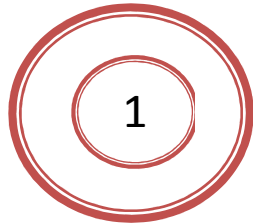


**WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC**

**Week 61 - February 25 to March 03, 2019**

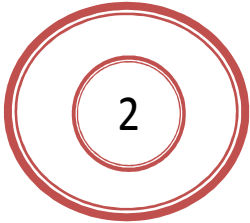


**Companies Act 2013 during the week**

**Rules - 0; Circulars - 0; Notifications – 0; Orders- 0; Important Notices - 0**

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

S. No.	NEW ON MINISTRY OF CORPORATE AFFAIRS
1	The Ministry of Corporate Affairs (MCA) has constituted a High Level Committee on Corporate Social Responsibility-2018 (HLC-2018) to review the existing framework and guide and formulate a coherent policy on Corporate Social Responsibility (CSR).



### SEBI during the week

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

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

S.No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	01.03.2019	Press Release	SEBI Board Meeting	<p>SEBI took decisions in the following matters:</p> <ol style="list-style-type: none"> <li>1. Amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the SEBI (Real Estate Investment Trusts) Regulations, 2014</li> <li>2. Framework for Innovators Growth Platform: Approval of the framework for the process of accreditation of investors for the purpose of IGP. Under the framework, the investor, having a demat account with a Depository, will make an application to the Stock Exchanges/Depositories in the manner prescribed by them for recognition as an AI. The Exchanges/ Depositories will grant accreditation to investors subject to their eligibility, which shall be valid for a period of three years.</li> <li>3. Corporate Debt Restructuring:</li> </ol>

				<ul style="list-style-type: none"> <li>• Exemptions from applicability of conditions for preferential issue provided in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations) and from the obligation of making an open offer provided in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”) will be restricted to all scheduled commercial banks (excluding Regional Rural Banks) and all India Financial Institutions for acquisitions in their ordinary course of business.</li> <li>• Such exemptions will not be available for acquisition of shares by persons other than aforesaid lenders by way of allotment by the target company or purchase from lenders.</li> <li>• Relevant exemptions including open offer obligations are available under the aforesaid SEBI Regulations for acquisition pursuant to a resolution plan approved under Insolvency and Bankruptcy Code.</li> <li>• Takeover Regulations provide for exemption from open offer for any acquisition pursuant to a scheme of arrangement / reconstruction pursuant to an order of a court or a tribunal or a competent authority under any law or regulation, Indian or</li> </ul>
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				<p>foreign.</p> <ul style="list-style-type: none"> <li>• Approval for deletion of reference to approval by “Competent Authority” in the Takeover Regulations.</li> </ul> <p>4. Valuation of money market and debt securities by Mutual Funds.</p> <p>5. Participation of Institutional Investors in Commodity Derivatives Markets in India.</p> <p>6. Amendments to SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Listing Obligations and Disclosure Requirements), 2015</p> <ul style="list-style-type: none"> <li>• Min net worth requirement of a Debenture Trustee (DT) is Rs. 10 crores.</li> <li>• Requirement of calling for a meeting of debenture holders in the event of default in payment obligation by issuer in case of public issue of debt securities shall not be obligatory.</li> <li>• E-voting is a valid option to get consent of Debenture holders, wherever applicable.</li> <li>• In case of delay in creation of charge in favour of DT within the specified period, the issuer to pay additional interest as specified in the Trust Deed and disclose in the Offer Document to the debenture holders for the period of delay in creation of</li> </ul>
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				<p>charge.</p> <ul style="list-style-type: none"> <li>In case of issuers having both listed equity and debt securities, the certificate from the DT as per the requirement of Reg.52 (5) of LODR shall be submitted to the stock exchange(s) by the issuer within 7 working days from the date of submission of financial results to the stock exchange(s).</li> </ul> <p>7. Permitting permanent registration to Custodians.</p> <p>8. Revision of SEBI's fees structure.</p>
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S. No.	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA (SEBI)
1	<p>Informal guidance sought by Genpact India Private Limited on rated, unsecured, redeemable, non-convertible debentures issued by it to Genpact Luxembourg SARL (GLS) registered as Foreign Portfolio Investors (FPI) which have a maturity period of three years.</p> <p>As per RBI's circular, FPIs are permitted to invest in unlisted corporate debt subject to minimum residual maturity of one year and end use restriction on investment in real estate business, capital market and purchase of land.</p> <p>Company had utilized part of the NCD proceeds in making downstream investment in acquiring shares of private companies of the Genpact group only, In terms of the provisions Companies Act, 2013, a private company restricts the rights to transfer its shares and accordingly, in their view, such shares of private companies, acquired by the GIPLL should ideally not qualify as capital funds since they may not be freely traded on the primary and secondary market and as per Company's understanding downstream investment made by the Company on private arrangement basis for acquiring shares of private companies should not be considered as investment made in capital market and accordingly, the delisting process of the NCD's subscribed to by the FPI may be initiated by the company pursuant to which FPI shall be considered to have invested in unlisted NCD's.</p> <p>In this regard, SEBI clarified that there was no violation of end use restriction norms for the proceeds raised from the issuance of debt securities as the company is engaged in the business of providing finance and accounting services.</p>

