

## In brief

45 provisions of the Companies (Amendment) Act, 2020 operational from 21<sup>st</sup> December 2020 (Notification dated 21<sup>st</sup> December 2020)



## This issue

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## The Companies (Amendment) Act, 2020

The Central Government has appointed 21<sup>st</sup> December 2020 as the date on which 45 provisions of the Companies (Amendment) Act, 2020 will come into force. It had got the President's assent on 28<sup>th</sup> September 2020.

Sections of the Amendment Act	Corresponding Sections of the Companies Act, 2013	Nomenclature
1	-	Title
3	8(11)	Formation of Companies with charitable objects, etc.
6	26(9)	Matters to be stated in prospectus
7	40(5)	Securities to be dealt with in stock exchange
8	48(5)	Variation of shareholders rights
9	56(6)	Transfer and transmission of securities
10	59(5)	Rectification of register of members
12	64(2)	Notice to be given to Registrar for alteration of Share Capital
13	66(11)	Reduction of Share Capital
14	68(11)	Power of company to purchase its own sec
15	71(11)	Debentures
16	86(1)	Punishment for Contravention
17	88(5)	Register of Members
18(a) and (b)	89(5) and (7)	Declaration in respect of beneficial interest in any share
19	90(10) and (11)	Register of significant beneficial owners in a company

Sections of the Amendment Act	Corresponding Sections of the Companies Act, 2013	Nomenclature
20	92(5) and (6)	Annual Return
21	105(5)	Proxies
22(i)	117(2)	Resolutions and Agreements to be filed
24	128(6)	Books of Account, etc., to be kept by Company
26	134(8)	Financial Statement, Board's Report, etc.
28	137(3)	Copy of Financial Statement to be Filed with Registrar
29	140(3)	Removal, Resignation of Auditor and Giving of Special Notice
30	143(15)	Powers and Duties of Auditors and Auditing Standards
31	147(1) and (2)	Punishment for Contravention
33	165(6)	Number of Directorship
34	167(2)	Vacation of Office of Director
35	172	Punishment
36	178(8)	Nomination and Remuneration Committee and Stakeholders Relationship Committee
37	184(4)	Disclosure of interest by Directors
38	187(4)	Investments of Company to be Held in its Own Name
39	188(5)	Related Party Transactions
41	204(4)	Secretarial Audit for Bigger Companies
42	232(8)	Merger and Amalgamation of Companies.
43	242(8)	Power of Tribunal
44	243(2)	Consequence of Termination or Modification of Certain Agreements
46	284(2)	Promoters, Directors, etc., to Cooperate with Company Liquidator.
47	302(3) and (4)	Dissolution of Company by Tribunal.
48	342(6)	Prosecution of Delinquent Officers and Members of Company
49	347(4)	Disposal of Books and Papers of Company.
50	348(6) and (7)	Information as to Pending Liquidations
51	356(2)	Powers of Tribunal to Declare Dissolution of Company Void.
54	392	Punishment for Contravention
57	405(4)	Power of Central Government to Direct Companies to Furnish Information or Statistics.

## In brief

Sections of the Amendment Act	Corresponding Sections of the Companies Act, 2013	Nomenclature
61	441(5)	Compounding of Certain Offences
63	450	Punishment Where No Specific Penalty or Punishment is Provided

For Synopsis of The Companies (Amendment) Bill, 2020 [Read more](#)

For commencement notification [Read more](#)

[Return](#)

## In brief

Special resolution can be passed once a year for allotments to be made to QIBs  
(Dated 16<sup>th</sup> October 2020)

Norms for purchase of minority shareholding in demat form laid down  
(Dated 17<sup>th</sup> December 2020)

# The Companies Act, 2013

## Rules and Amendment Rules

### **Companies (Prospectus and Allotment of Securities) Amendment Rules, 2020**

The MCA has amended the Companies (Prospectus and Allotment of Securities) Rules, 2014. As per the amendment, in case there is an offer or invitation of any securities to qualified institutional buyers (QIBs) through private placement, it would be sufficient if the company passes a special resolution only once in a year for all the allotments to be made to the QIBs during the year.

