

# CORPORATE COMMUNIQUE

May - 2021

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Courage is what it takes to stand up and speak, it's also what it takes to sit down and listen.

~ Winston Churchill

Dear Professionals,

The second wave of the pandemic has hit us just as a pebble cast in the middle of a lake. It has created ripples of disruption and proven to be much more strenuous.

Each of us is nurturing our health and well-being on a personal level and on a professional level, we are equipping ourselves for the uncertainties of future.

Most of us, have closed our Annual Accounts and are now moving towards the next big-ticket item of 'holding virtual AGMs'. Amidst all of the aforesaid, one thing I can admit unreservedly is that the kind of opportunities and learnings that this 'new normal' has brought to our profession is immense. I am sure that all of these changes, along with our patience, determination, and combined efforts, shall lead us through these times of distress on the other side.

Despite all the odds spawn from the pandemic, it is now entrenched that we should not stop our learning amidst any crisis because when we continue to learn, we continue to grow.

With this, we are pleased to present to you the seventeenth edition of Corporate Communique, which covers updates for May 2021. Please help us grow and learn by sharing your valuable feedback and comments for improvement.

Happy reading!

Best,  
Geetika Anand

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**1) CLARIFICATION ON OFFSETTING THE EXCESS CSR SPENT FOR FY 2019-20****Effective date: May 20, 2021**

- ❖ The MCA has clarified that where a Company has contributed any amount to 'PM CARES Fund' on March 31, 2020, which is over and above the minimum amount as prescribed under section 135(5) of the Companies Act, 2013 for FY 2019-20, and such excess amount or part thereof is offset against the requirement to spend under section 135(5) for FY 2020- 21 in terms of the appeal dated March 30, 2020, then the same shall not be viewed as a violation subject to the conditions that:
  - ✓ the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;
  - ✓ the Chief Financial Officer and statutory auditor of the Company shall certify that the contribution to "PM CARES Fund" was indeed made on March 31, 2020 in pursuance of the appeal; and
  - ✓ the details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21.

[Click here](#)**2) SPENDING OF FUNDS FOR 'CREATING HEALTH INFRASTRUCTURE FOR COVID CARE', 'ESTABLISHMENT OF MEDICAL OXYGEN GENERATION AND STORAGE PLANTS' ARE CONSIDERED AS CSR ACTIVITY****Effective date: May 5, 2021**

- ❖ MCA has clarified that spending of CSR funds for 'Creating health infrastructure for COVID care', 'Establishment of medical oxygen generation and storage plants', 'Manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID 19 or similar such activities are eligible CSR activities under Schedule VII of the Companies Act, 2013.

[Click here](#)**3) RELAXATION ON LEVY OF ADDITIONAL FEES IN FILING OF CERTAIN FORMS UNDER THE COMPANIES ACT AND LLP ACT**

- ❖ The MCA on account of resurgence of COVID-19 pandemic, has decided to grant additional time for companies / LLPs to file such forms (other than Form CHG-1, CHG-4 and CHG-9) without any additional fees. Accordingly, no additional fees shall be levied upto July 31, 2021 which were/would be due for filing during April 1, 2021 to May 31, 2021.

[Click here for Circular](#)[Click here for list of forms](#)**4) RELAXATION IN GAP BETWEEN TWO BOARD MEETINGS**

- ❖ MCA has decided that the requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the CA, 2013 (120 days) shall stand extended by a period of 60 days for first two quarters of Financial Year 2021-22.

