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Ministry of Corporate Affairs vide circular dated July 16, 2024, has amended the Companies (Appointment and Qualification of Directors) Rules, 2014

- MCA vide circular dated July 16, 2024, has amended the Companies (Appointment and Qualification of Directors) Rules, 2014.
- In the Companies (Appointment and Qualification of Directors) Rules, 2014, in rule 12A - in the third proviso, after the word “only”, the words and figures “on or before 30th September of the financial year” shall be inserted.
- After the third proviso, the following proviso shall be inserted, namely:
“Provided also that if an individual intends to update his personal mobile number or the email address again at any time during the financial year in addition to the up-dation allowed under the third proviso, he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees:”
- The circular shall be effective from August 01, 2024 and the same is herein attached.

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Reserve Bank of India vide circular dated July 15, 2024, has issued Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)

- RBI vide circular dated July 15, 2024, has issued Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies).
- Reserve Bank of India (Fraud Risk Management in NBFCs) Directions, 2024' issued in exercise of the powers conferred by Sections 45K, 45L and 45M of the Reserve Bank of India Act, 1934 (Act 2 of 1934) and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987. These Directions shall supersede the



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earlier Directions on the subject, namely, the Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016.

- The Master circular is herein attached.

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NCLT HOLDS ALLOTMENT OF SHARES AT AN UNJUSTIFIABLE PRICE BELOW THE FAIR MARKET VALUE AS OPPRESSIVE

Overview and Brief Facts

In the matter of *Ajay Tajpuriya & Anr. vs Goel Ganga Infrastructure & Real Estate Pvt. Ltd.* (the “Company”) & *Ors. (NCLT Mumbai)*, filed in 2014 before the NCLT of Mumbai, the Petitioners place forth in contention that the Company, which is a quasi-partnership family company, the Company had caused the dilution of the shareholding of the Petitioners from 50% to 6.61%, alleging that the Company made allotments to other Respondents in this matter hereunder, which led to an upsurge in the Respondent’s shareholding from 50% to 93%, at a value below the fair market value at the time of issue new shares to the Respondents, which was at Rs.100/-. As observed, the face value of such shares was Rs.100 but the fair market value was Rs.299.86/-. That on October 23, 2010, a standalone meeting, which was not a board meeting, was held between some Respondents and the Petitioner wherein the infusion of capital and change in the shareholding pattern of the Company, to which the Petitioner did not agree to. A board meeting was held on October 23, 2010, wherein shares were offered on private placement basis U/S 42 laid down under the Companies Act 2013, without allegedly obtaining prior approvals from the concerned authority.



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NCLT Judgement

In the impugned matter, the NCLT of Mumbai observed and opined that the Respondents, including the Company, in a bid to take undue advantage of the Petitioners' will to not make any further investments into the Company, made such allotment of shares at a concessional price is oppressive under the provisions of Companies Act 2013. The court also observed that the Company failed to justify the valuation of the shares allotted. The court directed the Respondents to compensate the Company and other Petitioners for the difference in fair value of the share and amount actually paid on allotment at relevant dates of allotment along with interest @ 12% P.A. from the date of allotment till the date payment. The Respondent shall make payment within 30 days. Moreover, the court ordered that the Company shall have the valuation of its shares and buy back the shareholding of the Petitioners at the rate determined by the valuer's fair value of its shares after taking into account the amount of difference receivable from the Respondents.

Conclusion

In the matter in question hereunder, the NCLT adjudicated that the Respondents engaged in unfair practices by diluting the Petitioners's shareholding through allotment of shares at a price below the fair market price. The NCLT found that Respondents had contravened the provisions laid down under the Companies Act 2013. Hence, the NCLT's judgment underscores its role in protecting the shareholder's rights and interests and ensuring compliance with corporate governance norms under the provisions of the Companies Act, 2013.

Case Title: Mr. Ajay Tajpuriya & Anr. Vs Goel Ganga Infrastructure & Real Estate Pvt. Ltd. & Ors. (Case No.: T.C.P. NO.08 OF 2014)



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