NEWS & VIEWS

ECONOMY

RBI updates fit & proper norms for PSB Boards

Members of Parliament, state legislatures, or local bodies such as municipal corporations cannot be on the boards of public sector banks. Also, partners of chartered accountancy firms engaged as statutory central auditors at any public sector bank cannot join the boards of these banks, Reserve Bank of India (RBI) said, in an updated circular on fit and proper criteria in state-run lenders.

Candidates for the post of board members in public sector banks should also not be a member of the board of any rival bank, or the RBI or any financial institution, insurance company or nonfinancial holding company of any other bank that includes commercial banks, State Bank of India, a co-operative bank, or a regional rural bank.

People connected with hire-purchase, financing, money lending, investment, leasing and other para banking activities will not be considered for appointment as directors on the board of a public sector bank.

"However, investors of such entities would not be disqualified for appointment as directors if they do not enjoy any managerial control in them," RBI said.

Also, no person can be elected or re-elected on the board of a public sector bank if he or she has served as a director in the past on the board of any bank, financial institution, or insurance company under any category for six years — continuously or intermittently. "The candidate should not be engaging in the business of stock broking," RBI said.

Candidates between 35 and 67 years on the cut-off date for the submission of nominations for election, with graduation as the minimum educational qualification, will be considered, RBI said.

An elected director can hold office for three years and shall be eligible for re-election for a total period of six years, either served continuously or intermittently.

"The candidate should neither have any business connection, including legal or advisory services with the concerned bank, nor be engaged in activities that might result in a conflict of business interests with the bank," RBI said.

SEBI eases registration rules; FPI categories reduced to two

The Securities and Exchange Board of India on Wednesday relaxed several requirements for foreign portfolio investors (FPIs) in India in a bid to address some of their key concerns.

The registration process for FPIs has been simplified by doing away with the broad-based eligibility criteria. The market regulator has also reduced the number of overseas investor categories to two from three. This, along with a raft of decisions such as a tweak in buyback norms and tightening of rules for credit rating agencies, were taken at Sebi's board meeting on Wednesday.

Besides, KYC (know-your-client) requirements have also been relaxed and FPIs have been allowed to transfer off-market securities.

SEBI plans higher net worth, fee cap for PMS

The capital markets regulator has proposed changes to norms on portfolio management services (PMS), seeking to put in place higher net worth criteria for money managers and investment thresholds while suggesting fee limits.

The Securities and Exchange Board of India (SEBI) has more than doubled the minimum net worth requirement for portfolio managers from Rs 2 crore to Rs 5 crore, with the minimum ticket size of investment also doubling from Rs 25 lakh to Rs 50 lakh.

The regulator has also proposed standardising the methods for computation of returns by portfolio managers, while suggesting curbs on fee chargeable and exit load applicable on investors.

The recommendations were suggested by the seven-member expert panel appointed by Sebi to review PMS norms, which would apply to an industry that has 1.5 lakh investors, with assets worth Rs 18.7 lakh crore.

RBI cuts repo rate by 35 Bps to 9-year low

The Reserve Bank made a higher-than-expected reduction in interest rates as the monetary policy committee (MPC) voted decisively to give the "highest priority" to economic growth amid a benign inflation outlook. But the unconventional quantum of reduction in the repo rate — 35 basis points (bps) — threw some market participants into a tizzy with future reductions becoming unpredictable. Interest rate changes are typically in 25 basis point increments. The cut brings repo rate to a nine-year low.

Govt. eases restrictions on issuance of shares with DVRs

The government has relaxed the restriction on issuance of shares with lower voting rights, in a move that will help promoters, particularly of startups, to raise equity capital without losing control of their companies.

Promoters will now be able to issue shares with differential voting rights (DVR) up to 74% of their paid-up capital against 26% now, according to a notification issued by the corporate affairs ministry on Friday.

This means promoters can control their firms even if they are minority shareholders with superior voting rights, and avoid hostile takeover threats.

The government has also raised the time frame in which startups, recognised by the Department for Promotion of Industry & Internal Trade, can issue employee stock options (ESOPs) to directors with over 10% stake in the company to 10 years from five years now.

