

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 26 – June 21, 2021 to June 27, 2021

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Companies Act 2013 during the week

Rules -0; Circulars - 1; Notifications-1; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	23.06.2021	Notification	<p style="text-align: center;"><u>Companies (Accounting Standards) Rules, 2021.</u></p> <p style="text-align: center;">https://www.mca.gov.in/bin/dms/getdocument?mds=RKk43Bmg99ksfV0bUGr6XA%253D%253D&type=open</p>	MCA notified The Accounting Standards Rules, 2021 which is applicable for non-Ind AS companies. This shall come into effect in respect of accounting periods commencing on or after the 1 st day of April 2021. Vide these rules, the definition of Small and Medium-Sized Companies (SMC) has been revised. Notification further provides clarity that, if an existing company subsequently becomes a SMC, the company will not be eligible to avail the exemptions to SMCs in respect of Accounting Standard unless it remains SMC for 2 consecutive accounting periods.
2	24.06.2021	General Circular	<p style="text-align: center;"><u>Clarification on passing of ordinary and special resolutions</u></p> <p style="text-align: center;">https://www.mca.gov.in/bin/dms/getdocument?mds=fYGpVQRhK8ssM3IRs7fsg%253D%253D&type=open</p>	MCA vide this circular allowed Companies to conduct EGMs through Video Conference (VC) or Other Audio Visual Means upto 31 st December 2021.

S. No	NEWS ON MCA
1	<p><u>The DINs are not liable to be deactivated solely for the reason that the petitioners stand disqualified for appointment / reappointment as Directors of Companies by operation of Section 164(2) of the Companies Act, 2013</u> : The Kerala High Court under <i>Zacharia Maramkandathil Mohan and Ors. vs. Union of India</i> ruled that Section 164(2) and Section 167(1) of the Companies Act, 2013 are not ultra vires Article 14 or Article 19(1)(g) of the Constitution of India. Furthermore, it was held that the Director Identification Numbers (DINs) of the petitioners allotted under Rule 10 of the Companies (Appointments and Qualifications of Directors) Rules, 2014, are not liable to be deactivated or cancelled solely for the reason that the petitioners stand disqualified for appointment / reappointment as Directors of Companies by operation of Section 164(2)</p>

2

SEBI during the week

Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0

Master Circulars-0; Circulars – 1; Press Release –0 Others -0;

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	25.06.2021	Circular	<p>Amendment to SEBI (Alternative Investment Funds) Regulations, 2012</p> <p>https://www.sebi.gov.in/legal/circulars/jun-2021/circular-on-amendment-to-sebi-alternative-investment-funds-regulations-2012_50694.html</p>	<p>SEBI vide this circular,</p> <ul style="list-style-type: none"> • Prescribed framework for AIFs to invest simultaneously in units of other AIFs and directly in securities of investee companies. SEBI has prescribed the information which needs to be disclosed by these AIFs which includes the details on allocation of investment, fees charged to investors along with portion of fees which may be attributed to investment in units of other AIFs. • Defined KMP, who shall abide by code of conduct and which term interlia includes Key investment team, decision making employees, members of

				<p>senior management etc., As per AIF regulations</p> <ul style="list-style-type: none"> Specified that consent of the investors of the AIF or scheme may not be required for change in ex-officio external members who represent sponsor, sponsor group in the investment committee.
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S. No	NEWS ON SEBI
1	<p><u>Sebi boosts liquidity risk management for open-ended debt schemes</u></p> <p>The Securities and Exchange Board of India (Sebi) came out with a circular on prudential norms for liquidity risk management of the open-ended debt funds. Market participants say that this move will further increase liquidity in some of the categories of debt schemes. The market regulator has also asked Association of Mutual Funds in India (AMFI) to prescribe a suitable framework, in consultation with it, for liquidity risk management for open ended debt schemes (except Overnight Fund, Gilt Fund and Gilt Fund with 10-year constant duration) within a period of one month. The said framework shall be adopted by all AMCs. “For asset allocation limits (applicable for Banking and PSU Bond Fund, Floater Fund, Credit Risk Fund and Corporate Bond Funds scheme categories in terms of SEBI circular on ‘Categorization and Rationalization of Mutual Fund Schemes’) the base shall be considered as net assets excluding the extent of minimum stipulated liquid assets i.e. 10 per cent,” said the Sebi circular.</p>
2	<p><u>Sebi extends implementation date for circular on compensation of AMCs' key staff</u></p> <p>SEBI extended the implementation date for the circular pertaining to the compensation of asset management companies' (AMCs) key employees, till October 1, 2021.</p>

3

RBI during the week

Notifications -0; Master Directions –0; Master Circulars –0; Circular -0;

Press Release – 0

S. No	Date of Issue	Notifications/Master Directions/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON RBI
1	RBI links NBFC dividend payout to capital, NPA norms: The Reserve Bank of India has linked declaration of dividend by non-banking finance companies (NBFCs) to their meeting minimum prudential norms on capital and bad loans. The RBI also set the maximum payout ratio as part of its guidelines on distribution of dividend by NBFCs. The RBI said the guidelines, aimed at infusing greater transparency and uniformity in the payout practice, will be effective for declaration of dividend from the financial year ending March 31, 2022.
2	RBI allows jewellers to repay part of gold loan with physical gold : The Reserve Bank of India released a notification stating that jewellery exporters and domestic manufacturers of gold jewellery now have the option of repaying a part of their Gold (Metal) Loans (GML) using actual physical gold. "Banks shall provide an option to the borrower to repay a part of the GML in physical gold in lots of one kg or more," noted the RBI circular. The option of repaying GML through physical gold will be subject to certain conditions. On such condition is that the GML should have been extended out of locally sourced or GMS-linked gold. RBI noted that the repayment of GML has to be done using locally sourced IGDS (India Good Delivery Standard)/ LGDS (LBMA's Good Delivery Standards) gold. The bank added that the gold has to be delivered on behalf of the borrower to the lender directly by the refiner or a central agency without any involvement from the borrower.

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IBC during the week
Notifications -0; Master Directions –0; Master Circulars –0; Circular –0;
Press Release –0; Others – 0

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON IBC

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Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -0;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				

S. No	General News
1	<p><u>Foreign State Cannot Claim Sovereign Immunity Against Enforcement Of Arbitral Award Arising Out Of Commercial Transaction</u> The Delhi High Court has held that a Foreign State cannot claim sovereign immunity under sec. 86 of Code of Civil Procedure against enforcement of an Arbitral Award arising out of a commercial transaction.</p>
2	<p><u>Clarification in respect of applicability of Dynamic Quick Response (QR) Code on B2C invoices</u> Any invoice, issued to person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code</p>
3	<p><u>Extension of UDIN Amnesty Scheme, 2021 till June 30, 2021</u> The ICSI in view of the requests of the members to extend the Amnesty Scheme, due to the persisting COVID-19 and various practical difficulties being faced by the members has decided to extend the UDIN Amnesty Scheme, 2021 till June 30, 2021.</p>



Flat No.7, Door No.10 Madhans,
South Canal Bank Road,
Mandavelipakkam, Chennai 600028.

bhuvana.r@akshayamcorporate.com | jayanth.v@akshayamcorporate.com
www.akshayamcorporate.com ;
Mobile: 9789982805 | 9962156708

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