[Click here](#)

5) RELAXATION OF TIME FOR FILING FORMS RELATED TO CREATION OR MODIFICATION OF CHARGES

❖ **Applicability:** Filing of Form No. CHG-1 and CHG-9 by a Company or a Charge holder

Particulars	Relaxation
If the date of creation or modification of charge is before April 1, 2021 but the timeline for filing such form had not expired under section 77 of the CA, 2013 as on April 1, 2021	<p>The period between April 1, 2021 to May 31, 2021, shall not be reckoned for the purpose of counting the number of days under section 77 or 78 of the CA, 2013.</p> <p>In case, the form is not filed within such period, the first day after March 31, 2021 shall be reckoned as June 1, 2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or 78 of the CA, 2013.</p>
If the date of creation or modification of charge falls on any date between April 1, 2021, to May 31, 2021	<p>The period beginning from the date of creation/modification of charge to May 31, 2021, shall not be reckoned for the purpose of counting of number of days under section 77 or 78 of the CA, 2013.</p> <p>In case, the form is not filed within such period, the first day after the date of creation/modification of charge shall be reckoned as June 1, 2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or 78 of the CA, 2013.</p>

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### 1) FORMAT OF COMPLIANCE REPORT ON CORPORATE GOVERNANCE BY LISTED ENTITIES

**Effective date: May 31, 2021**

- ❖ As per SEBI Listing Regulations, a listed entity is required to submit a quarterly compliance report on corporate governance in the specified format by SEBI from time to time to Stock Exchange(s). In order to bring transparency and to strengthen the disclosures around loans/ guarantees/comfort letters/ security provided by the listed entity, directly or indirectly to promoter/ promoter group entities or any other entity controlled by them, the SEBI has decided to mandate such disclosures on a half yearly basis, in the Compliance Report on Corporate Governance as per the format of disclosure annexed to the circular and shall be effective from financial year 2021-22.

[Click here](#)

### 2) BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING BY LISTED ENTITIES

**Effective date: May 10, 2021**

- ❖ SEBI came out with disclosure requirements under Business Responsibility and Sustainability Report (BRSR) covering ESG (Environmental, Social and Governance) parameters. The filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) with effect from the financial year 2022-2023 and shall replace the existing Business Responsibility Report. Filing of BRSR is voluntary for the financial year 2021-22.

[Click here](#)

### 3) COMPILATION OF INFORMAL GUIDANCE RELATING TO SEBI PIT REGULATIONS

- ❖ In order to enable the users to have an access to all the Informal Guidance sought/given relating to SEBI PIT Regulations at one place, this document has been prepared, which consolidates all the informal guidance issued relating to SEBI PIT Regulations during the period October 14, 2015 to February 08, 2021 at a single place.

[Click here](#)

### 4) AMENDMENT IN SEBI ICDR REGULATIONS

**Effective date: May 5, 2021**

- ❖ SEBI had made amendments w.r.t. provisions of Innovators Growth Platform which inter-alia provides that "If an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to make an initial public offer of only ordinary shares for listing on the Innovators Growth Platform subject to compliance with the provisions of this Chapter and continued compliance with the provisions for SR equity shares in accordance with Regulation 6(3)."

[Click here](#)

### 5) AMENDMENT IN SEBI TAKEOVER REGULATIONS

**Effective date: May 5, 2021**

- ❖ The amendments have been carried out related to the provisions of Innovators Growth Platform where it is, inter alia, provided that for the purpose of:
  - ✓ Regulations 3 and 6, any reference to "25%" shall be read as "49%."
  - ✓ Regulation 29(1) and 29(2), any reference to "5%" shall be read as "10%".
  - ✓ Regulation 29(2), any reference to "2%" shall be read as "5%".

[Click here](#)

