

1

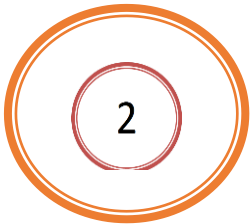
Companies Act 2013 during the week

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	21.08.2019	Circular	Clarification under section 232(6) of CA 2013	<p>Sec. 232 (6) deals with the indication of an appointed date from which a scheme shall be effective and such scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date.</p> <p>It has been clarified that the provision of section 232(6) of the Act enables the companies in question to choose and state in the scheme an 'appointed date'. This date may be a specific calendar date or may be tied to the occurrence of an event such as the grant of license by a competent authority or fulfilment of any preconditions agreed upon by the parties, or meeting any other requirement as agreed upon between the parties, etc., which are relevant to the scheme. The 'appointed date' identified under the scheme shall also be</p>

				<p>deemed to be the 'acquisition date' for all purposes.</p> <p>However, where the 'appointed date' is chosen as a specific calendar date, it may precede the date of filing of the application for a scheme of merger/ amalgamation in NCLT. However, if the 'appointed date' is significantly ante-dated beyond a year from the date of filing, the justification for the same would have to be specifically brought out in the scheme and it should not be against the public interest.</p> <p>Further, in the case of the event based 'Appointed Date', the said event would have to be indicated in the scheme itself upon the occurrence of which the scheme would become effective. However, in case of such event-based date being a date subsequent to the date of filing the order with the Registrar under section 232(5), the company shall file an intimation of the same with the Registrar within 30 days of such scheme coming into force.</p>
--	--	--	--	--

S. No	NEWS ON MINISTRY OF CORPORATE AFFAIRS
1.	The Central Government has made further amendments to Schedule III to the Companies Act, 2013 vide Notification dated 11th October 2018. As per the said notification, Division III has been inserted in respect of Financial Statements for a Non-Banking Financial Company (NBFC) whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015. The changes to AoC-4 Non-XBRL form necessitated by insertion of Division III in Schedule III of CA 2013 are under development and the revised form exclusively for such class of companies would be made available for filing purposes soon. Stakeholders may kindly take note and plan accordingly.
2	Form BEN-2 has been revised on MCA21 Company Forms Download page w.e.f 23rd August, 2019. Stakeholders are advised to check the latest version before filing.
3	The Delhi High Court issued notice to Registrar of Companies as well as the Union of India to file counter-affidavits in a PIL challenging the validity of section 164(2)(a) of the Companies Act, 2013. There were around 2000 petitions that were filed before the court for the same prayer and the same were clubbed and heard in batches.



SEBI during the week

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

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

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	19.08.2019	Circular	Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”)	<p>Regulation 297 and 298 of SEBI (ICDR) Regulations, 2018 deal with liability for contravention of the Act, rules or the regulations and Failure to pay fine respectively.</p> <p>The said Regulations inter alia specifies liability of a listed entity or any other person for contravention and actions which can be taken by the respective stock exchange, the revocation of such actions and consequences for failure to pay fine in the manner specified by SEBI.</p> <p>In pursuance of the above, for non-compliance with certain provisions of ICDR Regulations, stock exchanges shall impose fines on the listed entities, as indicated in the circular.</p>

2	21.08.2019	Press Release	SEBI Board Meeting	<p>1. Review of SEBI (Foreign Portfolio Investors) Regulations</p> <p>The Board considered the recommendations of the working group constituted for reviewing the SEBI (Foreign Portfolio Investors) Regulations, 2014 and approved the proposed new set of Regulations. The key focus of the proposed Regulations is to <u>simplify and rationalize the existing regulatory framework for foreign portfolio investors (FPIs) in terms of easing the operational constraints and compliance requirements.</u> 57 circulars and 183 FAQs pertaining to FPIs issued over the years have been merged into new regulations and a single circular.</p> <p>2. Norms for permitting companies listed on the Innovators Growth Platform with an option to trade under regular category</p> <p>The Board approved the norms for migration of companies listed on the Innovators Growth Platform (IGP) to regular trade category of the main board. The key proposals approved by the Board are as follows:</p> <ol style="list-style-type: none"> a. The Company should have been listed on the Innovators Growth Platform for a minimum period of one year. b. At the time of making the application for trading under regular category of main
---	------------	---------------	--------------------	---