2	<p>The Securities and Exchange Board of India (SEBI) order that declared leading brokers Motilal Oswal Commodities and India Infoline Commodities as not being 'fit and proper' to undertake commodities derivatives trading has sent a ripple of fear through them and other financial services firms over whether this will apply to all their business activities.</p> <p>The market awaits similar orders against several other brokers for their alleged role in the Rs 5,500-crore National Spot Exchange Ltd (NSEL) scam in 2013. The bigger concern is whether the capital market regulator and the Reserve Bank of India will now impose the 'fit and proper' criteria on other units that they run such as stock broking, nonbanking finance companies (NBFCs), mutual funds and portfolio management services</p>
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**RBI during the week**

**Notifications -5; Master Directions –0; Master Circulars – 0; Circular - 0;**

**Press Release – 0;**

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	26.02.2019	Notification	Foreign Exchange Management (Export and import of Currency) (Amendment) Regulations, 2019	<p>Amendment in Reg 8. <b>Export and import of currency to or from Nepal and Bhutan:</b></p> <p>Notwithstanding anything contained in these regulations, a person may-</p> <p>(1) take or send out of India to Nepal or Bhutan, currency notes of Government of India and Reserve Bank of India notes (other than notes of denominations of above Rs.100 in either case), provided that an individual travelling from India to Nepal or Bhutan can carry Reserve Bank of India notes of Mahatma Gandhi (new) Series of denominations Rs. 200/- and/or Rs. 500/- up to a total limit of Rs. 25,000.</p> <p>(2) .....</p>

				(3) .....
2	27.02.2019	Notification	Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign entities	<p>RBI advised that any entity which is a Non-Government Organisation, Non-Profit Organization, Body/Agency/Department of a foreign Government for opening of a branch office or a liaison office or a project office or any other place of business in India, engaged, partly or wholly, in any of the activities covered under Foreign Contribution (Regulation) Act, 2010 (FCRA), it shall obtain a certificate of registration under the said Act and shall not seek permission under FEMA 22(R).</p> <p>Accordingly, Form FNC has also been suitably modified.</p>
3	28.02.2019	Notification	Storage of Notes and Coins	The Bank had constituted a Committee on Currency Movement (CCM) to review the entire gamut of security of treasure in transit.
4	01.03.2019	Notification	'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors (FPIs) investment in debt	Suitable amendments have been made to regulations under the Foreign Exchange Management Act, 1999 (Act 42 of 1999) to enable FPIs participating in the VRR scheme to hedge their interest rate and exchange rate risks related to their investments under the scheme and to undertake repo/reverse repo transactions to meet their liquidity requirements. A copy of the following amendments notified in the Official Gazette is enclosed in the notification.



5	01.03.2019	Notification	Hedging of exchange rate risk by Foreign Portfolio Investors (FPIs) under Voluntary Retention Route	The operational guidelines, terms and conditions for hedging the exposure to exchange rate risk on account of investments made under this route are provided in the Annex to the circular.
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S. No.	NEWS ON RESERVE BANK OF INDIA (RBI)
1	RBI has extended the timeline to additional six months for completion of KYC process for Prepaid Payment Instruments (PPIs). PPIs are payment instruments that facilitate purchase of goods and services, including financial services, remittance facilities, etc., against the value stored on such instruments. PPIs that can be issued in the country are classified under three types viz. (i) Closed System PPIs, (ii) Semi-closed System PPIs, and (iii) Open System PPIs.
2	The Reserve Bank of India (RBI) removed Allahabad Bank, Corporation Bank and Dhanlaxmi Bank out of the prompt corrective action (PCA) framework on Friday, subject to certain conditions and continuous monitoring.
3	Kotak Mahindra Bank has raised the shareholding limit of FPIs to 45 per cent, from the current 43 per cent.

