

**WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC**

**Week 47 – 16<sup>th</sup> November 2020 to 22<sup>nd</sup> November 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
	NIL

2

**SEBI during the week**

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

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

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON SEBI
1	During last Week, SEBI released two consultative papers for review of <a href="#">SEBI (Delisting of Equity Shares) Regulations, 2009</a> and <a href="#">Requirement of Minimum Public Offer for large issuers.</a>
2	The Securities and Exchange Board of India on Friday released recommendations on providing a level-playing field to all shareholders – big and small – regarding information flow from listed companies. The market regulator said listed companies should make available audio and video recordings of post-earning conference calls on their websites and stock exchanges within 24 hours or before the next trading day. The recommendations said post-earning conference calls should be made available on the websites of both the listed companies and respective stock exchanges within five working days. Such audio/video recordings and written transcripts should be available on their web sites for at least eight years. <a href="#">The Report</a> on disclosures pertaining to analyst meets, investor meets and conference calls is available for public comments.

3

**Informal Guidance**

**Query 1:** Whether provisions of Reg 17 (6) of SEBI LODR (Specifies salary limit for executive promoter director) is applicable, if a Company appoints a second executive promoter director, by passing Ordinary Resolution, receiving only customary monthly salary (and not receiving any fees or compensation) in adherence with the applicable limit of Ordinary Resolution as specified under Schedule V of the Companies Act, 2013 and Rules made thereunder.

**Response 1:** If not expressly excluded, the remuneration would include salary, fees, commission, stock options etc. or any money or its equivalent in whatever manner given to any person for services rendered. Listed entity has to comply with SEBI LODR requirement in addition to the provisions of Companies Act, 2013. If remuneration to be paid to directors exceeds the specified limits, the Company is required to obtain approval via special resolution notwithstanding adherence with Companies Act, 2013 limits.

**Query 2:** As per Reg 17 (6) (e) (i), incase listed entity has one executive promoter director, it can pay Annual remuneration upto 2.5% of netprofits or Rs. 5 Cr whichever is higher without passing a special resolution. As per Reg 17 (6) (e) (ii), incase of more than one such director, there is only a limit of 5% of the net profits and absolute limit is not specified.

Is the upper limit of Rs. 5 crores as mention in clause (i) of Regulation 17(6)(e) of SEBI LODR, for remuneration, also applicable if remuneration is paid to more than one Executive Promoter Director under clause (ii) of regulation 17(6)(e) of LODR Regulations.

**Response 2:** Reg 17 (6) (e) (ii) prescribes only percentage limit and no absolute limits has been specified.

**Query 3:** Whether the Company, shall be required to pass a special resolution under clause (ii) of Regulation 17(6)(e) of LODR Regulations for appointment of one more executive promoter director if the aggregate remuneration payable to all executive directors exceeds 5% of the Net profits or an absolute aggregate limit of Rs. 5 Crores shall also become applicable as mentioned in clause (i) of the said regulations.

**Response 3:** In case if the aggregate remuneration payable to all executive promoter director exceeds 5% of the net profits, the Company shall be required to pass a special resolution, subject to the condition that such approval of the Shareholders shall be valid only till the expiry of the term of such directors.

3

**RBI during the week**

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

**Press Release –0**

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	17-11-20	Circular	Compounding of Contraventions under FEMA, 1999  <a href="https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11995&amp;Mode=0">https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11995&amp;Mode=0</a>	<ol style="list-style-type: none"> <li>1. RBI vide this circular has communicated that Compounding powers stand delegated to the Regional Offices/ Sub Offices of the Reserve Bank to compound few contraventions including reporting delays in FCGPR, FCTRS, FLA, Form DI etc.,</li> <li>2. RBI has discontinued the classification of a contravention as ‘technical’ that was dealt with by way of an administrative/ cautionary advice and regularize such contraventions by imposing minimal compounding amount as per existing Master Direction on Compounding.</li> <li>3. In respect of Compounding Orders passed on or after March 01, 2020 a summary information, instead of the Compounding Orders, shall be published in RBI website.</li> </ol>

S. No	NEWS ON RBI
	NIL

4

**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 IBC
1.	SC allows power producers to file suggestions on loan relief. The Supreme Court on Thursday asked all parties, including power producers, to file their submissions and suggestions on the loan relief plea before the central government and the Reserve Bank of India (RBI) within three days. The court took on record the submission of Senior Advocate Rajiv Dutta for the petitioner, to dispose of his plea in view of Centre’s decision to waive off “interest on interest” during the loan moratorium period.
2.	Any Creditor of a Company in Liquidation can seek transfer of Winding Up proceedings in HC to NCLT: Supreme Court The Supreme Court has held that any creditor of a company can seek transfer of winding up proceeding pending before a High court to a National Company Law Tribunal.

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
NIL				

S. No	GENERAL NEWS
1	Govt to decriminalise provisions of LLP Act in upcoming Winter Session. After amending the Companies Act, the Ministry of Corporate Affairs is now looking to decriminalise provisions of the Limited Liability Partnership (LLP) Act in the upcoming Winter Session of Parliament. One of the changes being proposed is allowing LLPs to issue non-convertible debentures (NCDs), a senior government official told Business Standard. "Many provisions in the Companies Act are also linked to the LLP Act.
2	Incorporation of new firms at record high. As many as 3,852 new companies were incorporated in North India during the second quarter (July-September) of the current fiscal — a whopping 83% increase from the corresponding period of the previous fiscal when 2,107 companies were registered, as per data from the Ministry of Corporate Affairs.

**MSME NEWS**

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| 1 | Government brings Vehicle Trade, Repair under MSME Development Act. The Government has brought wholesale, and retail trade and repair of vehicles under the ambit of the MSME Development Act, a move that will allow automobile dealers to avail of benefits such as subsidies and cheaper loans accorded to micro, small and medium enterprises. The ministry of micro, small and medium enterprises (MSME) approved the decision on Thursday, several people aware of the matter said. |
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