threshold for conversion of OPC into Private)** mentioned in the **Annexure** to this notification.*
- *The Company can file **E-Form INC-6** for conversion into Private Company along with following attachments:*
  - *Altered MOA and AOA;*
  - *copy of resolution;*
  - *the list of proposed members and its directors along with consent;*
  - *list of creditors; and*
  - *the latest audited balance sheet and profit and loss account.*

On being satisfied that the requirements stated herein have been complied with, the Registrar shall approve the form and issue the Certificate.

✚ In **Rule 7** relating to **Conversion of Private Company into OPC** in sub rule (1) the words “the paid up share capital company is fifty lakhs rupees or less or average annual turnover is less than two crores rupees, as the case may be” has been omitted and shall be now read as “A Private Company other than a company

registered under Section 8 of the Companies Act, 2013 may convert itself into OPC by passing a special resolution in the general meeting". In sub rule 4 clause (i) the words "the paid-up share capital company is fifty lakhs rupees or less or average annual turnover is less than two crores rupees, as the case may be" shall be omitted and shall be read as "The directors of the company shall give a declaration by way of affidavit duly sworn in confirming that all members and creditors of the company have given their consent for conversion".

To read the Notification in detail, please click [here](#).

### 3. MCA amends Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 vide Gazette notification dated February 01, 2021



- These Rules shall be called as the Companies (Compromises, Arrangements and Amalgamations) amendment Rules, 2021 and shall come into **immediate force**.
- In **Rule 25 a new sub-rule (1A)** shall be inserted whereby a scheme of merger or amalgamation between **two or more start-up companies** or **one or more start-up company with one or more small company** shall also be covered under Section 233 of the Companies Act, 2013.

To read the Notification in detail, please click [here](#).

### 4. MCA initiates process of De-criminalization of Compoundable offence under Limited Liability Partnership Act, 2008 ("LLP Act, 2008") vide Press Release dated February 03, 2021



- Three broad principles have been adopted by MCA for the purpose of De-criminalization of Compoundable offences which are:
  - **Principle 1:** Offences that relate to **minor/ less serious compliance issues**, involving predominantly objective determinations, are proposed to be shifted to the **In-house Adjudication Mechanism ("IAM") framework** instead of being treated as criminal offences.

- **Principle 2:** *Offences that are more appropriate to be dealt with under other laws, are proposed to be omitted from the Limited Liability Partnership (“LLP”) Act, 2008.*
- **Principle 3:** *For non-Compoundable offences that are very serious violations entailing an element of fraud, intent to deceive and caused injury to public interest or non-compliance of order of statutory authorities impinging on effective regulation, **Status Quo would be maintained.***

Twelve offences are proposed to be de-criminalized and one **Section 73** is proposed to be omitted and subsequently they would be shifted to IAM thereby de-clogging the criminal courts.

In addition to the de-criminalization of the LLP Act, 2008 the Government also proposes Introduction of certain new concepts into the Act for greater Ease of Doing Business:

- ✚ **Small LLP:** A new class of LLPs are proposed to be created which shall be called “Small LLPs” which shall be in line with Small Companies, Such Small LLPs would be subject to lesser compliances, lesser fee or additional fee and lesser penalties in the event of default. Thus, lower cost of compliance would incentivize unincorporated micro and small partnerships to convert into the organized structure of an LLP and derive its benefits.
- ✚ **Non-Convertible Debentures (NCDs):** MCA has proposed to allow LLPs to raise capital through issue of **fully secured Non-Convertible Debentures (NCDs)** (as an alternative to equity participation) from investors who are regulated by SEBI or RBI. This will help deepen the Debt Market and enhance the capitalization of LLPs.
- ✚ **Reduction of Additional Fees:** MCA has also proposed to amend **Section 69** of the Act with a view to reduce the additional fee of **Rupees. 100 per day** which is presently applicable for the delayed filing of forms, documents. A reduced additional fee is expected to incentivize smooth filing of records and returns of LLPs and consequently result in an updated registry for proper regulation and policy making

To read the Press Release in detail, please click [here](#).