				<p>board, the number of shareholders should be minimum 200</p> <p>c. The company should have profitability/ net worth track record of 3 years or have 75% of its capital as on the date of application for migration held by Qualified Institutional Buyers in accordance with Regulation 6(1) and 6(2) of the ICDR Regulations for main board listings.</p> <p>d. Minimum promoters contribution shall be 20% which shall be locked in for 3 years. Period of earlier lock-in of 6 months served at the time of listing on IGP shall be deducted from the stipulated lock-in requirement of 3 years.</p> <p>3. Review of buy-backs</p> <p>The Board approved the following proposals regarding buy-back of securities:</p> <p>a. SEBI shall continue with the current approach of allowing buybacks if post buy-back debt to equity ratio is not more than 2:1 (except for companies for which higher debt to equity has been notified under the Companies Act, 2013) based on both standalone and consolidated basis.</p> <p>b. Further, if post buy-back debt to equity ratio is not more than 2:1 on standalone</p>
--	--	--	--	--

				<p>basis and exceeding 2:1 on consolidated basis, in such cases, buy-back will be permitted if:</p> <p>I. Post buyback debt to equity ratio is not more than 2:1 on consolidated basis after excluding the subsidiaries that are non-banking financial companies and housing finance companies and are regulated by RBI or National Housing Bank; and</p> <p>II. All such excluded subsidiaries have debt to equity ratio of not more than 6:1 on standalone basis.</p> <p>c. Further, the financial statements will continue to be considered on both standalone and consolidated basis for calculating the maximum permissible buy-back size and other related requirements relating to buy-back size.</p> <p>4. Amendments to SEBI (Issue and Listing of Debt securities by Municipalities) Regulations, 2015</p> <p>5. Amendments to SEBI (Credit Rating Agencies) Regulations, 1999</p> <p>6. Proposed Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019</p> <p>a. SEBI issued a consultative paper seeking comments on the 'Discussion Paper issued for amendment to the SEBI (Prohibition of</p>
--	--	--	--	---

				<p>Insider Trading) Regulations, 2015.</p> <p>b. After consideration of the public comments and suggestions received, the Board approved the SEBI(Prohibition of Insider Trading) (Third Amendment) Regulations, 2019, salient features of which are as follows:-</p> <p>i. Informant: An informant means a person voluntarily submitting a form detailing credible, complete and original information relating to an act of insider trading</p> <p>ii. Disclosure of source of information: The informant would be mandated to disclose the source of original information and to provide an undertaking that such information was not sourced from any person employed with SEBI or any related regulator.</p> <p>iii. Office of Informant Protection('OIP'): An independent office separate from the investigation and inspection wings or any of the operational departments shall be established by SEBI to devise the policy relating to receipt and registration of the Voluntary Information Disclosure Form ('VIDF') and serve as a medium of exchange between the informant/legal representative and the Board.</p>
--	--	--	--	--

				<ul style="list-style-type: none"> iv. Manner of submission of information: The identity of the informant would be required to be revealed at the time of submission of the VIDF or in case information is submitted anonymously, the VIDF would be required to be submitted through a representative who is a practising advocate. v. Confidentiality of Informant: The confidentiality regarding the identity of the informant and information provided would be protected through the OIP and maintained throughout as well as during any proceeding initiated by SEBI except where the evidence of the informant is required during such proceedings. vi. Obligations of legal representative: The legal representative would be required to inter alia verify the identity and contact details of the informant and ensure that the identity of the informant along with the original VIDF is kept confidential. vii. Processing of Information: The original Information would be processed by the OIP after establishing the materiality of the information and transferred to the operational department. viii. Reporting: OIP would be required to submit a Report regarding its functioning
--	--	--	--	---

				<p>and working of the informant mechanism on an annual basis to the Board, which shall also be released to the public.</p> <p>ix. Hotline: A hotline would be maintained by the OIP to guide persons to file information as per the regulations but not to register any complaint or information</p> <p>x. Reward: Reward would be given in case the information provided leads to a disgorgement of at least Rupees one (1) crore. The total amount of monetary reward shall be 10 %of the monies collected but shall not exceed Rs one (1) crore. An interim reward not exceeding Rs. 10 lacs may be given at the stage of issuance of the final order by the SEBI against the person directed to disgorge.</p> <p>xi. Investor Protection and Education Fund ('IPEF'): IPEF shall be the designated fund from which the reward would be paid.</p> <p>xii. Sharing of Information: The original information may be shared with an appropriate agency or law enforcement authority within or outside India or a self-regulatory organisation, subject to confidentiality of the informant being maintained.</p> <p>xiii. Exemption under RTI: Information</p>
--	--	--	--	---