It has also done away with the requirement of a three consecutive year track record of distributable profit for issuance of shares with differential voting rights.

NEWS & VIEWS

TRAI suggests higher number-porting fee

The Telecom Regulatory Authority of India (TRAI) has suggested that a key fee relating to the processing of porting requests are pegged atRs.5.74 and that the new rate be applicable from September 30, this year. The proposal is part of the telecom regulator's draft amendment regulations for mobile number portability.

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SEBI asks SEs to draw up framework on fines

Market regulator the Securities and Exchange Board of India (SEBI) has asked stock exchanges to come up with a uniform framework to levy penalties on brokers who report incorrect margins. In a circular issued on Thursday, the regulator said the framework should impose higher fines on repeat offenders.

"Considering the principle of 'proportionality', the fine shall be charged to the member based on the materiality of non-compliance done by the member which may include factors such as number of instances, repeated violations, etc," Sebi said in the circular. The framework will apply to all the brokers and clearing members who either don't collect or short collect the margins from their clients.

In a separate circular, Sebi asked depositories to freeze the promoter holdings of any listed company who don't provide the complete distinctive number information to depositories by August, 2019. Each share of a listed company both in physical and dematerialised form needs to have a distinctive number and depositories maintain a database of such information in which every transaction done on the share is captured. The measure will help in curbing frauds in terms of stealing of shares.

RBI Panel seeks to ease Currency Trading at home

Currency trading of $100 million Over The Counter without import or export obligations, tax treatment in kilter with global standards, and business hours that would accommodate overseas traders are among the suggestions of a central bank task force headed by former deputy governor Usha Thorat.

The offshore rupee market has been making a larger impact on the local currency market, helping with better price discovery and driving volatility, prompting Mint Road to look for ways to ensure greater stability for the rupee.

During the last two stress episodes -- the taper tantrum and the 2018 emerging markets crisis – showed that the non-deliverable forward (NDF) market had driven onshore exchange rate more prominently than ever.

In London, the average daily NDF turnover surged to $139 billion in October 2018 from as low as $21 billion in 2008.

RBI's priority sector push to help large NBFCs lower borrowing costs

Large non-banking lenders and home financiers, such as Tata Capital and PNB Housing Finance, will likely be able to lower their borrowing costs by up to 25 basis points after the central bank expanded the scope of priority sector loans (PSL).

Mahindra Finance, Tata Capital, and PNB Housing Finance are now seeking shorter-tenor, MCLR-linked bank borrowings to raise disbursements ahead of the festival season.

Branded NBFCs normally borrow from banks at MCLR, or the marginal lending rate. But others pay a spread over MCLR. With this latest RBI regulation, both categories are likely to benefit. Smaller NBFCs that pay a spread over bank MCLRs could see the mark-up coming down.

HDFC and Shriram Transport Finance are among the blue-chip firms that could benefit from the central bank's rule change.

RBI allowed banks to classify some types of advances to NBFCs as priority sector loans.

RBI eases risk, exposure rules, banks can lend more to NBFCs

Reserve Bank of India Governor Shaktikanta Das gave a big push to retail lending by lowering risk weights for consumer lending and raising the bank exposure limits for non-banking finance companies which could directly boost borrowing capacities for top firms.

Housing Development Finance Corp., Mahindra Financial and Chola are among the firms that could benefit from the RBI's change of rule in regard to banks' lending to NBFCs.

Permission to classify bank lending to some NBFCs that lend to priority sectors as such would reduce the time taken for transmission which otherwise had to wait for securitisation.

RBI's raft of measures to support NBFCs come at a time when many mutual funds are averse to lending to the segment after defaults by Infrastructure Leasing & Financial Services and a few by Anil Ambani Group units. With many of the top NBFCs reaching their limits with banks, they were borrowing from markets which was turning out to be more expensive.

RBI has decided to raise a bank's exposure to a single NBFC to 20% of Tier-I capital of the bank from 15% earlier and it would be in sync with the rules for other industries.