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## SEBI UPDATES

### 1. SEBI prescribes setting up of Limited Purpose Clearing Corporation (“LPCC”) by Asset Management Companies (“AMCs”) of Mutual Funds vide Circular dated February 02, 2021



- ✚ This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulations 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
- ✚ With the objective of development of the corporate bond market from the perspective of mutual funds, the Mutual Fund Advisory Committee (“MFAC”) of SEBI had constituted a Working Group that recommended that Asset Management Companies (“AMCs”) of Mutual Funds should set up a Limited Purpose Clearing Corporation (“LPCC”) for clearing and settling repo transactions in corporate debt securities by contributing **Rupees 150 Crores** which has been approved by SEBI.
- ✚ SEBI has decided that AMCs shall contribute Rupees 150 Crores towards share capital of LPCC in proportion to the Asset Under Management (“AUM”) of open ended debt oriented mutual fund schemes (excluding overnight, gilt fund and gilt fund with 10-year constant duration but including conservative hybrid schemes) managed by them.
- ✚ AMCs shall ensure that the net worth as prescribed under Regulation 21(f) of **SEBI (Mutual Funds) Regulations, 1996** shall be maintained over and above the contribution made towards setting up of the LPCC.

To read the Circular in detail, please click [here](#).

### 2. SEBI prescribes revised framework for Innovation Sandbox vide Circular dated February 02, 2021



- ✚ To create an ecosystem which promotes innovation in the securities market and to



encourage adoption and usage of financial technology ('FinTech') SEBI had proposed a concept of "**Innovation Sandbox**". Innovation Sandbox facilitates access to an environment (testing facilities and test data) provided by Enabling Organizations like Stock Exchanges, Depositories and Qualified Registrar and Share Transfer Agents ("**QRTAs**") wherein innovators (hereinafter referred to as Sandbox Applicants) would be testing their innovations in isolation from the live market and would be used for offline testing of the proposed solution of the applicant.

✚ To drive the Innovation Sandbox, a steering committee comprising of representatives from the enabling organizations has been formed whose responsibilities shall be to supervise the operations of the Innovation sandbox and processing the applications submitted by sandbox applicants approve / reject applications, assign a lead enabling organizations.

✚ Two stages of **innovation sandbox** that have been permitted are:

- **Stage – I:** *limited access to the test environment shall be provided and there shall be cap on the utilization of resources in terms of processing power, memory, storage etc.*
- **Stage – II:** *The cap on the utilization of resources shall be removed, subject to availability of resources at that point of time.*

✚ **Eligibility criteria:**

- **Stage – I:**
  - *Applicant must be an Indian Citizen or entities registered in India and The Know Your Customers (KYC) norms must be in line with the Central Know Your Customers Registry (CKYCR) and KYC Registration Agency (KRA) KYC requirements.*
  - *The applicant should have a genuine need for testing the solution using resources available in the Innovation Sandbox. The applicant should provide justification of requirement to access the test data and test environment and also inform what dataset is required.*
- **Stage – II**
  - *The purpose of the project should be aligned with the objective of the innovation sandbox.*
  - *The applicant should demonstrate that they have achieved adequate progress and are on track with their testing plan.*
  - *The applicant should present their post-testing plan etc.*

- ✚ One of the most important components of an Innovation Sandbox is access to securities market related data, which will enable applicants to test and improve their FinTech solutions. The datasets shall be historical and anonymized data and shall also contain data related to episodic market events. **Live data shall not be made available to applicants.**
- ✚ The use of datasets shall be governed by a comprehensive confidentiality agreement which shall include an '**End User Agreement**' clearly specifying that the datasets made available shall not be sold or sublet or shared or misutilized in any manner with any other entities, and shall be used only for the stated purpose.

To read the Circular in detail, please click [here](#).

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## OVERVIEW OF BUDGET 2021:

- The Indian Finance Minister, Nirmala Sitharaman, presented the Union Budget (Budget) of India for the Financial Year ("FY") 2021-22 on February 01, 2021. This was a crucial Budget for the Government, especially against the backdrop the contraction of the GDP by 7.7 percent caused by the COVID-19 pandemic, which is expected to continue to make the road to recovery a difficult one.



