

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 21 – 18th May to 24th May 2020

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.	The government will promulgate an Ordinance to amend the Companies Law to decriminalise various provisions, permit direct overseas listing for Indian corporates and changes to further improve the ease of doing business. Addressing a press conference, Finance Minister Nirmala Sitharaman said companies can list their securities directly in foreign jurisdictions and described it as "one big step for Indian companies".

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.	20.05.2020	Circular	Advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>It is important for a listed entity to ensure that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders. Although SEBI LODR mandates intimation of certain material events having a bearing on its performance/operations due to natural calamity etc and many entities have disclosed on the shutting down of its operations owing to lockdown, many companies have not disclosed the financial impact of the said lockdown.</p> <p>Listed entities are encouraged to evaluate the impact of the CoVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An illustrative list of information that listed entities may consider</p>

				<p>disclosing, subject to the application of materiality, is given below:</p> <ul style="list-style-type: none"> • Impact of the CoVID-19 pandemic on the business; • Ability to maintain operations including the factories/units/office spaces functioning and closed down; • Schedule, if any, for restarting the operations; • Steps taken to ensure smooth functioning of operations; • Estimation of the future impact of CoVID-19 on its operations; • Details of impact of CoVID-19 on listed entity's- <ul style="list-style-type: none"> ○ capital and financial resources; ○ profitability; ○ liquidity position; ○ ability to service debt and other financing arrangements; ○ assets; ○ internal financial reporting and control; ○ supply chain; ○ demand for its products/services; • Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business; • Other relevant material updates about the listed entity's business <p>Listed entities may provide regular updates, as and when there are material developments.</p> <p>Additionally, while submitting financial statements under Regulation 33 of the LODR, listed entities may specify/include the impact of the CoVID-19 pandemic on their financial statements, to the extent possible.</p>
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				Listed companies should not resort to selective disclosure and should keep in mind the principles governing disclosure and obligations of listed entities.
2.	20.05.2020	Circular	Circular on Listing of Mutual Fund schemes that are in the process of winding up	<p>Initially, trading in units of a listed scheme that is under the process of winding up, shall be in dematerialised form.</p> <p>However, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them.</p> <p>AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates.</p> <p>Detailed operational modalities for trading and settlement of units of MF schemes that are under the process of winding up, shall be finalized by the stock exchanges where units of such schemes are being listed, in consultation with SEBI.</p> <p>The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up. The compliance of the same shall be monitored both by the Board of AMC and Trustee.</p>
3.	21.05.2020	Circular	Review of Post-Default Curing Period for Credit Rating Agencies (CRAs)	After a default is cured and the payments regularized, a CRA shall generally upgrade the rating from default to non-investment grade after a period of 90 days based on the satisfactory performance by the company during this period. CRAs may deviate from the said period of 90 days on a case to case basis, subject to certain conditions.

4.	22.05.2020	Circular	Regulatory measures introduced by SEBI to continue in view of ongoing uncertainty	The various regulatory measures introduced by SEBI vide Press Release dated March 20, 2020 for a period of one month w.e.f. March 23, 2020 was extended till May 28, 2020, Now, it has been decided that the measures implemented since March 23, 2020 will continue to be in force till June 25, 2020.
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RBI during the week

Notifications -3; 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	22.05.2020	Notification	Import of goods and services- Extension of time limits for Settlement of import payment	In view of the disruptions due to outbreak of COVID- 19 pandemic, it has been decided to extend the time period for completion of remittances against normal imports (i.e. excluding import of gold/diamonds and precious stones/ jewellery) (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before

				<p>July 31, 2020.</p> <p>It has been decided to extend the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.</p>
2	23.05.2020	Notification	COVID-19 – Regulatory Package	<p>With reference to Circulars dated March 27, 2020 and April 17, 2020 announcing certain regulatory measures in the wake of the disruptions on account of COVID-19 pandemic and the consequent asset classification and provisioning norms, relaxations have been provided for</p> <p>i) Rescheduling of Payments – Term Loans and Working Capital Facilities</p> <p>ii) Easing of Working Capital Financing</p>
3	23.05.2020	Notification	COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets	<p>In respect of accounts within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the</p>

				<p>calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution.</p> <p>In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.</p>
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S. No	NEWS ON RESERVE BANK OF INDIA
	NIL

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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 INSOLVENCY AND BANKRUPTCY CODE
1.	With an eye on further enhancement of Ease of Doing Business, Finance Minister Nirmala Sitharaman has announced suspension of fresh initiation of insolvency proceedings up to one year, govt has decided to exclude COVID 19 related debt from the definition of "default" under IBC.
2.	The one year suspension for filing new cases under the Insolvency and Bankruptcy Code (IBC) and a default holiday for loans taken to deal with COVID 19 is likely to force RBI to soften its restructuring and provisioning norms to deal with stressed assets.
3.	In view of the Advisory on Social Distancing Measure in view of spread of COVID-19 disease and lock-down announced by the Central and State Governments, all enrolments for the Valuation Examinations till 31st May, 2020 have been suspended.

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Others during the week

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

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

GENERAL NEWS	
1.	Union finance minister Nirmala Sitharaman said people can expect more investment and productivity following the reform announcements as she unveiled the fourth tranche of Centre's Rs 20 lakh crore fiscal stimulus.
2.	<u>The Supreme Court issued notice to the Central Government on a batch of petitions challenging the direction passed by the Union Ministry of Home Affairs (MHA) on March 29 directing employers to pay full wages to workers without deduction during lockdown. However, in two cases, the bench issued an interim order restraining coercive action against the employer for a period of one week for non-payment of wages as per MHA direction.</u>
3.	Private equity firm KKR to invest Rs 11,367 crore in Reliance Jio for 2.32% stake. Reliance Industries on May 22 said KKR will invest Rs 11,367 crore for 2.32% stake in Jio platforms.
BANKING RELATED NEWS	
1.	Kotak Mahindra Bank becomes first Indian lender to allow video KYC. Kotak Mahindra Bank has introduced video-KYC facility for customers opening savings account on Kotak 811 - the banks digital banking platform. The private lender is the first Indian bank to offer video based "zero-contact" onboarding service.
REAL ESTATE SECTOR NEWS	
MSME NEWS	
1.	Govt amends rules to ban global tender for procurement up to Rs 200 crores. In a boost to MSMEs, the government has notified amendments to General Financial Rules (GFR) to ensure that goods and services valued less than Rs 200 crore are procured from domestic firms.



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