

WEEKLY UPDATES ON COMPANY LAW,SEBI, RBI AND IBC

Week 20–11th May to 17thMay 2020

1

Companies Act 2013 during the week

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

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1.	11/05/2020	Circular	Clarification on dispatch of notice under section 62(2) of the Companies Act, 2013 by listed companies for rights issue opening upto 31 st July, 2020	<p>MCA clarified on the mode of issue of notice for Rights issue of listed Companies as per Section 62(1)(a)(i) of the Companies Act, 2013 read with Section 62(2) of the act.</p> <p>In view of COVID-19 pandemic, Companies have faced difficulties in sending notices through postal or courier services.</p> <p>Now vide this Circular MCA has clarified :</p> <ul style="list-style-type: none"> • In case of Listed Entities, which comply with the SEBI circular dated 6th May, 2020 (Relaxations relating to procedural matters – Issues and

				<p>Listing),</p> <ul style="list-style-type: none"> • For Right Issue open upto 31st July 2020 • <u>inability to dispatch the notice</u> as per Section 62 (1) (a) (i) of the Companies Act, 2013 read with Section 62 (2) of the Act, to their shareholders <u>through registered post / speed post / courier</u> • <u>would not be considered as violation</u> of Section 62(2) of the Companies Act, 2013.
2.	12.05.2020	NFRA Circular	Circular seeking application from Chartered Accountants for engagement as professionals in NFRA on contractual basis	NFRA, vide its circular dated 01.04.2020, had invited applications from Chartered Accountants for engagement as professionals in NFRA on contractual basis. The Email id to which the applications are to be sent was erroneously mentioned a manager-admin@nfra.gov.in . The same has been rectified vide this circular to manager-admn@nfra.gov.in and dates have been extended to 30.05.2020.

S. No	NEWS ON MCA

2

SEBI during the week

**Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0;
Master Circulars-0; Circulars – 4; Press Release –0; Others -0;**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof		
1.	12/05/2020	Circular	Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – COVID-19 pandemic	In view of the COVID 19 pandemic, SEBI has further provided relaxations in relation to certain compliances of LODR. The said relaxation necessitates out of MCA circular.		
				Regulation No.	Requirement as per LODR	Relaxation in view of COVID-19
				Regulation 36 (1)(b) and (c) – Documents & Information to shareholders	To send hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 (Right of Member to Copies of	Requirement is dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till December 31, 2020).

				<p>Regulation 58 (1)(b) &(c)</p> <p>Documents and information to holders of non – convertible debt securities and non-convertible preference shares</p>	<p>Audited Financial Statement) to the shareholders who have not registered their email addresses and hard copies of full annual reports to those shareholders, who request for the same, respectively. Similar requirements are applicable to entities which have listed their NCDs and NCRPS’</p>	
				<p>Regulation 44(4)- Meetings of shareholders and voting</p>	<p>Listed entities are required to send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against a resolution.</p>	<p>The requirement to send proxy forms is dispensed with temporarily, in case of meetings held through electronic mode only for listed entities who conduct their AGMs through electronic mode during the calendar year 2020 (i.e. till December 31, 2020).</p>

				<p>Regulation12- Payment of dividend or interest or redemption or repayment</p>	<p>The listed entity shall use any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I, for the payment of the following: (a) dividends; (b) interest; (c) redemption or repayment amounts</p> <p>Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued</p> <p>Provided further that where the amount payable as dividend exceeds Rs. 1500/-, the 'payable-at-par' warrants or cheques shall be sent by speed post.</p>	<ul style="list-style-type: none"> • The requirements of this regulation will apply upon normalization of postal services. • However, in cases where email addresses of shareholders are available, listed entities shall endeavour to obtain their bank account details and use the electronic modes of payment specified in Schedule I of the LODR.
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				<p>Regulation 47 (Advertisements in Newspapers) and 52(8)</p> <p>Regulation 52- Financial Results</p>	<p>Publication of advertisements in newspapers for all events pursuant to regulation 47 and 52(8) was exempted till May 15, 2020 vide circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/63 dated April 17, 2020</p>	<p>Exemption extended till June 30, 2020</p>
				<p>33(3)(b)</p> <p>Regulation 33- Financial Results</p>	<p>As per regulation 33(3)(b) of the LODR, in case a listed entity has subsidiaries, the listed entity shall submit quarterly/year-to-date consolidated financial results</p>	<p>a) Listed entities which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies may submit consolidated financial results under regulation 33(3)(b) for the quarter ending June 30, 2020 on a voluntary basis.</p> <p>However, they shall continue to submit the standalone financial results as required under regulation 33(3)(a) of the LODR.</p>

						<p>If such listed entities choose to publish only standalone financial results and not consolidated financial results, they shall give reasons for the same.</p>
2.	12/05/2020	Circular	<p>Entities permitted to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market</p>	<ul style="list-style-type: none"> • SEBI vide circular dated January 22, 2016 - clarified usage of Aadhaar as issued by the UIDAI is optional and on a voluntary basis. • The Department of Revenue (DoR), Ministry of Finance issued a circular dated May 09, 2019 - for processing of applications under section 11A of the PMLA for use of Aadhaar Authentication services <ul style="list-style-type: none"> ○ With recommendation of Regulator and UIDAI, if Central Government satisfies that reporting entities comply with Standards of privacy and security of Aadhaar Act, 2016, ○ CG may permit to use Aadhaar Authentication services to such entities • SEBI vide circular dated November 05, 2019 - Central Government may withdraw notification after giving opportunity of being heard, if the reporting entity no longer fulfils the requirements of section 11A. 		

