

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 11- March 8th 2021 to March 14th 2021

1

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	NEWS ON MCA
1.	<p>Ministry of Corporate Affairs strikes off 10113 Companies this fiscal : Over 10,000 companies were shut down voluntarily in the country from April 2020 till February this year, in the period when the coronavirus pandemic and subsequent lockdowns significantly disrupted economic activities. The latest data available with the Ministry of Corporate Affairs (MCA) showed that a total of 10,113 companies were struck off under Section 248(2) of the Companies Act, 2013, in the current financial year till February. The Section 248(2) implies that the companies had shut their businesses voluntarily and not due to any penal action. In a written reply to the Lok Sabha on March 8, Minister of State for Corporate Affairs Anurag Singh Thakur said the Ministry does not maintain any record of the companies that have gone out of business. Tamil Nadu and Maharashtra saw shutting down of 1,322 and 1,279 companies respectively, during the period. 836 companies were shut down voluntarily in Karnataka, while it was 501 in Chandigarh, Rajasthan (479), Telangana (404), Kerala (307), Jharkhand (137), Madhya Pradesh (111) and Bihar (104)</p>

2

SEBI during the week

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

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

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON SEBI
1	The Finance Ministry has suggested several changes in the Securities and Exchange Board of India’s (Sebi's) annual report format seeking “true and full account of its activities”, policies and programmes of the whole year. The new format demands greater disclosure and in-depth analysis of each segment ranging from corporate governance to regulatory action taken by the market regulator. Under the new format, Sebi’s annual report will now include the regulator’s source of funds and major area of expenditure; greater disclosure in terms of corporate governance and corporate restructuring for instance details of merger and acquisition deals, regulatory action taken by regulator for enhancing transparency and improving governance, open offers, issuance of observations on offer documents, details of listed companies being wound up, details of defaulter companies, regulatory coordination with Ministry of Corporate Affairs and consequent steps taken by them.
2	Investors in debt mutual funds holding perpetual bonds are staring at losses with the new valuation norm for the instrument expected to spark a sharp selloff. Money managers said accelerated redemptions in debt schemes could trigger a crisis as mutual funds will be forced to dump such securities, causing yields to spike and making it costlier for banks to borrow funds from the market. The Securities and Exchange Board of India (Sebi) asked mutual funds to value perpetual bonds as 100-year instruments from April 1. Since these instruments have call and put options that are exercised by the issuer, fund houses value them on the basis of the dates they will be called. This means a bond with a call option coming up in the next two or three years, for instance, has to be valued as a 100-year-old one. This could result in yields on perpetual bonds spiking and prices crashing, causing losses to holders. Bond yields and prices move in opposite directions.

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	The Reserve Bank of India asked the banks and other lenders to report the accounts restructured due to coronavirus separately to credit bureaus. Lenders should make necessary modification to their system and report it to credit bureaus within two months, the banking regulator said. All commercial banks including small finance banks, local area banks and regional rural banks, primary (urban) co-operative banks/state co-operative banks/district central co-operative banks, India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI) and non-banking financial companies (including housing finance companies) were asked to inform the credit bureaus about restructuring the accounts.

4

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
1.	<p>Time Is A Crucial Facet Of Scheme Under IBC; Resolution Applicant Must Be Fair In Its Dealings: Supreme Court Time is a crucial facet of the scheme under the IBC, the Supreme Court said while dismissing the appeal filed by a Resolution applicant. In this case, the National Company Law Tribunal [NCLT] allowed the liquidation of the Corporate Debtor to proceed. Upholding this order, the National Company Law Tribunal [NCLT] allowed the liquidation of the Corporate Debtor to proceed</p>
2.	<p>SC orders liquidation on failure of resolution applicant to comply with terms of Resolution Plan in time Where despite the grant of sufficient time, appellant-resolution applicant had not been able to comply with terms of Resolution Plan and had even failed to deposit Rs. 50 crores which it undertook to deposit when instant appeal came before Supreme Court, it was held that appellant had failed to abide by its obligations and, therefore, appeal was to be dismissed and corporate debtor was ordered to be liquidated.</p>
4.	<p>Govt likely to finalise a pre-pack framework of resolution for MSMEs under IBC by this week Sources say that the government is finalizing a special framework of resolution for MSMEs under IBC. The government plans to introduce the concept of a Pre-Packaged resolution framework for Small enterprises; wherein a restructuring plan is mutually agreed on by the distressing companies, Investors and creditors before going to court and that means also before any public bidding of assets.</p>

5. **NCLT/NCLAT Can't Interfere With Commercial Wisdom Of CoC Except Within Limited Scope Under Sections 30 & 31 IBC : Supreme Court**

The Supreme Court has reiterated that the National Company Law Tribunal(NCLT) or the National Company Law Appellate Tribunal(NCLAT) cannot interfere with the 'commercial wisdom' of the Committee of Creditors(CoC), except within the limited scope under Sections 30 and 31 of the Insolvency and and Bankruptcy Code(IBC). Based on this well settled principle, a 3-judge bench comprising Justices AM Khanwilkar, BR Gavai and Krishna Murari set aside an order of the NCLAT which had annulled the decision of CoC to accept a resolution plan.

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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.	MSME Udyam registration simplified: GSTIN not mandatory, PAN card can be used. The requirement for registering on the Udyam Registration Portal has been simplified. GSTIN is no more mandatory, PAN card can be used.
2.	NCLT, NCLAT free to regulate virtual hearings as long as link requests considered in fair, transport non-arbitrary manner: Delhi High Court. The court added that the parties joining virtual hearings are expected to follow the discipline of virtual hearings and not cause unnecessary disturbance.
3.	Cabinet nod: Insurance FDI hiked, health fund created The Cabinet cleared amendments to the Insurance Act to pave the way for raising the foreign direct investment (FDI) limit up to 74% from 49%, as proposed in the Budget for FY22. The amendments will have to be ratified by Parliament to take effect.



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