6) AMENDMENT IN SEBI LISTING REGULATIONS

Effective date: May 5, 2021		
Regulation	Before Amendment	Post Amendment
7 (3) – Compliance certificate	To be submitted <b>half yearly</b> .	To be submitted <b>annually</b> .
15- Applicability of Corporate Governance Provisions	Provided that where the provisions of the regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V becomes applicable to a listed entity at a later date, such listed entity shall comply with the requirements those regulations within six months from the date on which the provisions became applicable to the listed entity.	Provided that where the provisions of regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity at a later date, it shall ensure compliance with the same within six months from such date.  <b>Provided further that once the above regulations become applicable to a listed entity, they shall continue to remain applicable till such time the equity share capital or the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years.</b>
21- Risk Management Committee (RMC)	(2) The majority of members of RMC shall consist of members of the board of directors.	(2) The RMC shall have <b>minimum three members with majority of them being members of the board of directors, including at least one independent director</b> and in case of a listed entity having outstanding SR equity shares, at least two thirds of the RMC shall <b>comprise independent directors</b> .
	(3A) The RMC shall meet at least once in a year	(3A) The RMC shall meet at least <b>twice</b> in a year
	-	(3B) The <b>quorum</b> for a meeting of the RMC shall be either <b>two members or one third of the members of the committee, whichever is higher</b> , including at least one member of the board of directors in attendance.
	(5) The provisions of this regulation shall be applicable to <b>top 500 listed</b> entities, on the basis of market capitalisation, as at the end of the immediate previous financial year.	(5) The provisions of this regulation shall be applicable to <b>top 1000 listed</b> entities, on the basis of market capitalisation, as at the end of the immediate previous financial year.
	-	(6) The RMC shall have <b>powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with</b>
	-	-

		relevant expertise, if it considers necessary.
24A – Secretarial Audit	Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.	(1) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity. (2) Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year.
26 (4) - Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.	Omitted
27(2)- Other requirements	Corporate governance report to be submitted within 15 days from the close of quarter.	Corporate governance report to be submitted 21 days from end of each quarter.
34 (2) Contents of Annual Report (f) Business Responsibility Report (BRR)	(f) for the top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year), BRR describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time: Provided that listed entities other than top [one thousand] listed companies based on market capitalization and listed entities which have listed their specified securities on SME Exchange, may include these BRR reports on a voluntary basis in the format as specified.	(f) for the top one thousand listed entities based on market capitalization, a BRR describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by the Board from time to time: Provided that the requirement of submitting a BRR shall be discontinued after the financial year 2021-22 and thereafter, with effect from the financial year 2022-23, the top one thousand listed entities based on market capitalization shall submit a business responsibility and sustainability report (“BRSR”) in the format as specified by the Board from time to time: Provided further that even during the financial year 2021-22, the top one thousand listed entities may voluntarily submit a BRSR in place of the mandatory BRR: Provided further that the remaining listed entities including the entities which have listed their specified

		<p>securities on the SME Exchange, may voluntarily submit such reports. Explanation: For the purpose of this clause, market capitalization shall be calculated as on the 31st day of March of every financial year.</p>
37 - Draft Scheme of Arrangement & Scheme of Arrangement.	Observation letter or No-objection letter was to be obtained from stock exchanges.	Only No-objection letter to be obtained now.
40 (9) - Compliance certificate from practicing company secretary	To be submitted <b>half yearly</b> .	To be submitted <b>annually</b> .
43 (A) - Dividend Distribution Policy	(1) The top <b>five hundred</b> listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be <b>disclosed in their annual reports and on their websites</b> .	(1) The top <b>1000</b> listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be <b>disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports</b> .
44 (3) - Meetings of shareholders and voting	The listed entity shall submit to the stock exchange, within <b>forty eight hours</b> of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.	The listed entity shall submit to the stock exchange, within <b>two working days</b> of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.
46 (2) Website Disclosures- New insertions	(o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange	<p>(o) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors; Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.</p> <p>(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:</p> <p>i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p>



		<p>ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:</p> <p>Provided that—</p> <p>a. The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.</p> <p>b. The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.</p> <p>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations;</p>
	<p>(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.</p>	<p>(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.</p> <p>—Provided that a listed entity, which has a subsidiary incorporated outside India—</p> <p>a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such subsidiary is placed on the website of the listed entity;</p> <p>b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.</p>