- Some of the Major amendments pertaining to the corporate and regulatory sector brought forth by this budget are:

### ➤ **INSURANCE:**

*The Finance Minister in her Budget Speech has proposed expanding the FDI limit for insurance companies to **74 percent** and permit **foreign ownership and controls**. The Budget Speech states that the **majority of the board of directors and the key managerial personnel shall be Indian residents, with at least 50 percent directors being independent**. When the regime was liberalized for insurance intermediaries, conditions were imposed which were ambiguous and broad, and raised significant concerns, especially from a structuring perspective. The fine print for this expansion of FDI from 49 percent to 74 percent is expected in due course.*

### ➤ **INFRASTRUCTURE INVESTMENT TRUSTS ("INVITs") AND REAL ESTATE INVESTMENT TRUSTS ("REITs") PERMITTED TO BORROW**

*In yet another case of multiple regulators taking contrary positions, InvITs and REITs were facing procedural hurdles when looking to borrow funds. While the securities exchange regulator, SEBI permitted REITs and InvITs to borrow monies from various sources, banks were extremely reluctant to lend to them. Banks were weary since (i) the Indian Trusts Act, 1882 ("Trusts Act") did not specifically permit trusts to borrow funds, and the borrowing was generally undertaken via general powers given to trustees; and (ii) the regulators left the decision making with respect to enforceability of the rights of the banks to InvITs and REITs to the lending institutions via this budget The Finance Bill proposes*

to introduce a **Section 30B** in the Securities Contracts (Regulation) Act, 1956, which specifically permits pooled investment vehicles (which includes InvITs and REITs) to borrow from third persons. The proposed amendments further state that the borrowing shall be in accordance with the regulatory framework introduced by SEBI for such borrowings. In addition, the proposed amendment also specifically permits the creation of security interest (in accordance with the trust deed) for the amounts borrowed, and provides that the lender can enforce the security created and proceed against the trust assets for recovery.

➤ **CHANGES IN DEFINITION OF SMALL COMPANY AND EASING OF SETTING UP OF ONE PERSON COMPANY**

The Finance Minister proposed changes in definition of small companies under the Companies Act. Companies with **paid-up capital up to Rs 2 crore and turnover up to Rs 20 crore** will fall under small companies. Previously, this threshold held the limit of paid-up capital to Rs 50 lakh and turnover up to Rs 2 crore. This is aimed at benefiting more than 2 lakh companies in compliance required. Raising the threshold for the qualification of small companies will enable more companies to take benefit of lesser compliance such:

- No need to prepare Cash flow statement as part of financial statement.
- Where other companies require providing details of remuneration to directors and key managerial personnel, small companies are required to provide details of the only aggregate amount of remuneration drawn by directors in its Annual Return.
- Mandatory rotation of auditor not required.
- An Auditor of small companies is not required to report on the adequacy of the internal financial controls and its operating effectiveness in the auditor's report.
- Hold only two board meetings in a year.
- Annual Return of the company can be signed by the Company Secretary, or where there is no company secretary, by a single director of the company.
- Lesser penalties for Small Companies and lesser filing fees for Small Companies.

Further, the Budget made space for easing norms around setting up of One Person Company ("OPC") by reducing the residency limit of NRIs from **182 to 120 days**. Earlier, only Indian resident citizens were allowed to form one person companies in India. Now Non-resident individuals with entrepreneurial potential are now enabled to set up One Person Companies (OPC) with no paid up capital

*and turnover restrictions, reducing registration timeline from 182 days to 120 days. Earlier only Indian resident citizens were permitted to set up OPCs. This move shall move which will benefit startups and innovators. This move will allow such firms "to grow without restriction on paid-up capital and turnover, allowing conversion into any other type of company at any time.*

*The Budget also allowed for Fast track process for mergers under the Companies Act, 2013 to now be extended to also include mergers of Startups with other Startups and with Small companies, so that the process of mergers & amalgamations is completed faster for such companies.*

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## JUDGEMENTS/ ORDERS

### NCLT

#### 1. National Company Law Tribunal Initiates Corporate Insolvency Resolution Process (“CIRP”) against Lexcorp Advisory Services Private Limited



NCLT, Mumbai Bench (“Tribunal”) admits the application filed by the Director of M/s. Glance Investments (India) Private Limited (“Financial Creditor”) under section 7 of the Insolvency and Bankruptcy Code, 2016 (“IBC”) read with Rule 4 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and initiates CIRP against Lexcorp Advisory Services Private Limited (“Corporate Debtor”).

The Financial Creditor had sanctioned a loan worth INR 4 crores to the Corporate Debtor by entering into a loan agreement for a period of 12 months from the date of first of disbursement and in case of default the interest shall be charged at 7.50 percent per annum. The Financial Creditor had granted a sum of INR 3,75,20,000/- on various dates to Corporate Debtor over the course of 12 months in accordance to the loan agreement.