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1	<p>A charter of responsibilities for Insolvency Professionals and Committee of Creditors involved in the Corporate Insolvency Resolution Process prepared in consultation with the three insolvency professional agencies has been published by Insolvency and Bankruptcy Board of India.</p> <p>This charter is only indicative and meant for the sole purpose of educating the stakeholders. A stakeholder must refer to the Code and Rules/Regulations made thereunder or seek professional advice if he intends to take any action or decision in any matter under the Code.</p>
2	<p>The board of trustees of the Employees' Provident Fund Organisation (EPFO) is likely to meet this week to assess the impact of defaults by Infrastructure Leasing &amp; Financial Services on the retirement funds managed by the central body and thousands of standalone trusts. Lenders are likely to seek dispensation on asset classification for their exposure to Infrastructure Leasing &amp; Financial Services to the extent of at least Rs 16,000 crore, which falls under the amber category. The first phase of resolution for problems faced by IL&amp;FS group is expected to be completed in the next few months, as a lot of headway is being made in addressing the issues. About half the assets of debt-laden infrastructure financier IL&amp;FS have been put up for sale, pointing also to measures that would be taken to prevent frivolous bidding for local companies being sold through bankruptcy administration. The government-appointed board of IL&amp;FS is planning to initiate criminal proceedings against several defaulters of IL&amp;FS Financial Services (IFIN), charging them of colluding with the erstwhile management. This is after discovering large-scale irregularities, which includes ever-greening of loans and funds being routed to entities that are ineligible to borrow.</p>
3	<p>State-run State Bank of India (SBI) is looking at approaching the National Company Law Tribunal (NCLT) to recover its loans from private carrier Jet Airways, according to SBI officials.</p>
4	<p>The steel sector has turned out to be one of the major beneficiaries of the Insolvency and Bankruptcy Code (IBC), according to ratings agency ICRA Ltd. This could lead to improved plant utilisation and domestic steel supply.</p>
5	<p>Hotel Leeventure said JM Financial Asset Reconstruction Company Ltd (JMFARC) has filed an insolvency petition with the Mumbai bench of National Company Law Tribunal (NCLT) against the company.</p>
6	<p>Financial creditors of the debt ridden Reliance Communications opposed its plea to release the Income tax refunds to clear dues of Ericsson before the National Company Law Appellate Tribunal (NCLAT).</p>
7	<p>The resolution professional overseeing Gitanjali Gems has contested the Enforcement Directorate's seizure of the company's assets on the grounds that the action has disrupted the insolvency resolution process.</p> <p>The RP asked the National Company Law Tribunal to direct the ED to release the confiscated assets including jewellery and property so that they can be evaluated independently in accordance with the bankruptcy code and an information document can be submitted to prospective bidders.</p>
8	<p>The National Company Law Appellate Tribunal (NCLAT) directed the NCLT Ahmedabad bench to take a decision on the Rs 42,000-crore resolution plan submitted by Arcelor Mittal for debt-ridden Essar Steel by March 8.</p>

S.No.	GENERAL IMPORTANT NEWS
1	The government's plans for the mega merger of three general insurance firms to create one large and strong entity seems to have hit a roadblock. The Department of Financial Services (DFS), which oversees the operations of state-owned insurance firms, has written to the DIPAM not to proceed with the merger plan in haste and let it examine the proposal afresh and untangle complex operational issues first.
2	The GST Council today announced a cut in the goods and services tax charged on sales of residential properties under construction.
3	The Department of Industry and Internal Trade on Saturday released the draft National ecommerce Policy that sends a clear message that India and its citizens have a sovereign right to their data. Final policy will be issued based on inputs.
4	The government is looking at the possibility of merging regional rural banks (RRBs) operating within the same state and has urged the state-owned banks to explore such options, as it wants further consolidation among RRBs. It eventually wants to bring them down to a more manageable number of 10-15.
5	Come March 1, 2019 Income tax department will issue only e-refunds and that too these will be credited only to bank accounts linked with PAN.
6	After penalising Patanjali for not passing on tax cuts to customers, the National Anti-profiteering Authority (NAA) has begun investigating the consumer goods company's distributors to check if they pocketed the difference. The NAA has issued notices to about 10 of Patanjali's biggest distributors over the past month for not reducing prices in line with cuts in goods and services tax (GST), they said.
7	The Union Cabinet is likely to clear Rs 10,000-crore programme under the FAME-II scheme for promotion of electric and hybrid vehicles.
8	The State Bank Group has said as much as Rs 7,951.29 crore involving 1,885 cases of fraudulent activities have come to light during the first nine months of the current fiscal year.
9	The Union Cabinet on Thursday approved the promulgation of an ordinance that will allow trusts to setup units in special economic zones (SEZ). This will facilitate investments in SEZs.
10	The joint UK-India Green Growth Equity Fund announced its first investment into Ayana Renewable Power as part of a new partnership with CDC Group (the UK government's development finance institution), EverSource Capital and the National Investment and Infrastructure Fund of India (NIIF). The investment is collectively worth £250 million.
11	The Cabinet approved a national policy on software products that aims to position India as a hub for software products development and creating 65 lakh jobs by 2025.



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