

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 37 – 07th September to 13th September 2020

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Companies Act 2013 during the week
Rules -0; Circulars -1; Notifications-1; Orders-1; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1.	07.09.2020	Notification	Companies (Acceptance of Deposits) Rules, 2020 http://www.mca.gov.in/Ministry/pdf/Rule_08092020.pdf	Monies raised by Start-ups by issuing convertible note which is convertible into equity shares or repayable within a period not exceeding 5 years , are not considered as Deposit. By this amendment, MCA extended period of conversion/repayment available to ' 10 years '. Vide notification dated 19 th February 2019, DPIIT issued new conditions and procedure for startup registration, superseding earlier notifications. Vide this amendment, MCA made corresponding update to the definition for Start-up. As per new definition 'Start-up' means a private company recognized

				<p>by the Department of Promotion of Industry and Internal Trade (DPIIT) vide notification dated 19 February 2019.</p> <p>Start-up upto a period of 5 years from the date of its incorporation can accept deposit from members without any limit. Vide this amendment, period of 5 years is extended to 10 years from the date of incorporation.</p>
2.	10.09.2020	Circular	<p>Relaxation of additional fees and extension of last date of filing of CRA-4 (form for filing of cost audit report) for FY 2019-20 under the Companies Act, 2013</p> <p>http://www.mca.gov.in/Ministry/pdf/circular_10092020.pdf</p>	<p>Submission of Cost Audit report by Auditor to Company:</p> <p>Actual due date: Within 180 days from 31st March 2020 i.e. 30th September 2020.</p> <p>Extended due date: 30th November 2020</p> <p>Filing of Cost Audit Report by Company to CG in CRA-4</p> <p>Actual due date: Within 30 days from date of receipt of above report .</p> <p>If extension for AGM availed, to be filed within resultant extended period of filing financial statements as per Sectio.137</p>
3	08.092020	Order	<p>Extension of time for holding of Annual General Meeting (AGM) for the financial year ended on 31.03.2020.</p> <p>http://www.mca.gov.in/Ministry/V2/extensionofagm.html</p>	<p>Registrar of Companies of various regions including Chennai have extended the time for holding of Annual General Meeting (AGM) other than the first AGM, for the financial year ended on 31.03.2020 by a period of 3 months from the due date by which the AGM ought to have been held as per Section 96(1) of Companies Act, 2013.</p>

S. No	NEWS ON MCA
1.	<p>New norms for Foreign Listing soon</p> <p>The MCA is close to releasing a draft report that will pave the way for Indian companies to list their shares in overseas markets without listing in India first. The Ministry will propose changes to the Foreign Exchange Management Act (FEMA), the Income Tax Act and the Companies Act. These will include amendments on taxing share transfers in India and adding enabling provisions under the Companies Act, 2013 to allow listing of certain classes of securities on stock exchanges in permissible foreign jurisdictions.</p>

2

SEBI during the week

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

Master Circulars-0; Circulars – 2; Press Release –0; Others -0;

S. No	Date of Issue	Act/Rules/Circulars	Subject & Link	Gist thereof
1	07.09.2020	Circular	<p>Re-lodgement of Transfer Requests Shares</p> <p>https://www.sebi.gov.in/legal/circulars/sep-2020/re-lodgement-of-transfer-requests-shares_47500.html</p>	<p>As per SEBI Listing Regulations, transfer of securities held in physical mode has been discontinued w.e.f. April 01, 2019. SEBI on 27th March 2019 notified that Transfer deeds lodged prior to deadline of April 01, 2019 and rejected / returned due to deficiency in the documents may be re-lodged with requisite documents.</p> <p>Vide this notification SEBI fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds. Further, the shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall henceforth be issued only in demat mode.</p>

2.	09.09.2020	Circular	<p>Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures</p> <p>https://www.sebi.gov.in/legal/circulars/sep-2020/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-insider-trading-regulations-2015-system-driven-disclosures_47523.html</p>	<p>SEBI decided to implement system driven disclosures for member(s) of promoter group and designated person(s) in addition to the promoter(s) and director(s) of company.</p> <p>These disclosures shall pertain to trading in equity shares and equity derivatives. SEBI has notified procedure for implementation of the system driven disclosures.</p> <p>SEBI has mandated Depositories and Stock Exchanges to make necessary arrangements for dissemination with effect from October 01, 2020</p> <p>Existing system for disclosure obligations under PIT Regulations shall continue till March 31, 2021.</p>
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S. No	NEWS ON SEBI
1.	<p>The Association of National Exchanges Members of India (ANMI) urged SEBI to waive the penalty for short margining in all the segments till September 15 as systems are not fully geared for the new mechanism on 'pledge and repledge'. The new mechanism on 'pledge and repledge' came into force from September 1. Under the new framework, stock brokers will have to collect margins from investors upfront for any purchase or sale of shares and failure to do so will attract penalty.</p>
2	<p>MFs have options to comply with multi-cap circular, will examine proposals: SEBI. Sebi added that it will examine any proposals by the industry on ensuring compliance with true to label and appropriate benchmarking Sebi tried to put some of these concerns to rest by the clarification that rebalancing is just one of the routes to achieve compliance with the circular</p>

