KNOWLEDGE UPDATE

Compliance Simplified

AKANSHA RATHI & ASSOCIATES

In this update:

Dear Professionals,

Our December 2020 edition on the recent amendments/ news in the field of Corporate Laws and allied laws is below.

SEBI's newly proposed norms for listing on Innovators Growth Platform (IGP) may lead to boost in funding in startups from Institutional Investors. MCA has notified certain sections of the Companies Amendment Act on 21st December, 2020. Relaxation with respect to upfront public shareholding was provided to listed companies emerging from Insolvency resolution process. As per IBBI data, 60% of Insolvency proceedings led to liquidation in September quarter, more than double compared to the previous quarter figures.

The government has notified regulations for setting up the bullion exchange in Gift City IFSC and all major stock exchanges plan to set up India's first spot bullion exchange at Gift City.

Importance of Conflict of interest was highlighted further when National Financial Regulatory Authority (NFRA) ruled that appointment of Deloitte Haskins and Sells LLP as auditors to IL&FS Fin Services was illegal due to direct or indirect business relationships with the Company.

Best Regards

Akansha Rathi
Phone: +91 9167735969

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COMPANY LAW

1. Companies (Compromises, Arrangements and Amalgamations) Second Amendment Rules, 2020

- complete procedural steps in respect of purchase of minority shareholding held in Demat form provided
- within two weeks from receipt of the amount equal to the price of shares to be acquired by the acquirer intimation to the minority shareholders through newspaper advertisement
- Company to immediately disburse the price of the shares and transfer such shares to demat account of the acquirer
- Click here for Notification

2. Commencement of section Sections of the Companies Amendment Act 2020

- MCA has appointed 21st December 2020 as commencement date for certain section of Companies Amendment Act 2020 with respect to decriminalization of offences.
- Click here for Notification

3. Relaxation in online proficiency self assessment test for Independent Directors

- online proficiency self-assessment test percentage reduced to 50% against a minimum of 60% in aggregate,
- Timeline to pass proficiency test increased to 2 years (as against 1 year) from the date of inclusion of one's name in the data bank
- online proficiency self-assessment test has been done away with for Directors who has served for 3 years (as against 10 years) in the prescribed list of entities
- Click here for Notification

COMPANY LAW

4. CARO Report applicability deferred

- Report applicability deferred to FY commencing from 1st April 2021
- Click here for Notification

5. Extension of reservation of name in certain cases

- Facility for extension of period of name reservation beyond twenty days to maximum of sixty days by paying additional fees
- Click here for Notification

6. Companies (Share Capital and Debentures) Amendment Rules

- MCA Has made changes in the format of E-Form SH-07 For alteration of share capital.
- Click here for Notification

7. Extension of relaxation for holding Board meeting via VC for restricted matters

- In view of Pandemic, relaxation for holding Board meeting via VC or OAVM for restricted matters like approval of financials etc extended till 30th June 2021
- Click here for Notification

8. Extension of deadline for companies conducting EGMs through VC

- In view of Pandemic, relaxation for holding EGM via VC or OAVM or Transacting items through postal ballot etc extended till 30th June 2021
- Click here for Notification

1. Circular on scheme of arrangement by Listed Entities

- Compilation of relevant and updated circulars issued by SEBI which deal with schemes of arrangement.
- Mentions the requirements to be fulfilled by Listed Entities desirous of undertaking scheme of arrangement
- Fees to be paid to SEBI at 0.1% of the paid-up share capital of the listed/ transferee / resulting company, whichever is higher, post sanction of the proposed scheme, maximum of 5,00,000
- Not applicable for merger of a wholly owned subsidiary or its division with the parent company
- Click here for Notification

2. E-voting facilities provided by Listed companies

- To increase participation by the public non-institutional shareholders in shareholders resolution of listed companies, certain initiatives announced for implementation in two phases
- First phase includes evoting by single login credentials and direct registration with depositories and E voting service provider
- Second phase includes two-factor authentication such as Email or Mobile based OTP.
- Click here for Notification

3. Introduction of Unified Payment Interface (UPI) Mechanism

- Applicable for public issue of securities which open after 1st January 2021
- Additional option for payment for applications in public issue of debt securities
- Process flow for payment mentioned in circular
- Click here for Notification

INSOLVENCY LAW

1. Suspension of IBC

- Fresh application for initiation of Corporate Insolvency Resolution process for defaults arising on or after 25/03/2020 suspended till 25/03/2021.
- Click here for Notification

2. Retention of records relating to CIRP

- Records in electronic form to be maintained for 8 years/physical form 3 years
- To be retained in safe place for each IP's tenure of appointment with the Corporate Debtor
- Exhaustive list of records to be maintained specified
- Click here for Notification

Due Dates under Various Laws

SEBI Listing Obligations and Disclosure Requirements (LODR)

- Corporate Governance Report- 14th January 2021
- Shareholding Pattern- 20th January 2021
- Statement of grievance redressal mechanism- 20th January 2021
- Reconciliation of share capital Audit report- 29th January 2021