COMPANIES >>>

Zee Promoters to Sell 11% to Invesco Oppenheimer

The promoters of Zee Entertainment Enterprises (ZEE) will sell an 11% stake in the media company to US-based financial investor Invesco Oppenheimer Developing Markets Fund for Rs 4,224 crore. The move, spurning an offer by a Comcast-led group, follows a nine-month search for a buyer as the parent Essel Group seeks to reduce debt by selling assets. The promoters are confident of selling a further 9% stake in Zee by the September 30 deadline for debt repayments.

The fund, which is registered with the US Securities & Exchange Commission, has been a financial investor in Zee since 2002 and currently owns a 7.7% stake in the company.

NEWS & VIEWS

SML Isuzu Joins EV Juggernaut

SML Isuzu, one of the country's leading makers of small buses and trucks, planning to work in line with the government's push towards electric mobility and come out with a new electrified portfolio, which it will showcase at the upcoming Auto Expo in Delhi in February 2020.

The government of India has earmarked a sum Rs 3,545 crore for supporting the sale of over 7,000 electric buses by 2022 to state transport undertakings as part of its Rs 10,000-crore FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) scheme. Manufacturers such as Tata Motors and Olectra-BYD have already supplied over 100 buses each so far under the scheme.

Accenture to Make India its Apac Data Sciences Hub

Consulting and technology services provider Accenture India may expand its data science team to make it a hub serving the Asia-Pacific. To be sure, the proposal is still being discussed.

The more than 500-member team is based out of Gurugram.

IT services providers are acquiring smaller firms that specialise in data analytics and data sciences, but Accenture may look to hire data science professionals instead, analysts said. Accenture aimed to become a market leader in transforming organisations completely and has invested in talent.

Handset Cos Lava, Micromax Gain from US-China Trade War

India appears to have already started to benefit from the US-China trade war. US telco major AT&T along with rivals T-Mobile and Sprint have placed smartphone orders worth aroundRs.2,500 crore for under-$200 devices with Indian brands Lava and Micromax, in a bid to derisk their business as Sino-US trade tensions show no signs of abating.

The orders by the three telcos—a bulk of which are from AT&T—marks the first time the US companies, which operate mainly on the handset bundling model and source devices from China, will use devices made by Indian manufacturers.

The order offers some revenue relief to both Lava and Micromax as well, whose smartphone assembly plants are underutilised with the combined share of Indian players having slumped to around 3%—from over a combined 40% at their peak mid-2015—in a market swamped by Chinese players such as Xiaomi, Oppo, and Vivo, besides Korea's Samsung.

The development coincides with the trade talks between the world's two largest trading partners deteriorating with the US slapping additional trade tariffs on $300 billion worth Chinese imports last week, calling the Chinese slow to move on trade talks. The move could well breathe life into the two Indian handset makers, and show the way to other local players as well.


FILE PHOTO

Voda Idea to Get Rs 6k cr from Indus Towers Exit

Vodafone Idea Ltd, India's second-largest telecom operator in terms of subscribers, is set to monetise its stake in Indus Towers as part of the latter's merger with Bharti Infratel, which is in the final stages. Vodafone Idea is likely to get about Rs 5,500-6,000 crore from the sale of its holding.

Born out of a merger between Vodafone India and Idea Cellular that was completed last August, Vodafone Idea is looking at generating funds from various avenues, including a Rs 25,000 crore rights issue in the June quarter. The company has incurred a cumulative loss of Rs 19,734 crore in the past four quarters. Vodafone Idea holds an 11.15% stake in Indus Towers.

UK's Vodafone Group Plc owns about 45% of the telco and a 42% stake in Indus Towers. After the Indus Towers-Bharti Infratel merger is complete, the UK-based company will have a 29.4% stake in the resultant entity. It's said to be holding discussions separately with financial investors and private equity firms to dilute this holding.

Tata Group Sets Sights on Five Growth Engines

Tata Sons chairman N Chandrasekaran said the holding company of the $110-billion group has resolved the high leverage at its flagship operating companies and is turning the focus toward funding growth across businesses. It has set an ambitious target of making at least five of the group's 10 verticals contribute 10-15% each to the Tata Group's profits in contrast to the current situation when TCS contributes the bulk of the profits.