		<p>t)secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations;</p> <p>u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations;</p> <p>v)disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub-regulation (5) of regulation 30 of these regulations;</p> <p>w) disclosures of material events and information made to stock exchange under sub-regulation (8) of regulation 30 of these regulations;</p> <p>x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations;</p> <p>y) dividend distribution policy by listed entities based on market capitalisation as specified in sub-regulation (1) of regulation 43A;</p> <p>z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder.</p>
<p>47- Advertisements in Newspapers</p>	<p>(1) The listed entity shall publish the following information in the newspaper:</p> <p>(a) notice of meeting of the board of directors where financial results shall be discussed</p> <p>(b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor: Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results alongwith (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.</p>	<p>(1) The listed entity shall publish the following information in the newspaper:</p> <p><del>(a) notice of meeting of the board of directors where financial results shall be discussed</del></p> <p>(b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor: Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results alongwith (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.</p> <p><del>(c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit</del></p>

	<p>(c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in director's report in annual report;</p> <p>(d) notices given to shareholders by advertisement.</p>	<p><del>committee and its explanation in director's report in annual report;</del></p> <p>(d) notices given to shareholders by advertisement.</p>
<p>Schedule II- Corporate Governance- Part C- A. Role of the Audit committee and review of information (New role added)</p>	-	<p>(22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.</p>
<p>Schedule II- Corporate Governance- PART D - Role of Committees (Other than Audit Committee – C – New insertion</p>	-	<p>Role of RMC has been notified. The role of the committee shall, inter alia, include the following:</p> <ol style="list-style-type: none"> <li>1) To formulate a detailed risk management policy which shall include: <ol style="list-style-type: none"> <li>a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.</li> <li>b) Measures for risk mitigation including systems and processes for internal control of identified risks.</li> <li>c) Business continuity plan.</li> </ol> </li> <li>2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;</li> <li>3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;</li> <li>4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;</li> </ol>

		<p>5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;</p> <p>6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.</p> <p>The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.</p>
<p>Schedule III Part A: Disclosures of events or information: specified securities [see regulation 30]</p>	<p>Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>h) financial results;</p>	<p>Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>h) financial results;</p> <p>Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.</p>
	<p>9) Corporate debt restructuring.</p>	<p>9) Resolution plan/Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:</p> <p>(i) Decision to initiate resolution of loans/borrowings;</p> <p>(ii) Signing of Inter-Creditors Agreement (ICA) by lenders;</p> <p>(iii) Finalization of Resolution Plan;</p> <p>(iv) Implementation of Resolution Plan;</p> <p>(v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.</p>
	<p>15) Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;</p>	<p>15)</p> <p>(a) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors.</p> <p>Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.</p> <p>(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means,</p>

		<p>simultaneously with submission to the recognized stock exchange(s), in the following manner:</p> <ul style="list-style-type: none"> <li>i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</li> <li>ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls: The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.</li> </ul>
<p>SCHEDULE V: Annual Report - C – Corporate Governance report</p>	<p>(6) Stakeholders' grievance committee: (a) name of non-executive director heading the committee; (b) name and designation of compliance officer; (c) number of shareholders' complaints received so far; (d) number not solved to the satisfaction of shareholders; (e) number of pending complaints.</p>	<p>(5) Stakeholders relationship committee (i) name of the non-executive director heading the committee; (ii) name and designation of the compliance officer; (iii) number of shareholders 'complaints received during the financial year; (iv) number of complaints not solved to the satisfaction of shareholders; (v) number of pending complaints.</p>
	-	<p>(5A) Risk management committee: (i) brief description of terms of reference; (ii) composition, name of members and chairperson; (iii)(c) meetings and attendance during the year;</p>

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**7) CONSULTATION PAPER ON REVIEW OF THE REGULATORY FRAMEWORK OF PROMOTER, PROMOTER GROUP AND GROUP COMPANIES AS PER SEBI ICDR REGULATIONS**

**Last date for comments: June 10, 2021**

- ❖ The SEBI has issued a consultation paper on Review of the regulatory framework of promoter, promoter group and group companies as per SEBI ICDR Regulations with an objective of seeking the public comments on the following:
  - a. Reduction in lock-in period for minimum promoter's contribution and other shareholders for public issuance on the Main Board.
  - b. Rationalization of the definition of 'Promoter Group'
  - c. Streamlining the disclosures of group companies
  - d. Shifting from concept of 'promoter' to concept of 'person in control'

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**8) CONSULTATION PAPER ON REVIEW AND MERGER OF SEBI DEBT LISTING REGULATIONS AND SEBI NCRPS REGULATIONS INTO SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021**

**Last date for comments: June 9, 2021**

- ❖ The SEBI has placed a consultation paper for public comments on the merger of above regulations into a single regulation - SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations"). The new NCS Regulations would ease compliance burden on listed entities, harmonize with the CA, 2013 and maintain consistency with the SEBI Listing Regulations, SEBI Debenture Trustees Regulations and circulars issued thereunder.