				<ul style="list-style-type: none"> • SEBI vide circular dated April 22, 2020 - has notified nine reporting entities to undertake Aadhaar authentication service of the UIDAI under section 11A of the Prevention of Money-laundering Act, 2002. <ul style="list-style-type: none"> ○ The said nine listed entities shall get registered with UIDAI as KYC User Agency.
3.	14/05/2020	Circular	Relaxation from the applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements	<p>SEBI circular dated October 10, 2017 is relaxed for listed entities whose deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020.</p> <p>Penal actions if any initiated from March 1, 2020 till date are be withdrawn.</p>
4.	14/05/2020	Circular	Relaxations relating to procedural matters – Takeovers and Buy-back.	<p>In view of COVID-19 pandemic and lockdown, one time relaxations are granted from strict enforcement of SEBI (SAST) Regulations, 2011 and SEBI (Buy-back of securities) Regulations, 2018 pertaining to open offers and Buy- Back tender offers opening upto July 31, 2020. Letter of Offers to be published in websites, stockexchanges etc; the lead manager to reach out to shareholders through SMS, Audio-visual advertisements on television or digital advertisements. Offer forms may be made available in the websites and members informed via newspaper advertisements among others.</p>

S. No	NEWS ON SEBI
1.	<p>Informal Guidance - Clarification sought for furnishing of the standalone financial results in case of mergers</p> <p>Query Letter: https://www.sebi.gov.in/sebi_data/commondocs/may-2020/Minda%20letter_p.pdf</p> <p>Informal Guidance: https://www.sebi.gov.in/sebi_data/commondocs/may-2020/IG_%20Letter_%20by_%20SEBI_p.PDF</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 Directors/Master Circulars	Subject & Link	Gist thereof
Nil				

S. No	NEWS ON RESERVE BANK OF INDIA
2.	

4

IBC during the week

Notifications -1; Master Directions –0; Master Circulars –0; Circular –0;

Press Release –0;Others - 1

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1.	12/05/2020	Notification	No new petition shall be entertained u/s 7 of IBC, 2016 without record of default from Information utility	<p>All concerned are directed to file default record from Information Utility along with the new petitions being filed under section 7 of Insolvency and Bankruptcy Code, 2016 positively. No new petition shall be entertained without record of default under section 7 of IBC, 2016.</p> <p>The Authorized Representative/Parties in the cases pending for admission under aforesaid section of IBC also directed to file default record from Information Utility before next date of hearing.</p>
2	13/05/2020	Notice	Cancellation of NCLT and NCLAT annual vacation	To make good the shortfall in working days due to imposition of lockdown on account of outbreak of COVID-19, annual vacations notified earlier in the

				calendar 2020 shall stand cancelled and courts shall function.
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S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1.	<p>Pre-packaged resolution plan to help expedite insolvency process: It is for stressed assets as well as reduce the number of insolvency-related cases before NCLT as resolution plan has to be approved by NCLT. Hence government has been mulling introduction of the provision for pre-packaged (pre-pack) corporate insolvency resolution plan wherein a restructuring plan would be agreed upon in advance between the company and its creditors, according to experts.</p>

5

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

S. No	GENERAL NEWS
1.	<p>REAL ESTATE SECTOR RELATED NEWS: No registration fee, stamp duty for first sale of apartments in Tamil Nadu. In a relief for homebuyers, the registration department in Tamil Nadu has clarified that ready to occupy new apartments and buildings need not have to pay stamp duty and registration fees. The move comes in the wake of some sub-registrar offices demanding to register the apartments attracting stamp duty and registration fee.</p>
MSME NEWS	
1.	<p>MSMEs may now get their grievances resolved within 7 days through this new govt portal MSME ministry has also integrated its recently launched portal --ideas.msme.gov.in-- for MSMEs to share their ideas, innovation, and research in respective sectors for public reviews for vetting before launching them within the Champions portal.</p>
2.	<p>Revision of MSME definition: <u>A separate note on the same will be sent by Team Akshayam</u></p> <ul style="list-style-type: none"> • In the first part of its latest economic stimulus package, the government Wednesday broadened the definition of Micro, Small and Medium Enterprises (MSMEs) by revising the limit of investment in machinery or equipment and introducing a “turnover” criteria. • Micro enterprises will be those with investment of up to Rs 1 crore and turnover of up to Rs 5 crore - the earlier definition classified investments of up to Rs 25 lakh for manufacturing and up to Rs 10 lakh for services. • With the revised definitions of MSMEs, they will not have to worry about growing their size and can still avail benefits,” Finance Minister Nirmala Sitharaman said.
TAX NEWS	
1.	<p>TDS, TCS reduced by 25% The Central Board of Income Tax on Wednesday (13.05.2020) ordered a 25% reduction in the rate of income tax deducted at source (TDS) and tax collection at source (TCS) from 14 May to 31 March to provide more money in the hands of taxpayers. This concession is applicable for 23 specified payments where TDS is levied at rates ranging between 20% and 1% and 11 payments where TCS is applicable.</p>



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