

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 13- March 22nd 2021 to March 28th 2021
1
Companies Act 2013 during the week
Rules -2; Circulars -0; Notifications- 2; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	24.03.2021	Rules	<p>Companies(Audit and Auditors) Amendment Rules,2021</p> <p>http://www.mca.gov.in/Ministry/pdf/AuditAuditorsAmendmentRules_24032021.pdf</p>	<p>Auditor's report shall also include Auditor's views and comments on the following matters</p> <ol style="list-style-type: none"> 1. Whether management represented that no funds have been given / received by the Company to/from any intermediaries with the understanding that the Intermediary / Company shall fund any entities identified by the Company / Intermediary respectively. 2. Above representation doesn't contain any material misstatements. 3. Dividend declared or paid is in compliance of section 123 of CA, 2013. 4. Whether the Company uses accounting software with audit trail and it is not tampered and it is

				<p>preserved as per statutory requirements for record retention.</p> <p>These amendments shall be effective from 1st April 2021</p>
2	24.03.2021	Rules	<p>Company(Accounts) Amendment Rules,2021</p> <p>http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_24032021.pdf</p>	<p>1. From FY starting 1 April, 2021, every company shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.</p> <p>2. Board's Report to have following additional information:-</p> <ul style="list-style-type: none"> • Details of application or proceeding under IBC, 2016 along with their status as at the end of the financial year. • The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.
3	24.03.2021	Notification	<p>Commencement Notification dated 24.03.2021</p> <p>http://www.mca.gov.in/Ministry/pdf/CommencementNotification_24032021.pdf</p>	<p>Following amendments were notified</p> <ul style="list-style-type: none"> • Penalty for contravening provisions relating to Unpaid Dividend Account prescribed • Penalty for contravening provisions relating to

			21.pdf	valuation by Valuer reduced from Rs. 1 lac to Rs. 50 K
4	24.03.2021	Notification	<p>Amendment to Schedule III to the Companies Act, 2013</p> <p>http://www.mca.gov.in/Ministry/pdf/ScheduleIIIAmendmentNotification24032021.pdf</p>	<p>The MCA has notified amendment in schedule III of the Companies Act, 2013 w.e.f. April 01, 2021.</p> <p>As per the amendment following additional disclosures are mandated:</p> <ul style="list-style-type: none"> ○ Disclosure of Shareholding of Promoters ○ Current maturities of Long term borrowings shall be disclosed separately. ○ Trade Payables and receivables with ageing schedule to be given ○ Reconciliation of the gross and net carrying amounts of each class of assets ○ Detailed disclosure regarding title deeds of Immovable Property not held in name of the Company. ○ Disclosure regarding revaluation & CWIP with age 1 year, 1-2 year, 2-3 year & More than 3 years ○ Loans or Advances granted to promoters, directors, KMPs and the related parties ○ Details of Benami Property held ○ Reconciliation and reasons of material discrepancies, in quarterly statements submitted to bank and books of accounts. ○ Disclosure where a company is a declared wilful defaulter by any bank or financial Institution

				<ul style="list-style-type: none"> ○ Relationship with Struck off Companies ○ Pending registration of charges or satisfaction with Registrar of Companies ○ Compliance with number of layers of companies ○ Disclosure of 11 Ratios ○ Compliance with approved Scheme(s) of Arrangements ○ Utilization of Borrowed funds and share premium ○ Details of transaction not recorded in the books that has been surrendered or disclosed as income in the tax assessments ○ Disclosure regarding Corporate Social Responsibility ○ Details of Crypto Currency or Virtual Currency
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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 –1 Others -0;

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

S. No	NEWS ON SEBI
1	<p>Listing Regulations</p> <ul style="list-style-type: none"> • Business Responsibility Reporting: Business Responsibility Reporting to be substituted with Business Responsibility and Sustainability Reporting (BRSR). BRSR reporting to become applicable to top 1000 listed companies on a voluntary basis for FY 2021-22 and on mandatory basis from FY 2022-23. • Dividend Distribution Policy: Formulation of Dividend Distribution Policy has been extended to top 1000 listed companies from 500 listed companies. • Quarterly Compliances: Timeline for submission of Investor Grievance Redressal (IGR), Share Holding Pattern (SHP), Corporate Governance Report (CGR) harmonized i.e. within 21 days from the end of each quarter. • Compliance Certificates: Frequency of submission of compliance certificates relating to share transfer facility and issuance of share certificates within 30 days of lodgement for transfer, sub-division, etc. is revised from half-year to annual. • Notice of BM in newspaper: Newspaper advertisement for Notice of BM for financial results dispensed with. • Risk Management Committee: Constitution of Risk Management Committee to be applicable to top 1000 listed entities. RMC should have at least three members with a majority to be BOD and at least one Director should be Independent. The role of the RMC has

been specified which, inter-alia, includes formulation of a detailed risk management policy and monitoring its implementation; periodic review of such policy; review of the appointment, removal and terms of remuneration of the Chief Risk Officer (if any), etc.

- **Investor meetings:** Audio/video recording should be disclosed on the website of the listed entity and exchanges promptly, before next trading day or within 24 hours, whichever is earlier. Written transcripts of such meetings to be disclosed within 5 working days.

