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Companies Act 2013 during the week

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

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	20/5/2022	Notification	<p>Companies (Incorporation) Second Amendment Rules 2022</p> <p>https://www.mca.gov.in/bin/dms/getdocument?mds=QJAZ8U7iIBs%252FRWVx91HwmQ%253D%253D&type=open</p>	<p>Companies (Incorporation) Second Amendment Rules 2022 shall come into force with effect from 1st June 2022</p> <p>Form INC-9 to be substituted with new Form INC-9 that contains additional Declarations that the subscriber to the MOA is- (a) Either required to obtain Government approval under Foreign Exchange Management (Non Debt Instruments) Rules 2019 prior to subscription of shares and the same has been obtained therewith, (or)</p>

				<p>(b)That he is not required to obtain Government approval under Foreign Exchange Management (Non Debt Instruments)Rules 2019 prior to subscription of shares</p> <p>The above is only applicable for Authorized person of Non individual first subscribers and individual first subscriber cum Director.</p> <p>Further in Form INC-32(SPICe+) Part B, the declaration will contain an insertion where the person seeking appointment declares that he is a national of the country which shares border with India and that necessary security clearance from Ministry of Home Affairs is obtained and attached with the consent.</p>
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S. No	NEWS ON MCA
1	<p><u>Ministry of Corporate Affairs seeks research on database integration to predict bankruptcy</u></p> <p>The Ministry of Corporate Affairs (MCA) is looking to integrate its MCA21 database with databases from other departments and regulators to predict bankruptcy in companies and issue early warnings about corporate insolvencies. The MCA21 is a centralised database repository of corporate operations in India. As part of the research, the ministry wants to use the MCA21 database "to study financial statements of bankrupt firms and develop a model for prediction of probability of bankruptcy in firms".</p>

2	Over 15,900 companies incorporated in April: As many as 15,905 companies were registered in the country in April and a total of 14,51,401 companies were active at the end of last month, according to official data. Latest data from the corporate affairs ministry showed that a total of 23,33,958 companies were registered under the companies law as on April 30, 2022.
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SEBI during the week

Act -0; Report -0; Circulars 4; Press Release-1; Notification -0; Regulation- 0

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	19/5/2022	Press Release	SEBI withdraws Permanent Recognition granted to Indian Commodity Exchange Ltd https://www.sebi.gov.in/media/press-releases/may-2022/sebi-withdraws-permanent-recognition-granted-to-indian-commodity-exchange-ltd-59036.html	SEBI has withdrawn recognition of India Commodity Exchange Limited vide Notification dated 18 th May 2022 for non-compliance of Net worth requirements, SEBI circulars, SEBI Inspection observations and infrastructural requirements as prescribed under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

2	18/5/2022	Circular	<p>Simplification of procedure and standardization of formats of documents for transmission of securities</p> <p>https://www.sebi.gov.in/legal/circulars/may-2022/simplification-of-procedure-and-standardization-of-formats-of-documents-for-transmission-of-securities-pursuant-to-amendments-to-the-securities-and-exchange-board-of-india-listing-obligations-and-dis-59007.html</p>	<p>To enhance ease of dealing in securities markets and with a view to make the transmission process more efficient and investor friendly, the procedure for transmission of securities has been further simplified vide the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022)</p> <p>For ease of reference, a ready reckoner listing out the documents required for transmission of securities, in case of demise of the sole holder, is provided in Annexure – A to this Circular. The Operational Guidelines for processing investor’s service request for the purpose of transmission of securities are provided in Annexure – B to this Circular.</p> <p>The format of the form to be filed by nominee/claimant/legal heir while requesting transmission of securities is provided in Annexure – C to this Circular.</p>
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3	19/5/2022	Circular	<p>Revised format of security cover certificate, monitoring and revision in timelines</p> <p>https://www.sebi.gov.in/legal/circulars/may-2022/revised-format-of-security-cover-certificate-monitoring-and-revision-in-timelines_59051.html</p>	<p>In terms of regulation 54 read with regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to disclose security cover to Stock Exchange(s) and Debenture Trustee, and the format for preparation of security cover for listed debt securities was prescribed as per Annexure A of SEBI Circular dated November 12, 2020 .</p> <p>SEBI specified the revised format for security cover that is enclosed in Annexure I.</p> <p>Further, the obligations of listed entity with respect to preparation and submission of security cover format broadly includes the following</p> <ul style="list-style-type: none"> (a) In case of Listed Entity, Security cover certificate to be prepared on quarterly basis and the statutory auditor of the listed entity shall certify the book values of the assets provided in such certificate (b) The listed entity shall provide the values in the format under the market values column including the reference date based on which the market value has been arrived at and the certificate shall be submitted
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				<p>to Debenture Trustees.</p> <p>(c) In case, the issuer company has more than one Debenture Trustee for its listed debt securities, the listed entity shall prepare such certificate separately for each Debenture Trustee.</p> <p>(d) There has been Revision in timelines of submission of security cover certificate, valuation report and Quarterly compliance report and regulatory compliance by Debenture Trustees.</p> <p>The provisions mentioned in Part A and B with respect to 'Revised format of the Security Cover' and 'Monitoring of Covenants' are applicable w.e.f October 1st, 2022. Other provisions of this circular shall come into effect with immediate effect .</p>
4	19/5/2022	Circular	<p>Streamlining the Process of Rights Issue</p> <p>https://www.sebi.gov.in/legal/circulars/may-2022/streamlining-the-process-of-rights-issue_59023.html</p>	<p>With respect to the para 1.4.1 and at Annexure I para C (e) of the Circular dated January 22, 2020 for streamlining the rights issue process SEBI has amended the minimum time period between the closure of trading in REs(Right Entitlements) on stock exchange platform and closure of rights issue as under-</p>