"If you look at the overall debt of the group, largely the net debt is very comfortable in terms of our ability to service them." Total net debt is aboutRs.1.7 lakh crore, mostly owed by three companies — Tata Steel, Tata Power and Tata Motors, he said.

Chandrasekaran is confident that the three companies can service debt on their own, without relying on Tata Sons. While the net debt position is comfortable, cash flows have increased, he said.

The five clusters are Tata Motors, Tata Steel, Tata Consultancy Services (TCS), financial services and retail. TCS, 72% owned by Tata Sons, contributes about 75% of the group's profit. It posted a net profit ofRs.30,065 crore in FY19.

PERSON-IN-NEWS

Rishad Premji Takes Over as Wipro Chairman

Rishad Premji became chairman of Wipro on Wednesday, taking over from father Dr. Azim Premji in a low key handover at the company. Dr. Azim Premji will continue to be on the board of Wipro. The 42-year-old Wipro scion has been instrumental in acquiring new-age companies to transform its identity as a digital technology services provider.

As the Premji scion takes charge, he will look to spearhead four key growth areas, as promised by Dr. Azim Premji in his final letter to shareholders and employees two weeks ago.

"We have sharpened our strategy into four pillars based on what our clients need i.e. Business Re-imagination, Engineering Transformation and Modernisation, Connected Intelligence, and Trust...we have been investing significantly in four areas – Digital, Cloud, Engineering Services and Cyber Security," Azim Premji said in the letter.

NEWS & VIEWS

Coffee Day names SV Ranganath as Interim Chairman

Coffee Day Enterprises, which owns the Café Coffee Day (CCD) chain, has rejigged its top management by appointing non-executive independent director SV Ranganath as interim chairman and one of the company's early investors Nitin Bagmane as the chief operating officer. The two will join chief financial officer R Ram Mohan on a newly formed executive committee to manage operations.

Bagmane is a director with Tanglin Developments, the real estate business of the company, since its inception. Ranganath, a 1975-batch IAS officer from Karnataka, has held many offices and was also the chief secretary of the state.

D Muthukumaran named CFO of ReNew Power

ReNew Power has appointed Aditya Birla group veteran D Muthukumaran as its chief financial officer. Muthukumaran will relocate to Gurgaon from Mumbai to take up the new role. In his previous assignment, he headed Aditya Birla's PE business and had also donned the hat of group head of corporate finance. He had spent 17 years with the Aditya Birla Group.

Paytm names Madhur Deora and Amit Nayyar as Presidents

Digital payments company Paytm has elevated its CFO and senior vice-president Madhur Deora as president in a newly created role.

Paytm has also appointed ex-Goldman Sachs executive Amit Nayyar as a president of the company, in a bid to strengthen its leadership team.

Deora, a Citigroup veteran, who joined the digital payments company in 2016, will now oversee multiple business lines at the Noida-based firm. Deora, a former investment banker, will now be responsible for all of Paytm's consumer services business.

Nayyar will be responsible for all the financial services business like lending, insurance, wealth management, stock broking at the company. He will report directly to Paytm founder Vijay Shekhar Sharma.

INTERNATIONAL >>>

Ray-Ban Maker EssilorLuxottica SA agrees to buy GrandVision for $8.1 B

EssilorLuxottica SA agreed to buy GrandVision NV in a deal that values the smaller Dutch eyecare retailer at as much as 7.3 billion euros ($8.1 billion) and brings the Ray-Ban sunglasses brand and Vision Express prescription centers under the same roof.

The Franco-Italian company agreed to pay 28 euros a share for investment firm HAL's roughly 77% stake. HAL is controlled by the Dutch billionaire Van der Vorm family. Following the completion of the deal, EssilorLuxottica will be obliged to make an offer for the rest of GrandVision's shares.

The deal adds more than 7,000 stores, operating under retail brands including Brilleland and For Eyes, in more than 40 countries to EssilorLuxottica chains like LensCrafters and Pearle Vision.