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**9) CONSULTATION PAPER ON FRAMEWORK FOR GOLD EXCHANGE IN INDIA AND DRAFT SEBI (VAULT MANAGERS) REGULATIONS, 2021**

**Last date for comments: June 18, 2021**

- ❖ SEBI has placed a consultation paper to solicit comments / views from the stakeholders on the following:
  - (i) proposed framework for operationalizing the regulated Gold Exchange in India;
  - (ii) registering the Vault Managers as a SEBI intermediary by way of issuance of "Regulations for the Vault Managers"

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## 1) SEBI: ADJUDICATION ORDERS

**In the matter of Aakruti Nirmiti Limited**

SEBI directed Aakruti Nirmiti Limited (Aakruti) along with two individuals to refund, to the investors, the money collected by the Company, during their tenure as Managing Director / Joint Managing Director of Aakruti, through the issuance of equity shares (including the application money collected from investors during their respective period tenure of Managing Director, till date, pending allotment of securities, if any), with an interest of 15% per annum. Further, Aakruti is directed not to access the securities market by issuing prospectus, offer document or advertisement soliciting money from the public and is further restrained from buying, selling, or otherwise dealing in the securities market till the expiry of one year from the date of completion of refunds to investors.

[Click here for Order](#)

**In the matter of Biocon Ltd**

SEBI imposed a total penalty of Rs. 14 lakh on Biocon Ltd. and Narendra Chirmule, employed as Senior Vice President with the Company and a Designated Person under the Company's code of conduct. It was alleged that Chirmule had traded in the company's securities when the trading window was closed and further the Company had made delayed disclosures of sale transaction of the Chirmule, to the stock exchanges.

[Click here for Order](#)

**In respect of Karnataka State Financial Corporation Limited**

SEBI imposed a penalty of Rs. 1 lakh each on Karnataka State Financial Corporation Limited, for the failure to submit the financial results within the timeframe as prescribed under the provision of regulation 52(1) of SEBI Listing Regulations.

[Click here for Order](#)

**In respect of Indiabulls Venture Limited (currently known as Dhani Services Limited) and Mr. Lalit Sharma**

SEBI imposed a penalty of Rs. 50 lakh and Rs. 5 Lakh on Noticee 1 and Noticee 2 respectively for failure to notify the period of closure of trading window during the UPSI period and failed in the duty of identifying the material event and to monitor adherence to the closure of window during the UPSI event thus, violated the provisions of Clause 4 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as specified in Schedule B read with Regulation 9(1) of PIT Regulations.

[Click here for Order](#)

## 2) HC: ROC CANNOT DEACTIVATE DIRECTOR IDENTIFICATION NUMBER

***Baalu Renukadevi Vs Union of India (Madras High Court)*****Fact of the case:**

The petitioner, Baalu Renukadevi and Thallikotai Raju Baalu Rajaa challenged the orders of the ROC for deactivating the DIN and consequential direction is sought for to direct the respondents herein to permit the petitioners to get reappointed as Directors of any company or to get appointed as Directors of any company without any hindrance.