Delisting Regulations

- Promoter/acquirer will be required to disclose their intention to delist the company by making an initial public announcement
- The committee of independent directors will be required to provide their reasoned recommendations on the proposal for delisting
- Timelines for completion of various activities forming part of delisting process have been introduced / revised to make the process more efficient
- Promoter/acquirer will be permitted to specify an inductive price for delisting which shall not be less than the floor price.
- Promoter will be bound to accept the price discovered through reserve book building if the same is equal to the floor price/indicative price.
- Role of merchant banker involved in the delisting process has been elaborated.

Portfolio Managers Regulations: Portfolio Managers are mandated to obtain prior approval of SEBI for change in control. Also, intermediaries have to pay fees only through online payment gateway and doing away with physical mode of payment to encourage digital payment.

Review of framework of Innovators Growth platform (IGP) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

The SEBI Board has approved the various changes to the framework for listing on the Innovators Growth Platform with an objective to make the platform more accessible to companies in view of the evolving start-up ecosystem.

- To reduce the period of holding of 25% of pre-issue capital of the issuer company by eligible investors to one year from the current requirement of two years
- The term 'Accredited Investor' for the purpose of IGP is renamed as 'Innovators Growth Platform Investors'
- In terms of present IGP provisions, Issuer Company is not permitted to make discretionary allotment. It has been decided to allow Issuer Company to allocate up to 60% of the issue size on a discretionary basis, prior to issue opening, to eligible investors with a lock in of 30 days on such shares.

	<p>Amendment to SEBI (Alternative Investment Funds) Regulations, 2012</p> <p>The SEBI Board approved the amendments in SEBI (Alternative Investment Funds) Regulations, 2012</p> <ul style="list-style-type: none"> • provide a definition of ‘startup’ as specified by Government of India for the purpose of investment by Angel Funds • remove the list of restricted activities or sectors from the definition of Venture Capital Undertaking to provide flexibility to Venture Capital Funds registered under Category I Alternative Investment Funds (AIFs) in making investments • allow AIFs, including Fund of AIFs, to simultaneously invest in units of other AIFs and directly in securities of investee companies subject to certain conditions • provide clarity on scope of responsibilities of Managers and members of Investment Committees prescribe a Code of Conduct for AIF, Trustee and directors of the Trustee/Designated Partners/directors of the AIF, Manager, members of Investment Committee and key management personnel of AIF and Manager <p>Review of regulatory framework for reclassification of promoter/ promoter group entities: SEBI decided to reduce the time gap between the date of board meeting and shareholders meeting for consideration of reclassification request, to a minimum of one month and a maximum of three months from the existing requirement of minimum period of three months and maximum six months.</p>
2.	<p>SEBI vide its circular provided clarity on change in control criteria for market intermediaries and requirement for seeking its prior approval. With regard to unlisted body corporate intermediary, transfer of shareholding among immediate relatives would not be construed as change in control. In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and is hence a change in control.</p>
3.	<p>SEBI will follow a new format for its annual report as part of efforts to have a "true and full account" of its activities, policies and programmes during a financial year, according to the notification. As per new Rules, Sources of income and expenditure would be part of the annual report as against the existing provision of presenting annual account statements separately.</p>
4.	<p>Informal Guidance:</p> <p>Any acquisition pursuant to a scheme of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company’s undertaking, including amalgamation, merger or demerger, pursuant to an order of a court or a tribunal or under any or regulation, Indian or Foreign, would be exempt only if the following conditions are complied with:</p> <p>A. The component of cash and cash equivalents in the consideration paid being less than twenty five per cent of the consideration paid under the scheme and</p> <p>B. Where after implementation of the scheme of arrangement, persons directly or indirectly holding at least thirty three per cent of the voting rights in the combined entity are the same as the persons who held the entire voting rights before the implementation of the scheme.</p>

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RBI during the week

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

Press Release – 0

S. No	Date of Issue	Notifications/Master Directions/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON RBI
1.	The National Bank for Financing Infrastructure and Development Bill 2021 introduced in the Lok Sabha says the proposed Development Finance Institution (DFI) will get government guarantee support and direct access to liquidity from the Reserve Bank of India, which would help fund about 7,000 infrastructure projects

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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 IBC
1.	Tribunal appointed professionals managing the affairs of bankrupt companies should not accept or offer gifts, the Insolvency and Bankruptcy Board of India said in a handbook of ethics. The handbook gives a set of examples where offering or accepting gifts by insolvency professionals could seriously impair their ability to comply with the requirements of their role
2.	The Supreme Court observed that in any proceeding which is pending before the Adjudicating Authority under Section 7 of Insolvency and Bankruptcy Code , if such petition is admitted upon the Adjudicating Authority recording the satisfaction with regard to the default and the debt being due from the corporate debtor, any application seeking reference to arbitration under Section 8 of the Arbitration and Conciliation Act made thereafter will not be.

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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.	Copyright registration is not mandatory to claim reliefs under the Copyright act, the Bombay High Court recently ruled, holding that an earlier decision of a co-ordinate bench in the case of Dhiraj Dharamdas Dewani v. Sonal Info Systems Pvt. Ltd & Ors. was per incuriam (Sanjay Soya Pvt. Ltd. v. Narayani Trading Company).
2.	The Supreme Court of India ruled in favour of waiving compound interest, i.e., interest on interest during the six-month moratorium announced by the Reserve Bank of India last year. The apex court said that banks will not charge compound interest or penal interest on any amount during the moratorium period for all borrowers.
3.	To overcome the delay in disposal of cases due to slow service/ delivery of summons and processes through traditional manual methods, the Allahabad High Court has launched the "National Service and Tracking of Electronic Process Services".



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