3	SEBI issued a consultation paper on review of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and solicited public comments/views on the proposed amendments to the “LODR Regulations” inter-alia to strengthen corporate governance practices and disclosure requirements, ease compliance burden on listed entities, harmonize with the Companies Act, 2013 and maintain consistency within the LODR Regulations.
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RBI during the week

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

Press Release –1;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars/Press Release	Subject & Link	Gist thereof
1.	07.09.2020	Press Release	Resolution Framework for COVID-19-related Stress – Financial Parameters https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11961&Mode=0	K. V. Kamath Committee recommended financial parameters to be factored in the resolution plans under the ‘Resolution Framework for Covid19-related Stress’ along with sector specific benchmark ranges for such parameters. The committee has recommended financial ratios for 26 sectors which could be factored by lending institutions while finalizing a resolution plan for a borrower. The financial aspects include those related to leverage, liquidity, debt serviceability.

2.	11.09.2020	Notification	<p>Compliance functions in banks and Role of Chief Compliance Officer (CCO)</p> <p>https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11962&Mode=0</p>	<p>RBI notified guidelines for appointment of chief compliance officer (CCO) in banks to ensure uniform approach with regard to compliance and risk management culture across the banking industry. Circular interlia specifies the eligibility criteria, selection process, Reporting requirements, duties and responsibilities etc.,</p>
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S. No	NEWS ON RBI
1.	Rs. 10 trillion, or 8%, of loans will get recast under new framework: ICRA According to a domestic rating agency ICRA, Banks and non-bank lenders will restructure up to Rs. 10 trillion in debt, or 8 per cent of outstanding loans, under the one-time restructuring scheme announced by the Reserve Bank.

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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.	A Facilitation Note on Role of the Government and its Agencies in the Corporate Insolvency Resolution and Liquidation Processes has been released by IBBI. Note contains list of illustrative facilitations that the Government and its agencies may extend for smooth conduct of these processes under the Code while protecting their interests to the extent permissible under the law.
2.	<p>Supreme Court reiterates that Corporate Debtor cannot raise dispute after Committee of Creditors (CoC) approve Resolution Plan</p> <p>The Supreme Court in the matter of Karad Urban Cooperative Bank Ltd. vs. Swwapnil Bhingardevay and Others has passed a Judgment and reiterated that once the CoC have approved a resolution plan, the corporate debtor cannot raise dispute/issue in that regard except in certain circumstances.</p> <p>The Supreme Court inter-alia made certain significant observations in this case which are given below:</p>

	<p>1. That if the CoC has taken a conscious decision about the viability and feasibility of the Resolution Plan and has decided about whether the Corporate Debtor Company can be kept running as a going concern, and then the Adjudicating Authority cannot interfere with the decision of the CoC.</p> <p>2. But the Corporate Debtor can raise the issue of viability and feasibility of the Resolution Plan only in certain circumstances, i.e. if the Resolution Plan did not take care of certain relevant facts about the Company</p>
3.	<p>Insolvency and Bankruptcy Board of India issued a Discussion Paper on Governance Issues in Insolvency Professional Agencies (IPAs). Comments may be submitted electronically by 05th October, 2020.</p>

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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.	<p>System Computed Values of GSTR – 1 Statement</p> <p>A PDF statement has been made available to taxpayers, filing monthly GSTR-1 statement, with system computed values of Table 3 of Form GSTR-3B. This PDF will be prepared on the basis of the values reported by them, in their GSTR-1 statement, for the said tax period.</p>
2.	<p>Delhi High Court has set aside the disqualification of Directors, in light of the Companies Fresh Start Scheme (CFSS), 2020</p> <p>In the matter of Sandeep Agarwal & Anr. vs. Union of India & Anr., Delhi High Court has set aside the disqualification of the Petitioners as directors , in light of (CFSS), 2020 and observed that considering the COVID-19 pandemic, the MCA has launched the</p>

	CFSS-2020 to allow a fresh start for the companies which have defaulted, which ought to be given full effect. It is not uncommon to see directors of one company being directors in another company. Under such circumstances, to disqualify directors permanently and not allowing them to avail of their DINs and DSCs could render the Scheme itself nugatory.
3.	Centre would honour full GST Compensation owed to States The entire sum of compensation owed to states on account of shortfall in collections of Goods and Services Tax (GST) will be "honoured". Part of it would be paid out immediately and the balance over a deferred period to be mutually decided by GST Council.
4.	iStartup2.0 : ICICI Bank launches service offering for start-ups In a bid to attract entrepreneurs with a range of services, ICICI Bank has launched 'iStartup2.0' that offers solutions beyond banking. The service seeks to help entrepreneurs with solutions that range from setting up firm and digitisation. The bank said that it would help take care of aspects such as regulatory assistance, analytics, staffing, accounting, customer acquisition and digital outreach to customers, among others.



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