**Judgment:**


Rules 9 and 10 of Companies (Appointment and Qualifications of Directors) Rules, 2014 deals with the application for allotment of DIN. Rule 10(6) specifies that the DIN is valid for the life time of the applicant and shall not be allotted to any other person. Rule 11 provides for the cancellation or surrender or deactivation of the DIN. It is very clear upon examining Rule 11 that neither cancellation nor deactivation is provided for upon disqualification under Section 164(2) of CA, 2013. In this connection, it is also pertinent to refer to Section 167(1) of CA, 2013 which provides for vacating the office of director by a director of a Defaulting Company. As a corollary, it follows that if a person is a director of five companies, which may be referred to as companies A to E, if the default is committed by company A by not filing financial statements or annual returns, the said director of company A would incur disqualification and would vacate office as director of companies B to E. However, the said person would not vacate office as director of company A. If such person does not vacate office and continues to be a director of company A, it is necessary that such person continues to retain the DIN. In this connection, it is also pertinent to point out that it is not possible to file either the financial statements or the annual returns without a DIN. Consequently, the director of Defaulting Company A, in the above example, would be required to retain the DIN so as to make good the deficiency by filing the respective documents.

Thus, apart from the fact that the AQD Rules do not empower the ROC to deactivate the DIN, we find that such deactivation would also be contrary to Section 164(2) read with 167(1) of CA, 2013 in as much as the person concerned would continue to be a director of the Defaulting Company.

[Click here for Order](#)




## 1) ICSI: E- CHARTERED SECRETARY

 To access ICSI E – Chartered Secretary - [Click here](#)

## 2) ICSI: STUDENT COMPANY SECRETARY

 To access ICSI Student Company Secretary - [Click here](#)

## 3) ICAI: BACKGROUND MATERIAL ON BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

 To access Background Material on Business Responsibility and Sustainability Reporting- [Click here](#)

### 1) COMPREHENSIVE FAQs: SEBI PIT REGULATIONS

*An Article by Amarpreet Kaur Kalsi*

- ❖ On April 29, 2021, the Securities and Exchange Board of India [SEBI] issued a comprehensive list of FAQs to provide greater clarity on several concepts related to the SEBI (Prohibition of Insider Trading) Regulations [PIT Regulations]. The FAQs now issued include all previous guidance notes and FAQs issued by SEBI till now.
- ❖ The FAQs covered questions regarding Trading, Trading Plan, Structured Digital Database, Disclosures, Pledge, Pre - Clearance, Trading Window Closure, Contra-trade, etc.
- ❖ To read the full text of the FAQs, please click on the link given below.

[Click here](#)

### 2) DISCLOSURE UNDER INSIDER TRADING REGULATIONS: OBLIGATION OF COMPANY TO DISCLOSE ON BECOMING AWARE OF A TRADE

*An Article by Ankit Singhi*

- ❖ Regulation 7(2) of SEBI PIT Regulations, casts an obligation on every promoter member of the promoter group, designated person and director of every company to disclose the details of trade in securities within two days of trade, if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified. On receipt of requisite intimation, the company is obligated to report the same to stock exchanges within two trading days of receipt of the disclosure or from becoming aware of such information.
- ❖ The obligation of a company to inform the stock exchange with respect to trade executed may arise on two circumstances i.e. on receiving intimation from the concerned person, who has undertaken the trade or when the company become aware of such information, which shall mean the information about the trade having been executed.
- ❖ The question is when can a company be said to be in possession of information with respect to trade which has been carried out by a person covered in Regulation 7(2). This becomes significantly difficult considering the fact that the execution of the trade is an information to which only the person executing that trade is privy to. So, what can be the ways through which a company can be said to becoming aware of any such trade by the concerned person.

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### 3) NEW CSR REGIME – IS IT A PHILANTHROPY OR A TAX LEVY?

*An Article by Bharat Vasani & Varun Kannan*

- ❖ Prior to the notification of the new CSR regime, Section 135 of the Act was based on the principle of 'comply, or explain' -- where a company could either spend the minimum CSR amount in accordance with Section 135(5), or disclose the reasons for failing to do so. The new regime has departed from 'comply or explain' and has made CSR a mandatory obligation of the company. The new regime has also imposed onerous obligations on the CSR Committee and the Board, and Section 135(7) now imposes stringent monetary penalties for non-compliance with the CSR mandate.
- ❖ Despite making CSR mandatory, no amendments have been made to Section 37(1) of the Income Tax Act, 1961, which states that CSR expenditure is not tax deductible. Further, companies shall also have to provision for their CSR liability under Accounting Standard Ind AS 37 – as and when they undertake their CSR activities during the financial year.