Google to allow rival search engines to compete on Android

Alphabet Inc's Google will allow rivals to compete to be the default search engines on new Android devices in Europe, but they will have to pay for the privilege.

In its latest proposal to ward off fresh EU antitrust penalties, Google on Friday announced plans to auction spots on a 'choice screen' from which users will select their preferred search engine.

The move comes a year after the European Commission fined the U.S. tech giant 4.34 billion euros ($4.81 billion) for blocking rivals by pre-installing its Chrome browser and search app on Android smartphones and notebooks. The EU competition enforcer also ordered the company to halt its anticompetitive practices or face fines up to 5% of Alphabet's average daily worldwide turnover.

Foxconn eyes sale of $8.8b China plant

Taiwan's Foxconn is exploring the sale of its new $8.8-billion display panel factory in China, as demand for the product wanes amid an intensifying US-China trade war.

Foxconn, formally known as Hon Hai Precision Industry , is in talks to appoint banks to find a buyer for its liquid crystal display (LCD) factory that is being built in the southern Chinese city of Guangzhou, said two people with direct knowledge of the matter.

A sale would come at a delicate time for Foxconn, which has extensive investments in China, a large roster of US clients that includes Apple, and is having to navigate a tricky path amid the protracted trade war between Washington and Beijing. It would mark one of its largest divestments from China.

The US-China trade war has disrupted technology global supply chains in a major way, forcing Foxconn to review its own. Questions were also being raised within Foxconn on the need for the Guangzhou project.

Italy's Benelli drops plan to set up facility in India

Italian motorcycle maker Benelli has scrapped its plans of setting up a manufacturing plant in India after the government mooted the idea to ban two-wheelers with combustion engines up to 150cc capacity by 2025.

The company was planning to set up a global manufacturing hub in India as its plant in China was operating at full capacity.

The proposed plant would have had a capacity of manufacturing at least 200,000 units annually to make a business case and would have employed about 400 people, the company had found in its initial studies. However, following the clear indication from the government to move away from combustion engines, the company did not see viability in selling these products in India in the long run.

The company has instead doubled the capacity at its assembly facility near Hyderabad to 20,000 units annually

NEWS & VIEWS

Elanco to buy Bayer's animal health unit for $7.6 Billion

Elanco Animal Health Inc clinched the purchase of Bayer AG's animal-health unit in a deal valued at $7.6 billion, creating one of the biggest stand-alone veterinary medicine companies in the world.

Elanco, which was spun out from drugmaker Eli Lilly & Co last year, will finance the acquisition with a mix of cash and stock. German drug giant Bayer AG will receive $5.32 billion in cash and $2.3 billion in Elanco Animal Health common shares. The transaction is expected to close in mid-2020.

Toyota, Suzuki to Acquire Stake in Each Other

Deepening their collaboration towards joint development of futuristic technologies, Japanese automakers Toyota Motor and Suzuki Motor on Wednesday entered into a capital alliance agreement for equity investment in each other.

As per the agreement, Toyota will purchase a 4.94% stake in Suzuki valued at 96 billion Japanese yens. Suzuki plans to acquire, through purchase in the market, shares in Toyota equivalent to 48 billion yens. Suzuki owns a 56.2% stake in India's largest carmaker, Maruti Suzuki.

Toyota and Suzuki started considering a business partnership in October 2016 and since then have inked a series of agreements including over development of affordable hybrid and electric vehicles for the Indian market.

Aramco to select Lazard, Moelis for world's biggest IPO

Saudi Aramco has picked Lazard Ltd and Moelis & Co to advise on the oil giant's second attempt at the world's largest initial public offering, people with knowledge of the matter said.

The boutique investment banks have started preparatory work on the offering, according to the people, who asked not to be identified because the information is private.

They are expected to play a key role in the listing, including in the selection of underwriters and listing venues as well as working to ensure Aramco can secure its valuation expectations, the people said.

The selection is a boon particularly for Lazard, which wasn't one of the advisers on Aramco's first listing attempt. The oil producer was originally working with Evercore and Moelis, as well as HSBC Holdings, JPMorgan Chase & Co. and Morgan Stanley.

