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***Reserve Bank of India vide Master Direction RBI/DOR/2020-21/75 DOR.MAM. No.49/09.16.901/2020-21 dated March 23<sup>rd</sup>, 2021 issues master direction on Amalgamation of Urban Cooperative Banks***

To enable consolidation in the Urban Cooperative Banking space, the Reserve Bank of India, on March 23, in exercise of powers conferred by Section 35A and Section 44A read with Section 56 of the Banking Regulation Act, 1949, as amended vide Banking Regulation (Amendment) Act, 2020 (39 of 2020), approved fresh guidelines for amalgamation of two or more such banks.

Reserve Bank of India may consider proposals for merger and amalgamation in the following circumstances:

- (i) When the net worth of the amalgamated bank is positive, and the amalgamating bank assures to protect entire deposits of all the depositors of the amalgamated bank.*
- (ii) When the net worth of amalgamated bank is negative and the amalgamating bank on its own assures to protect deposits of all the depositors of the amalgamated bank.*
- (iii) When the net worth of the amalgamated bank is negative, and the amalgamating bank assures to protect the deposits of all the depositors of the amalgamated bank with the financial support from the State Government extended upfront as part of the process of merger.*

The guidelines also establish that The Reserve Bank has discretionary powers to approve the voluntary amalgamation of UCBs under the provisions of Section 44A read with Section 56 of the Banking Regulation Act, 1949 as amended vide Banking Regulation (Amendment) Act 2020 (39 of 2020).

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***The Ministry of Corporate Affairs (MCA) vide notification dated 24 March 2021 has amended the Companies (Audit and Auditors) Amendment Rules, 2014***

The Ministry of Corporate Affairs has amended the Companies (Audit and Auditors) Amendment Rules, 2014 in reference to section 139, 143, 147 and 148 of the Companies Act, 2013 wherein some new additional reporting requirements have been inserted in Rule 11 which are to be disclosed in the audit report in order to broaden the scope of reporting by Auditors in the Audit report. The amended Rules shall be effective from 1 April 2021.

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***The Securities and Exchange Board of India reviews delivery default norms vide circular no. SEBI/HO/CDMRD/DRMP/CIR/P/2021/35 dated March 23<sup>rd</sup>, 2021.***

The Securities and Exchange Board of India SEBI vide Circular SEBI/HO/CDMRD/DRMP/CIR/P/2016/90 dated September 21, 2016 had prescribed inter alia, provisions for the levy of penalty in the event of delivery default.

Now in in consultation with clearing corporations SEBI reviewed the delivery default norms, for standardization of delivery default norms, strengthening the deterrent mechanism and ensuring adequate compensation to the non-defaulting counterparty as follows:

- I. In agricultural commodities, the penalty for delivery default by seller shall now be 4% of the settlement price plus replacement cost.*



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- II. *In non-agricultural commodities, the penalty for delivery default by seller shall remain at 3 % of settlement price plus replacement cost.*
- III. *In agricultural as well as non-agricultural commodities, the provisions for levy of penalty on delivery default by buyer, as mentioned under para 4.2 of the circular, shall be put in place by the Clearing Corporations.*

The new delivery default norms will be effective from the first trading day of May 2021

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***The Ministry of Corporate Affairs (MCA) vide notification dated 24 March 2021 has amended the Schedule III to the Companies Act, 2013.***

The Ministry of Corporate Affairs (MCA) has amended the Schedule III to the Companies Act, 2013 wherein the certain disclosure requirements as well as the principles as stated in respect of the preparation of the financial statements has been amended. The majority of the amendments have been incorporated in response to the latest developments in the Reporting of Companies (Auditor's Report) Order, 2020 and various other additional disclosures required in the audit report.

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**Contact details**

**Sumesh Dewan**

*Managing Partner*

*Lex Favios*

Email: [sumes.dewan@lexfavios.com](mailto:sumes.dewan@lexfavios.com)

Tel: 91-11-32084941 (D) 91-11-41435188/45264524