				<p>provided for the purpose of law enforcement is exempted from disclosure under section 8(1)(g) and 8(1)(h) of the Right to Information Act, 2005. Accordingly, the original information provided by the informant shall be exempted from disclosure.</p> <p>xiv. Protection against victimization: Market participants dealing with UPSI would be required to incorporate in their Code of Conduct, suitable provisions to ensure that no employee who files a VIDF is discharged, terminated, demoted, suspended, threatened, harassed, or discriminated against.</p> <p>xv. Vexatious or frivolous complaints: In case the OIP determines that the information submitted is frivolous or vexatious, SEBI may initiate appropriate action against the informant under the securities laws and any other applicable law.</p> <p>xvi. Amnesty: While bringing an action against an informant, SEBI may consider the cooperation rendered in determining any enforcement action or settlement application while granting of reward to such informants.</p> <p>7. Amendments to SEBI (Mutual Funds) Regulations 1996</p>
--	--	--	--	---

				<p>The proposal for amendments to SEBI (Mutual Funds) Regulations, 1996 with respect to prudential norms for Investment and Valuation of Debt and Money Market instruments by Mutual Funds as detailed in the Press Release of the Board meeting held on June 27, 2019 subject to the following: The Board decided to give flexibility to mutual funds to invest in unlisted non-convertible debentures (NCDs) up to a maximum of 10% of the debt portfolio of the scheme subject to such investments in unlisted NCDs having simple structures as may be notified from time to time, being rated, secured and with monthly coupons. This shall be implemented in a phased manner by June 2020.</p>
--	--	--	--	---

S. No	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA
1.	<p>Markets regulator SEBI said companies in violation of disclosure regulations will have to pay a penalty of Rs 20,000 per day till the date of compliance. SEBI said that stock exchanges will impose fines in case of non-compliance with certain provisions of Issue of Capital and Disclosure (ICDR) Regulations. The fine will be applicable if the bonus issue is delayed beyond 15 days from the date of approval of the issue by the board of directors in cases where shareholders' approval for making the bonus issue is not required.</p>

3

RBI during the week

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

Press Release – 0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	21.08.2019	Notification	Processing of e-mandate on cards for recurring transactions	<p>It has been decided to permit processing of e-mandate on cards for recurring transactions (merchant payments) with AFA during e-mandate registration, modification and revocation, as also for the first transaction, and simple / automatic subsequent successive transactions, subject to conditions listed in the Annex to this notification.</p> <ol style="list-style-type: none"> 1. This circular is applicable for transactions performed using all types of cards – debit, credit and Prepaid Payment Instruments (PPIs), including wallets. 2. The maximum permissible limit for a transaction under this arrangement shall be ₹ 2,000/-. 3. All other instructions related to card transactions shall be applicable on these e-mandate based recurring card transactions. 4. No charges shall be levied or recovered from the

				cardholder for availing the e-mandate facility on cards for recurring transactions.
--	--	--	--	---

S. No	NEWS ON RESERVE BANK OF INDIA
	NIL

4

IBC 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 INSOLVENCY AND BANKRUPTCY CODE
1	The government plans to give debt waiver for "small distressed borrowers" under the insolvency law framework. The proposed waiver would be offered as part of 'Fresh Start' provisions under the Insolvency and Bankruptcy Code (IBC).
2	A dedicated bankruptcy court has admitted an insolvency plea against listed realty developer Housing Development & Infrastructure (HDIL) after Bank of India sought recovery of its dues under provisions of the time-bound resolution program. The state-owned lender had approached the Mumbai bench of the National Company Law Tribunal (NCLT) against the realtor after it failed to repay dues of around Rs 522 crore.
3	The National Company Law Appellate Tribunal (NCLAT), while dismissing an appeal filed by SBI, one of the financial creditors of Moser Baer India Ltd. (MBIL), against the Workmen's Trade Union of Moser Baer India Ltd., has upheld the view taken by the NCLT Principal Bench that provident fund, pension fund and gratuity fund dues are not treated as a part of 'liquidation estate'.
4	The National Company Law Appellate Tribunal (NCLAT) said the NCLT Mumbai will hear an application against auditing firm Deloitte in the IL&FS Group scam case but the tribunal will not pass any order in the matter till its next hearing.