MERGERS & ACQUISITIONS >>>

Dish TV, Airtel Digital's Merger on Track

Bharti Airtel's direct-to-home (DTH) arm Airtel Digital TV, private equity firm Warburg Pincus and Essel Group-owned Dish TV have reached an agreement on merging the two businesses and a formal announcement is expected in four-six weeks, two people with direct knowledge of the development told ET.

With the partial stake sale in Essel Group-owned Zee Entertainment Enterprises (ZEE) having been decided, the promoters are focused on completing Dish TV's merger with Airtel Digital TV. The Essel Group's promoters are selling assets to repay debt. They own a 57.52% stake in Dish TV—almost 95% of this is pledged with lenders.

Mastercard Buys Nets Unit for $3.19 B in Largest Deal

Mastercard Inc agreed to buy a payments platform owned by Denmark-based Nets for $3.19 billion, using its biggest-ever acquisition to help extend a push into faster payments.

With the purchase, Mastercard is getting an electronic-billing platform and clearing and instant-payment services, according to a statement on Tuesday. The company said the purchase will hurt profit for as long as two years after it's completed, which is expected in the first half of 2020.

Companies and governments around the world have been launching real-time payment systems to speed up the movement of money between consumers and businesses, kicking off a race among banks and payment networks to capture those flows.

Haldiram Bhujiawala Laps Up the Coffee Bean Franchise from Everstone Capital

Haldiram Bhujiawala has bought The Coffee Bean & Tea Leaf India franchise from private equity fund Everstone Capital. The Kolkata-based company has also purchased the Gelato Italiano brand as part of the deal. Haldiram Bhujiawala company acquired a majority stake in Pan India Food Solutions, a holding company set up by Everstone Capital to house the coffee chain and ice cream parlour businesses.

The Coffee Bean & Tea Leaf is a chain of coffee parlours that has around 1,000 outlets in its home market of the US. It opened its first outlet in India in 2008, in South Delhi's Saket area, before expanding countrywide.

Ola Acqui-hires Pikup.ai to Build Mobility Tech

Ride-hailing leader Ola has acqui-hired Bengaluru-based artificial intelligence startup Pikup.ai, as it looks to focus on utilising advanced analytics and deep technology to build futuristic mobility solutions.

As part of the deal, the Pikup.ai team including founders Inder Singh and Ritwik Saikia will join Ola. The companies did not disclose the terms of the deal.

The acquisition will complement the ride hailing firm's plans to set up an Advanced Technology Centre in San Francisco to develop next-generation mobility technologies such as autonomous driving, electric and connected mobility. "...we are investing in futuristic technology solutions that will shape the future of mobility in India and the world. We are very excited to welcome the Pikup.ai team to Ola and we look forward to co-creating innovative technology that will help redefine the mobility experience," said Ankit Bhati, CTO at Ola.

Pikup.ai works on technologies such as artificial intelligence, computer vision and sensor fusion to build autonomous driving technologies.

NEWS & VIEWS

RIL to Sell 20% in Oil-to-Chemicals Unit to Aramco at $75-B Enterprise Value

Reliance Industries on Monday signalled a tectonic shift in its decades-long, successful business model of going it alone by proposing to offload stake in its oil-to-chemicals business to Saudi Arabian giant Aramco for an enterprise value of $75 billion (around Rs.5.3 lakh crore). It also announced that it will henceforth forge partnerships for major businesses with global giants and confirmed reports of strategic interest in its telecom and retail businesses.

Saudi Aramco has agreed to buy 20% in the oil-to-chemicals division, the core business of RIL. However, the global oil giant will only have an economic interest for the first five years, not a direct equity stake. The oil-to-chemicals business will function as a division of RIL. Aramco will pick up a direct stake after five years, when the division will be spun off into a separate company and become a subsidiary of RIL.

REGULATORY

Summary of Provisions of the Companies (Amendment) Act 2019

Companies (Amendment) Act, 2019 has been passed by the Parliament and got the assent of the President on 31st July, 2019.

