

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 46 – November 11 to November 17, 2019

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

2

SEBI during the week

**Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0;
Master Circulars-0; Circulars – 1; Press Release –0; Others -0;**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	13.11.2019	Circular	Continuous disclosures and compliances by listed entities under SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015	<p>SEBI vide Circular No. CIR/IMD/DF1/60/2017 dated June 19, 2017 had specified continuous disclosures and compliance by issuers of debt securities under ILDM Regulations.</p> <p>Subsequently, ILDM regulations have been amended to, inter alia, widen the definition of issuers, revise timelines for submission of annual and half yearly financial results, structure payment mechanism through escrow accounts, etc</p> <p>Regulation 29 of ILDM regulations provide that the Board shall have the power to issue directions</p>

				<p>through guidance notes or circulars.</p> <p>While disclosing Financial Information to the Stock Exchange(s), listed entities shall comply with the following:</p> <ol style="list-style-type: none"> 1. Half Yearly Unaudited Financial results: The listed entities shall prepare and submit half yearly un-audited financial results to the stock exchange as soon as the same are available but within forty five days of the end of the first half year. 2. Annual Audited financial results: The listed entities shall submit annual audited financial results for the financial year, within sixty days from the end of the financial year along with the audit report. 3. While preparing financial results, the listed entities shall comply with the following: <ol style="list-style-type: none"> a. The half yearly un-audited financial results and annual audited financial results shall contain comparative information for the immediately preceding corresponding half year or financial year respectively. b. The half yearly un-audited financial results and annual audited financial
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				<p>results submitted to the Stock exchange(s) shall be taken on record by Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable or equivalent.</p> <p>c. The listed entities shall disclose debt equity ratio, debt service coverage ratio, interest service coverage ratio etc along with the half yearly and annual financial results.</p> <p>4. Timely payment of interest or principal obligations or both. The listed entities shall submit a certificate to the stock exchange(s) intimating the status of payment of interest or principal or both within five working days of the same becoming due in respect of municipal debt securities.</p> <p>5. Escrow Payment Mechanism: The listed entities are required to create following escrow accounts for the purpose of payment obligations due to the investors.</p> <p>6. No lien Escrow account: The listed entities shall deposit tax revenues, user charges and/or grants etc., as detailed in the offer document/private placement</p>
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				<p>memorandum, to this account.</p> <p>7. Interest payment account: The listed entities shall, throughout the tenure of the municipal debt securities, maintain an amount equivalent to one year interest obligation in this account. The amount received in the “No lien escrow account” may be transferred to this account to maintain the required balance.</p> <p>8. Sinking Fund Account: A Sinking fund account shall be created for redemption of municipal debt securities. The amount received in the “No lien escrow account” may be transferred to this account to maintain the required balance in the “Sinking fund account.”</p>
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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	11.11.2019	Notification	Qualifying Assets Criteria- Review of limits	<p>The household income limits for borrowers of NBFC-MFI’s has been increased from the current level of Rs. 1,00,000 for rural areas and Rs. 1,60,000 for urban/ semi urban areas to Rs 1,25,000 and Rs.2,00,000 respectively.</p> <p>Further the limit on total indebtedness of the borrower has been increased form Rs.1, 00,000 to Rs. 1, 25,000.</p> <p>The limit of disbursal of loans have been raised from Rs.60,000 for the first cycle and Rs.1,00,000 for the subsequent cycles to Rs.75,000 and Rs. 1,25,000 respectively.</p>

2	11.11.2019	Notification	Technical Specification for all participants of the Account Aggregator(AA) ecosystem	<p>The NBFC-AA consolidates financial information of a customer held with different financial entities, spread across financial sector regulators adopting different IT Systems and interfaces. In order to ensure that such movement of data is secured, duly authorised, smooth and seamless, it has been decided to put in place a set of core technical specifications for the participants of the AA ecosystem.</p> <p>Reserve bank Information Technology Private Limited (ReBIT) has framed these specifications and published the same of its website (www.rebit.org.in).</p> <p>All regulated entities of the bank, acting either as NBFC-AA or Financial Information Providers (FIP) or Financial Information Users (FIU) are expected to adopt the technical specifications published by ReBIT, as updated from time to time.</p>
3	11.11.2019	Notification	Withdrawal of exemptions granted to Housing Finance Institutions	<p>Housing Finance Institutions as defined under Clause (d) of Section 2 of the National Housing Bank Act, 1987 are currently exempt from the provisions of Chapter IIIB (Provisions relating to Non-Banking Institutions Receiving Deposits and Financial Institutions)of Reserve Bank of India Act, 1934.</p>

				<p>On a review, it has been decided to withdraw these exemptions and make the provisions of Chapter IIIB except Section 45-IA of Reserve Bank of India Act, 1934, applicable to them.</p>
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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
1	11.11.2019		Compliance with the provisions of Section 12 of Insolvency and Bankruptcy Code, 2016	<p>The Insolvency and Bankruptcy Code, 2016 (Code), mandates completion of Corporate Insolvency Resolution process (CIRP) in a time bound manner, as undue delay is likely to reduce enterprise value of corporate debtor (CD). The Code prescribes various timelines for various activities of the CIRP. It is mandatory to complete a CIRP within 180 days, extendable by a onetime extension of upto 90 days.</p> <p>Section 12 of the Code thus mandates that the CIRP of a CD must conclude within 330 days from the Insolvency commencement date. This period of 330</p>