The learned counsel of the Appellant Company stated that despite serving the dem and notice in accordance to section 8 of IBC, 2016, the Corporate Debtor failed to make the repayment of the loan sanctioned and didn’t pointed out any dispute relating to same.

The Appellant company had served notice to the Corporate Debtor by the way of publication in two daily leading newspapers, one in English i.e. Free Press Journal and another in vernacular language i.e. Navshakti as per the directions of the tribunal. Although sufficient opportunity was provided to the Corporate Debtor but no reply was received against the aforesaid notice. On the date of the final hearing of the matter, no one appeared for Corporate Debtor before Tribunal and hence the hearing of this application proceeded ex-parte against the Corporate Debtor.

Based on the facts presented, Tribunal was satisfied that the Corporate Debtor has defaulted to make the payment of the financial debt. Tribunal admitted the said application filed by the Financial Creditor and declared moratorium in accordance to section 14 of the IBC. Tribunal resolved to appoint Mr. Mr. Amit Chandrakant Pandya to act as the Insolvency Resolution Professional (“IRP”).

To read the order in detail, please click [here](#).

## SEBI

### 1. Adjudication Order in respect of Ms. Manisha Makhija in the matter of Illiquid Stock Options on the BSE



In respect of Ms. Manisha Makhija (**Noticee**) Securities and Exchange Board of India (**SEBI**), initiated adjudication proceedings under section 15HA of the Securities and Exchange Board of India Act, 1992 (**SEBI Act, 1992**), in the matter of dealing in Illiquid Stock Options on the BSE. Adjudication proceedings were initiated against the Noticee for alleged violation of regulations of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (**PFUTP Regulations, 2003**).

SEBI appointed adjudication officer (**AO**) to inquire under the provisions of section 15HA of the SEBI Act, 1992 for the aforesaid alleged violations against the Noticee and issued show cause notice (SCN) to the noticee requiring why an inquiry should not be held against her and why penalty, if any, should not be imposed. It was alleged that, the Noticee have engaged in 168 reversal trades in 82 unique contracts which led to generation of artificial volumes which created false and misleading appearance of trading and generated artificial volumes in the stock options.

SEBI received an application for settlement from the Noticee and noted that settlement order was passed under the settlement scheme for settlement of proceedings initiated for defaults mentioned in the SCN subsequent to payment of settlement amount by the Noticee. In view of the fact that, noticee settled the default under the scheme, SEBI disposed of the Adjudicating Proceedings.

To read the order in detail, please click [here](#).

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## HIGH COURT

1. National Highways Authority of India issues notice for debarment of personnel for incorrect disclosures in their “Curriculum Vitae”



**Theme Engineering Services Private Limited & ANR.**  
**National Highways Authority of India & ORS.**

**Petitioners**  
**Respondents**

**Date of Judgement:** February 01, 2021

The present petition challenged the debarment order arisen out of the show cause notice issued by the Respondent No.1 - National Highway Authority of India (“NHAI”), vide which the earlier debarment issued for a period of two years, has been reduced to a period of six months. “NHAI” had invited tenders for Supervision Consultancy Services for Authoritys Engineer for Construction and supervision of Balance work of 4 laning of Ranchi-Rargaon-Mahulia section from 114.00 to km 277.568 of NH-33 in the State of Jharkhand. The Petitioner - Theme Engineering Services Private Limited had submitted its “Curriculum Vitae” (CV) and was identified amongst the ten shortlisted professionals as key managerial personnel who would work as consultants for the project.

Out of the ten shortlisted professionals, two CVs had incorrect information, which was informed by the two separate entities to the Petitioner, who further brought this fact to the notice of the Respondent – NHAI, which led to the issuance of a letter requesting the replacement of the said two personnel. Further, it was noticed that there was no communication by the NHAI with respect to the debarment of the Petitioner. However, there was a separate policy which the NHAI has already introduced which titled NHAI Policy Guidelines/ Consultancy/ 2020 No. 10.2.23. The subject line of the said policy reads: “Uniform Policy to decide the deterrent action against the consultant firms/ key personnel-Reg”

The said policy provided that in cases of incorrect disclosure by managerial personnel in their CV’s, the direct consequence of the same would be to debar the said personnel for three years and the court is of the prima facie opinion that the debarment of the Petitioner, as an entity, from bidding for NHAI contracts for a period of six months, would be a very disproportionate and a drastic measure since the incorrect data was furnished by the managerial personnel and not the Petitioner company. Moreover, the Petitioner had also

voluntarily disclosed the same to the Respondent and permission to replace the said personnel was also granted.