[Click here](#)

#### 4) NEW DISCLOSURE OBLIGATION IN FINANCIAL STATEMENTS FOR COMPANIES HOLDING CRYPTOCURRENCIES – ARE REGULATORS TESTING WATERS?

*An Article by Bharat Vasani & Esha Himadri*

- ❖ India is witnessing a rapid increase in the number of crypto exchanges as well as cryptocurrency transactions. As per publicly available data, the average daily cryptocurrency trading volumes across the top Indian exchanges have grown nearly 500% from March 2020 to December 2020. Globally, countries such as Switzerland, Singapore and the US have been pro-active in undertaking cryptocurrency transactions, and simultaneously creating a robust regulatory framework for the same. In fact, investors from these countries have also been investing in Indian cryptocurrency exchanges.
- ❖ Historically, Indian regulators were reluctant to regulate ‘virtual currencies’ such as cryptocurrencies. Even today, there is an ambiguity about the legal validity of cryptocurrency and the regulatory mechanism relating to it due to lack of clarity on whether it is a currency or a security or an asset. There have been few legislative and judicial instances of ‘regulation’ of cryptocurrency transactions. However, a clear picture has still not emerged.
- ❖ Recently, MCA vide Notification dated March 24, 2021 has amended Schedule III of the Companies Act, 2013 prescribing the form of financial statements, effective from April 01, 2021. Surprisingly, the said MCA Notification has made it mandatory for all companies to disclose the details of cryptocurrency/virtual currency in their balance sheets.

[Click here](#)

#### 5) PROMOTER RECLASSIFICATION – FAMILY FEUD: AN AREA OF CONCERN

*An Article by Sourav Kanti De Biswas, Gurkaran Arora & Ashlesha Mittal*

- ❖ The Indian business landscape mainly comprises of family run businesses. Keeping in mind the close-knit joint family culture in the country, Indian regulators have been particularly cautious of family members owning and controlling a business together. SEBI has, in Regulation 2(1)(pp) of the SEBI ICDR Regulations, given a broad definition of “promoter group”, which includes any immediate relatives of the promoter and entities where such relatives have more than 20% stake. Being a member of the promoter group of a listed company entails rigorous disclosure and compliance obligations under various SEBI regulations. In fact, SEBI has in its Consultative Paper dated November 23, 2020, made a noting that there is a need for further clarification under Regulation 31 of the SEBI Listing Regulations, with regard to disclosing names of persons in promoter/ promoter group who hold even ‘Nil’ shareholding in the listed company.
- ❖ Despite the general perception, not all is always merry among Indian families. Owing to disputes or otherwise, families often separate businesses amongst themselves, where family members disassociate themselves completely from each other’s businesses. Particularly, when a family member is running a business independently, other relatives prefer not to be liable for the compliances and liabilities imposed on the promoter group. However, in case of listed companies, it is challenging for the family members of the promoter to be excluded from being categorised as “promoter” or “promoter group” even if they have no association with the company.

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## 6) FUNDING THROUGH CROWDFUNDING PLATFORM: WHETHER QUALIFIES TO BE CSR?

*An Article by Pammy Jaiswal and Sachin Sharma*

- ❖ Crowdfunding platforms are digital platforms which solicit funds for various ventures. They pave way for easy accessibility to a vast network of people through social media. Individuals, charities or companies can create a campaign for specific causes for contribution from anyone, either a corporate, or an association, or an individual. Two broad classes of crowdfunding platforms are: investment-based, which consists of stocks, royalties, and loans, where the funders are investors in a campaign and can obtain monetary benefits. The other is donation-based, where funders do not expect monetary compensation. They fund a campaign because they support its cause.
- ❖ Crowd sourcing has become an important aspect for carrying out CSR activities. Around 27% of the crowdfunding campaigns are initiated to cover medical expenses. Several crowdfunding platforms are running parallelly across India as well as the world. Some of the Indian crowdfunding platforms include Impactguru, Milaap, Ketto, etc. As the world is under the grip of COVID- 19, these platforms are playing their remarkable role in sourcing funds for COVID-19 relief through several campaigns. Till now, Ketto has raised ₹324.60cr for its COVID relief campaigns whereas Milaap has raised ₹182.47Cr and Impact Guru has raised ₹61.46cr for their COVID relief campaigns.