				<p>days includes (a) normal CIRP period of 180 days, (b) onetime extension, if any, upto 90 day of such CIRP period granted by Adjudicating Authority, and (c) the time taken in legal proceedings in relation to CIRP of the CD.</p> <p>It therefore, amounts to contravention of Section 12 of the Code (a) where CIRP is not completed within 330 days from insolvency commencement date , or (b) where CIR, which was not completed as on 16th August 2019 even after expiry of 330 days, is not completed by 14th November, 2019.</p>

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1	<p>Why ineligibility norms concerning defaulting promoters should be relooked for MSMEs</p> <p>The recent discussion paper dated November 3, 2019, released by the Insolvency and Bankruptcy Board of India (IBBI), on the Corporate Liquidation Process (Discussion Paper), seems to have yet again set into motion the unceasing debate concerning ineligibility of the defaulting promoters from indirectly gaining control over the corporate debtor. As understood, the ineligibility norms set out under Section 29A of the Insolvency and Bankruptcy Code, 2016 (IBC) are applicable not only during the Corporate Insolvency Resolution Process (CIRP) but made extended to disposing of assets/properties of the corporate debtor during the liquidation stage as codified under Section 35(1)(f) of the IBC.</p>
2	<p>The National Company Law Tribunal has admitted a petition to initiate a bankruptcy process against private life insurer Aviva Life Insurance Co India Ltd</p>

S. No	GENERAL NEWS
1	<p>E-invoicing to be introduced on a voluntary basis: here's what you should know</p> <p>The GST Council has proposed that the electronic invoicing (e-invoice) system may be implemented on a voluntary basis from January 2020. Until now, there have been no standards set for e-invoicing in India. After consultation with the relevant trade and industry bodies, as well as the Institute of Chartered Accountants of India (ICAI), the GST Council finally approved of the standard for e-invoicing in its 37th Council meeting held in September, in Goa.</p>
2	<p>IL&FS Group on Tuesday said it has received approval from creditors for sale of education business to Career Point Publications (CPPPL).</p>
3	<p>Schoolnet India Ltd (erstwhile IL&FS Education & Technology Service Ltd) would be sold to CPPPL.</p>
4	<p>The Committee of Creditors (CoC) represents all the financial creditors to IL&FS Ltd, the holding company of the IL&FS Group.</p>
5	<p>Weeks after IT major Infosys faced a whistleblower complaint alleging unethical practices by its top officials, another such letter has surfaced accusing the company's chief executive officer of indulging in misdeeds and urging its board to initiate action against him. The whistleblower, claiming to be an employee working in the Finance Department, said he was submitting a 'whistleblower complaint' unanimously as the matter stated was 'volatile' and that he feared retaliation on disclosing the identity.</p>
6	<p>The government is in the process of formulating a policy on credit ratings for micro, small and medium enterprises (MSMEs) to help investors and other players take an informed decision, Union Minister Nitin Gadkari said on Monday, addressing International Women's Entrepreneurial Challenge Foundation. The event was organised by FICCI Ladies Organisation (FLO), New Delhi.</p>
7	<p>The tax department has started questioning top companies and banks if they were passing on some of the common costs like salaries of chief executives to their branch offices.</p> <p>The department wants companies to proportionately distribute common costs from head office to branch offices and treat this as a supply. Once this is treated as a supply, 10% of it has to be added to the cost and 18% Goods and Services Tax (GST) could be levied on the total amount.</p>
8	<p>India is considering changes to its dividend distribution tax, according to people with knowledge of the matter, in a bid to goad companies to boost spending and revive foreign fund inflows.</p> <p>The budget statement due February may include a proposal to tax dividends once they are paid to shareholders, rather than the current system where the company pays the levy, the people said, asking not to be identified as the deliberations are private.</p>
9	<p>The National Company Law Appellate Tribunal (NCLAT) on Wednesday granted the market regulator SEBI one "last chance" to file its reply on the revised share delisting norms for companies under insolvency.</p> <p>A two-member NCLAT bench headed by Chairperson Justice S J Mukhopadhaya has granted one day time to SEBI for filing of affidavit and said that failing which, it will proceed ahead in the matter.</p> <p>"It is stated that the copy of the affidavit filed by SEBI has been served on the counsel for the parties. However, no such affidavit has been filed by SEBI in this appellate tribunal," said the NCLAT.</p>

10	In a consumer complaint filed by a Chandigarh-based couple, the state consumer commission, Punjab, held that in case the builder of an apartment fails to give possession on time, the consumers are under no obligation to accept possession at a belated stage and can seek refund of the entire amount paid along with reasonable compensation in the form of interest. The judgement of the commission has come in the case of Nitika Verma and Nitin Verma against ATS Estates Private Limited.
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