				<p>Trading in REs on the secondary market platform of stock exchanges commence along with the opening of the rights issue and has to be closed” at least three working days” instead of “four days”, prior to the closure of the rights issue.</p> <p>This was done to ensure that an investor gets two days for settlement, in addition to one day for making application in Rights issue, which would have not been possible in the former case if two of the four days were trading holidays.</p>
5	20/5/2022	Circular	<p>Modification in Cyber Security and Cyber Resilience framework of Stock Exchanges, Clearing Corporations and Depositories</p> <p>https://www.sebi.gov.in/legal/circulars/may-2022/modification-in-cyber-security-and-cyber-resilience-framework-of-stock-exchanges-clearing-corporations-and-depositories_59</p>	<p>Market Infrastructure Institutions(MII) should identify and classify/designate critical assets based on their sensitivity and criticality for business operations, services and data management</p> <p>MIIs should also perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system which is a critical system or part of an existing critical system</p> <p>Further, the MIIs are mandated to conduct comprehensive cyber audit at least 2 times in a financial year.</p>

S. No	NEWS ON SEBI
1	<p><u>Joint Auction Under IBC And SARFAESI Is Permissible:</u></p> <p>NCLAT National Company Law Appellate Tribunal (NCLAT), in the case of Ayan Mallick versus Pratime Bayal upheld the Order of NCLT, Kolkata wherein NCLT held that a joint auction under the provision of Insolvency and Bankruptcy Code, 2002 is permissible in order to maximise the value of the assets of the Corporate Debtor.</p>
2	<p><u>Insolvency: SC ruling shot in the arm for homebuyers NEW DELHI:</u></p> <p>In an order which could bring relief to homebuyers whose real estate company is facing insolvency proceedings, the Supreme Court ruled that Noida authority would be treated as operational creditor and not as a financial like homebuyers in the IBC proceedings</p>
3	<p><u>All Related Proceedings Stand Discharged, Settled, Abated, & Extinguished On Approval Of Resolution Plan:</u></p> <p>The Gujarat High Court reiterates the legal position and has allowed the civil application filed by Essar Steel Limited seeking declarations that the claims raised by the original respondent stand abated and extinguished in view of Section 31(1) of the Insolvency and Bankruptcy Code read with the Resolution Plan and the judgment passed by the Supreme Court in Essar Steel India Limited vs Satish Kumar Gupta and Ors.</p>

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RBI during the week

Notifications -1; Master Directions –0; Master Circulars –0; Press Release -0 ;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	19/5/2022	Notification	New Definition of Micro, Small and Medium Enterprises – Clarification https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12319&Mode=0	Government of India, vide Gazette Notification S.O. 2134(E) dated May 06, 2022 , had notified amendments in sub paragraph (3) paragraph (7) of the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number S.O. 2119 (E), dated June 26, 2020, published in the Gazette of India. In view of the above amendment, it is clarified that: The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAM)

				<p>of the MSMEs obtained till June 30, 2020 shall remain valid till June 30, 2022 for classification as MSMEs; and,</p> <p>The validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 (RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017), for classification of MSMEs up to June 30, 2020, has been extended up to June 30, 2022</p>
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S. No	NEWS ON RBI
	NIL

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IBC during the week

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

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

S. No	NEWS ON IBC
1	<p><u>Pendency Of Proceedings Before DRT, SARFAESI Or Other For a-Not A Bar For Initiating CIRP</u></p> <p>The National Company Law Appellate Tribunal ("NCLAT"), Chennai Bench, while adjudicating an appeal in Mr. Amar Vora v City Union Bank Ltd, has held that a petition can be moved under Section 7, 9, or 10 of Insolvency and Bankruptcy Code, 2016 ("IBC"), even when proceedings with respect to the same debt are pending before the Debt Recovery Tribunal; or SAR FAESI Act 2002; or Prohibition of Benami Property Transaction Act, 1988 or any other forum. IBC has an overriding effect over other laws. The order was as passed on 11.05.2022.</p>

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| 2 | <p>Supreme Court Declares Noida As An Operational Creditor Under The Insolvency And Bankruptcy Code, 2016 : Supreme Court in the case of New Okhla Industrial Development Authority (NOIDA) versus Anand Sonbhadra held that the NOIDA is an operational creditor under the provisions of the Insolvency and Bankruptcy Code, 2016. (IBC/Code) The Bench dismissed the appeal filed by NOIDA against the judgment of the National Company Law Appellate Tribunal (NCLAT) wherein NCLAT held that the NOIDA is an operational Creditor under IBC and cannot be considered as a Financial Creditor of the Corporate Debtor under the provisions of the Code.</p> |
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Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -1;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	19/5/2022	Notification	Micro, Small and Medium Enterprises Development (Furnishing of Information) (Amendment) Rules, 2022 https://egazette.nic.in/WriteReadData/2022/235867.pdf	Micro, Small and Medium Enterprises Development (Furnishing of Information) (Amendment) Rules, 2022 shall come into force on the date of their publication in the Official Gazette (i) In the Micro, Small and Medium Enterprises Development (Furnishing of Information) Rules, 2016, in the Form, under the —"Basic Details"— (ii) For the words Udyog Aadhaar Number the words Udyam Registration Number shall be substituted; (iii) The words —Get Udyog Aadhaar shall be omitted.

S. No	GENERAL NEWS
1.	<p>MSME : Working capital drawdowns of corporates and MSME borrowers rising with input costs</p> <p>Banks are seeing a rise in drawdowns on the working capital limits of corporates and MSME borrowers as rallying commodity prices raise input costs. Bankers said while earlier 30-40% utilisation in highly-rated large corporates was a big challenge, these limits have now been exhausted by up to 60-70%, raising hopes of fresh loans.</p>



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