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## 1) GUIDELINES FOR APPOINTMENT OF STATUTORY CENTRAL AUDITORS (SCAs)/STATUTORY AUDITORS (SAs) OF COMMERCIAL BANKS (EXCLUDING RRBs), UCBs AND NBFCs (INCLUDING HFCs)

- ❖ RBI has issued new guidelines w.r.t appointment of SCA and SA which will be applicable to the Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs (hereinafter referred to as the Entities) for Financial Year 2021-22 and onwards. Following are immediate actionable for NBFCs:
  - (i) Appointed Auditor should not have done the services mentioned in section 144 to the entity or Audit/ Non-Audit Work to Group Entities within one year prior to their appointment. (services covered u/s 144 are accounting and book-keeping services, internal audit, design and implementation of any financial information system, actuarial services, investment advisory services, investment banking services, rendering of outsourced financial services, management services or any other kind of services as may be prescribed) – Also applicable to audit firms covered in the same group
  - (ii) Need to take care that Auditors are not same where the Company has large exposure or in the entity which has large exposure in the Company.
  - (iii) Auditors can be appointed for only one tenure of 3 years (both minimum and maximum)
  - (iv) Cooling off period of 6 years before reappointing the auditor
  - (v) Need to formulate a Board/ Audit Committee approved policy for appointment of Stat Auditors
  - (vi) Intimate to RBI within one month of appointment of Auditors
  - (vii) Appoint Joint auditors once we cross 15000 cr. benchmark

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## 2) CUSTOMER DUE DILIGENCE FOR TRANSACTIONS IN VIRTUAL CURRENCIES

- ❖ The RBI said that all the Banks, as well as other regulated entities to continue to carry out customer due diligence processes in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT) and obligations of regulated entities under Prevention of Money Laundering Act, (PMLA), 2002 in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.

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SEBI COMPLIANCES FOR THE LISTED COMPANIES IN THE MONTH OF  
JUNE, 2021

<b>Regulation/ Circlar</b>	<b>Compliance</b>	<b>Timeline</b>
33(3) & 52(2) of SEBI Listing Regulations	Financial Results alongwith Auditor's Report	June 30, 2021
24A of SEBI Listing Regulations	Secretarial Compliance Report	June 30, 2021
32(1) & 52(7) of SEBI Listing Regulations	Statement of deviation or variation in use of funds	June 30, 2021
52(5) of SEBI Listing Regulations	Certificate from Debenture Trustee	Within 7 working days from date of submission Financial results to stock exchanges
23(9) of SEBI Listing Regulations	Disclosure of Related Party Transactions	Within 30 days from the date of publication of financial results for the half year

## GLOSSARY

Abbreviations	Full Form
Board	Board of Directors
CA, 2013	Companies Act, 2013
CARO	Companies (Auditor's Report) Order, 2016
IBC	Insolvency and Bankruptcy Code
ICSI	Institute of Company Secretaries of India
ID	Independent Director
IEPF	Investor Education and Protection Fund
MCA	Ministry of Corporate Affairs
NBFC	Non-Banking Financial Company
NED	Non-Executive Directors
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Delisting Regulations	Securities and Exchange Board Of India (Delisting of Equity Shares) Regulations, 2009
SEBI PIT Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI	Securities and Exchange Board of India
SE	Stock Exchange
SAT	Securities Appellate Tribunal
SBEB regulations	SEBI (Share Based Employee Benefits) Regulations, 2014
SEBI Debt Listing Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993
SEBI NCRPS Regulations	SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013

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