The Companies (Amendment) Act, 2019 which seeks to replace the Companies (Amendment) Second Ordinance, 2019 with certain additional amendments, inter alia, provides for the following, namely:—

1. to amend clause (41) of section 2 of the Companies Act, 2013 so as to empower the Central Government to allow certain companies to have a different financial year instead of as determined by the Tribunal
2. to amend section 12 of the Act empowering the Registrar to initiate action for the removal of name of the company from register of companies, if the company is not carrying on any business or operation in accordance with the provisions of the Act
3. to amend sixteen sections of the Act so as to modify the punishment as provided in the said sections from fine to monetary penalties to lessen the burden upon the Special Courts
4. to amend section 132 of the Act to enable the National Financial Reporting Authority to perform its functions through divisions and the Executive Body
5. to amend section 135 of the Act so as to bring clarity to—(a) carry forward the unspent corporate social responsibility amount, to a special account to be spent within three financial years and transfer thereafter to the Fund specified in Schedule VII, in case of an ongoing project; and(b) transfer the unspent amount to the Fund specified under Schedule VII, in other cases
6. to amend sections 241, 242 and 243 of the Act so as to empower the Central Government to approach Tribunal to issue an order against the persons who are connected with the conduct and management of the company as not fit and proper persons for the acts committed by them which amount to mismanagement
7. to amend section 441 of the Act so as to enhance the jurisdiction of the Regional Director for compounding the offences.

Amongst others, the following are the important amendments:

- Recategorisation of 16 minor offences as purely civil defaults which will declog special courts.
- Stringent provisions with reduced timelines for creation and modification of charges.
- Transfer of approval for certain routine functions such as change of financial year and conversion of public to private companies from The National Company Law Tribunal to the Central Government.
- Breach of ceiling on directorship being made a ground for disqualification to be appointed as a director in a company.
- Making non-maintenance of registered office and non-reporting of commencement of business grounds results in removal of names of companies from the Register Of Companies.

Big Boost for Homebuyers; SC Affirms their Status as Financial Creditors:

The Supreme Court has upheld the status of homebuyers as financial creditors as per the amendment in the Insolvency and Bankruptcy Code (IBC). Builders had moved the top court challenging the financial creditors' status given to homebuyers. With this judgement, the court has upheld the government decision to grant homebuyers the status of financial creditors. The court has also upheld IBC amendment with certain safeguards. Homebuyers to have a say in committee of creditors, and they can also initiate insolvency proceedings.

The court has also asked the government to adequately man RERA & NCLT and should file affidavit within 3 months in connection with it.

The court also said that the IBC provisions should be read harmoniously with RERA. Every application pending before NCLT will be decided on their own merit with respect to this apex court judgement.

MCA Issues Circular to Remove Ambiguities in Appointed Date and Acquisition Date with Respect to Mergers/Amalgamations

Companies do have the flexibility to choose the 'appointed date' of a merger/amalgamation based on occurrence of an event. However, the event concerned should be relevant to the mergers between the companies. “Appointed date” used in section 232 (6) of Companies Act, 2013 would be deemed to be the “acquisition date” for the purpose of conforming to IndAS standard dealing with business combinations.

The clarification would lead to harmonisation of practices in ascertaining the 'appointed date' of merger/amalgamation and provide due clarity on the accounting treatment, thereby allowing stakeholders to align the “appointed date” of merger/amalgamation in accordance with their business considerations or legal requirements. This would also contribute significantly in the ease of doing business.

Arbitration and Conciliation (Amendment) Act, 2019 Notified

Some of the important amendments included are as follows:

The statement of defence and claim shall be completed within a period of 6 months from the date of appointment of arbitrator or all arbitrators.

No suit or other legal proceedings shall lie against the arbitrator for anything which is done in good faith.

Part 1A has been inserted establishing a council to be known as Arbitration Council of India, specifying its composition, duty, functions and powers.

A scheme has been inserted specifying qualifications and experience of Arbitrators and it has been provided that a practicing Company Secretary having 10 years of experience can also become an Arbitrator.