	A three-member bench of the NCLAT headed by Chairperson Justice S J Mukhopadhaya said that the National Company Law Tribunal (NCLT) will hear the application by the corporate affairs ministry under the application under Section 140(5). The tribunal, however, would not pass any order till its next hearing on September 20, the NCLAT said.
5	Insolvency regulator IBBI has put in place a mechanism to monitor corporate insolvency resolution processes (CIRP) and the performance of insolvency professionals (IPs). This is significant as IPs play an important role in the resolution, liquidation and bankruptcy processes of companies, limited liability partnerships, partnership firms, proprietorships and individuals. In fact, IPs exercise the powers of the board of directors of the corporate debtor undergoing CIRP.
6	The IL&FS had not disclosed any NPAs for the last four years, the Reserve Bank of India (RBI) has said in a report. The report is based on inspection of IL&FS and IFIN and this has been conveyed by the new board of the IL&FS to the NCLT. "Wide divergences were observed between reported and assessed position of assets classification and provisions," the 5th progress report of IL&FS stated, quoting the RBI inspection.

S. No	GENERAL NEWS
1	The pan-India home-buyers' body Forum for People's Collective Efforts (FPCE), based on the Supreme Court's recent ruling in the matter of Amrapali Group, has approached the Prime Minister's office to order forensic audits of all the housing projects that have been delayed for more than three years across the country.
2	The government is likely to come out with a clarification on applicability of the foreign direct investment policy on the digital media sector. The present FDI policy is silent on the fast-growing digital media segment.
3	More trouble may be in the offing for former officials of crisis-ridden Infrastructure Leasing & Financial Services. The Economic Offences Wing of Delhi Police is probing alleged involvement of IL&FS Securities in a fraud committed by brokerage firm Allied Financial Services,
4	Putting in place a speedier approval mechanism, Competition Commission has introduced a green channel route for clearing certain categories of mergers and acquisitions. The green channel concept -- recommended by the high level panel that reviewed competition law -- would allow for an automatic system for speedy approval of combinations subject to certain conditions.
5	The government may consider amendments in the real estate law RERA, if required, to make it more effective, said Housing and Urban Affairs Secretary Durga Shankar Mishra. Addressing NAREDCO's real estate conference, he said the Housing and Urban Affairs Ministry will soon take up the model tenancy law to the Cabinet for approval and then the same will be circulated to states for implementation.
6	The GST annual return & GST audit report for the first year, which is 2017-18, had to be submitted before December 31, 2018, but saw three

	extensions - March 31, 2019, June 30, 2019 and finally August 31, 2019. However looking at the recent statistics released by the authorities it is observed that only 15 % of annual returns and less than 1 % of the audit reports have been furnished. Further tax officials have warned of severe consequences and heavy penalty if same are not filed in time. In the next 10 days it is expected that pending 99 % of the audit reports have to be furnished and balance 85 % of Annual Returns have to be furnished.
7	The Code on Wages 2019, which paves the way for the introduction of mandatory minimum wages at the national level for 50 crore workers, has become a reality now. The government has notified the Code after it received assent from the President of India on August 8. The Lok Sabha on July 30 had cleared The Code on Wages Bill, 2019, followed by the Rajya Sabha's nod on August 2.
8	In a major relief to the MSME sector facing liquidity shortage, the government announced that all their pending GST refunds will be paid within 30 days. Also, in future, all GST refunds of micro, small and medium enterprises (MSMEs) will be paid within 60 days from the date of application, Finance Minister Nirmala Sitharaman said while announcing a slew of measures to boost growth.



Flat No.7, Door No.10 Madhans,
South Canal Bank Road,
Mandavelipakkam, Chennai 600028.

mail@akshayamcorporate.com

www.akshayamcorporate.com; Land Line: 044-43533080

The Information Contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. The views expressed here are solely those of the author in his private capacity.