However, the Delhi Court is of the view that the said policy would be applicable to the present case, as on the order of debarment is based on an overall reading of the policy of the NHAI, and accordingly, the order of debarment, shall remain stayed prospectively until the next date of hearing.

To read the Judgement in detail, please click [here](#).

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## SUPREME COURT

1. Supreme Court concluded that due to the collusive nature of transactions alleged to be a financial debt, the members of the Committee of Creditors in relation to the Corporate Insolvency Resolution Process (“CIRP”) cannot be labelled as financial creditors.



Phoenix Arc Private Limited  
Spade Financial Services Limited & Ors.

Appellant  
Respondents

**Date of Judgement:** February 01, 2021

National Company Law Appellate Tribunal (**NCLAT or Appellate Tribunal**) dismissed the appeal under Section 61 of the Insolvency and Bankruptcy Code, 2016 (**IBC**) where the judgement would govern two sets of appeals, preferred by AAA Landmark Private Limited (**AAA**) and Spade Financial Services Private Limited (**Spade**) to assail the order of the National Company Law Tribunal, New Delhi Bench – III (**NCLT or Adjudicating Authority**).

The NCLT had held that AAA and Spade have to be excluded from the Committee of Creditors (“**CoC**”) formed in relation to the Corporate Insolvency Resolution Process (“**CIRP**”) initiated against AKME Projects Limited (“**Corporate Debtor**”) and passed its order on applications filed by Phoenix Arc Private Limited (Phoenix) and YES Bank under Section 60(5)(c) of the IBC.

There was a finding that, AAA and Spade were related parties at the time when the alleged financial debt on the basis of which they assert a claim to be a part of the Committee of Creditors (CoC) was created. It was also concluded that the transactions between AAA and Spade on one hand, and the Corporate Debtor on the other hand, which gave rise to their alleged financial debts were collusive in nature, and therefore, it was evident that there existed a deeply entangled relationship between Spade, AAA and Corporate Debtor, when the alleged financial debt arose.

This being the case, the Supreme Court concluded by holding that the decision of the NCLAT, in as much as it referred to Spade and AAA as financial creditors, is set aside and as related parties of the Corporate Debtor is affirmed. Due to the collusive nature of their transactions alleged to be a financial debt, AAA and Spade cannot be labelled as financial creditors; Further, the decision of the NCLAT, in as much as it excluded Spade and AAA from

the Committee of Creditors (CoC) in accordance with the first proviso of Section 21(2), is affirmed but for the reasons mentioned above. Thereafter the appeals were disposed of along with all pending applications.

To read the Judgement in detail, please click [here](#).

**2. Supreme Court directed to defreeze the bank accounts of the OPTO Circuit India Limited and to honour the payments towards statutory dues.**

**OPTO Circuit India Limited**  
**Axis Bank & ORS.**

**Appellant (s)**  
**Respondent(s)**

**Date of Judgement:** February 03, 2021

OPTO Circuit India Limited had filed an appeal to the Supreme Court against the order passed by the Karnataka High Court, which has disposed of two writ petitions filed before it, where the issue was relating to the freezing of their bank account. Hence, due to the freezing of the bank accounts maintained by the appellant company, the amount in the said account is made unavailable to them due to which the statutory payments to be made to the Competent Authorities under various enactments is withheld and the payment of salary which is due to the employees is also prevented.

The Supreme Court considered the plea put forth on behalf of the appellant regarding the need to defreeze the account to enable the appellant to pay the statutory dues, which the appellant has relied on the certificate issued by the Chartered Accountant, indicating the amount payable towards ITDS, PF, ESI, Professional Tax, Gratuity and LIC employees' deductions. The Apex Court further indicated that, since the freezing of bank account of OPTO Circuit India Limited was done without due compliance of law, the Respondent banks were directed to defreeze the respective accounts and clear all the cheques issued by the appellant, drawn in favour of the Competent Authority towards the ITDS, PF, ESI, Professional Tax, Gratuity and LIC employees' deductions, subject to availability of the funds in the account concerned.

Further, the Supreme Court has given liberty to the Respondent to initiate action afresh in accordance with law, if they so desire, and allowed the appeal basis above considerations with no order as to costs.

To read the Judgement in detail, please click [here](#).

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