[Read more](#)

### **Companies (Compromise, Arrangements and Amalgamations) 2<sup>nd</sup> Amendment Rules, 2020**

The MCA has amended Companies (Compromise, Arrangements and Amalgamations) Rules, 2016. The amendments pertain to the following-

- ♦ A new definition '*corporate action*' has been inserted. Corporate Action means any action taken by the company relating to transfer of shares and all the benefits accruing on such shares namely, bonus shares, split, consolidation, fraction shares and right issue to the acquirer.
- ♦ A new *Rule 26A- Purchase of minority shareholding held in demat form* has been inserted. *Inter alia*, it includes the following-
  - The company should verify the details of the minority shareholders holding shares in dematerialised form within 2 weeks from the date of receipt of the amount equal to the price of shares to be acquired by the acquirer
  - After verification, the company should send notice to such minority shareholders about a cut-off date on which the shares of minority shareholders would be debited from their account and credited to the designated DEMAT account of the company, unless the shares are credited in the account of the acquirer, as specified in such notice, before the cut-off date.
  - The company is required to inform the depository immediately after publication of the notice regarding the cut-off date and submit the following declarations stating that: -
    - a) the corporate action is being effected as per the Act;
    - b) the minority shareholders whose shares are held in dematerialised form have been informed about the corporate action;
    - c) the minority shareholders should be paid by the company immediately after completion of corporate action;
    - d) any dispute or complaints arising out of such corporate action should be the sole responsibility of the company.

## In brief

Further relaxations for inclusion of the name of IDs in the IDs Data Bank up to 1<sup>st</sup> December 2021 (Dated 18<sup>th</sup> December 2020)

- The depository should make the transfer of shares of the minority shareholders, who have not, on their own, transferred their shares in favour of the acquirer, into the designated DEMAT account of the company on the cut-off date and intimate the company.
- After receiving the intimation of successful transfer of shares from the depository the company should immediately disburse the price of the shares so transferred, to each of the minority shareholders after deducting the applicable stamp duty, which should be paid by the company, on behalf of the minority shareholders.
- Upon successful payment to the minority shareholders the company should inform the depository to transfer the shares of such shareholders, kept in the designated DEMAT account of the company, to the DEMAT account of the acquirer.

[Read more](#)

## Companies (Appointment and Qualification of Directors) 5<sup>th</sup> Amendment Rules, 2020

The MCA has amended Companies (Appointment and Qualification of Directors) Rules, 2014. The amendments include the following-

- ♦ Every individual whose name is included in the IICA maintained data bank should pass an online proficiency self-assessment test within a period of 2 years (*earlier 1 year*) from the date of inclusion of his name in the data bank.
- ♦ The passing marks required for the online proficiency self-assessment test is 50% (*earlier 60%*)
- ♦ An individual will not be required to pass the online proficiency self-assessment test, if he has served, for a total period of at least 3 years, as on the date of inclusion of his name in the databank-
  - As a director or key managerial personnel (**KMP**), as on the date of inclusion of his name in the databank, in one or more of the following-
    - a) listed public company; or
    - b) unlisted public company having a paid-up share capital of Rs. 10 crore or more; or
    - c) body corporate listed on any recognized stock exchange or in a country which is a member State of Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International Organisation for Securities Commissions; or
    - d) bodies corporate incorporated outside India having a paid-up share capital of US \$2 million or more; or
    - e) Statutory Corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities; or

## In brief

Extension granted for reservation of names from 26<sup>th</sup> January 2021 (Notification dated 24<sup>th</sup> December 2020)

Requirement of holding Board meetings with physical presence of directors relaxed till 30<sup>th</sup> June 2021 (Dated 30<sup>th</sup> December 2020)

- In the pay Scale of Director or above in the MCA or the Ministry of Finance or the Ministry of Commerce or Industry or the Ministry of Heavy Industries and Public Enterprises and having experience in handling matters relating to corporate laws or securities laws or economic laws; or
- In the pay Scale of Chief General Manager or above in the SEBI or RBI or the Pension Fund Regulatory and Development Authority of India and having experience in handling matters relating to corporate laws or securities laws or economic laws.

For calculation of the period of 3 years mentioned above, any period during which an individual was acting as a director or as KMP in 2 or more companies or bodies corporate at the same time will be counted only once.

[Read more](#)

### Companies (Incorporation) 3<sup>rd</sup> Amendment Rules, 2020

The MCA has amended Companies (Incorporation) Rules, 2014 by inserting a new *Rule 9A - Extension of reservation of name in certain cases with effect from 26<sup>th</sup> January 2021*.

As per the new Rule, on payment of fees the Registrar will extend the period of a name reserved under Rule 9 *Reservation of name or change of name* by using web service SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: Inc 32) up to-

No of days from the date of approval under Rule 9	Fees (Rs.)	When Paid
40	1,000	Before the expiry of 20 days from the date of approval under Rule 9
60	2,000	Before the expiry of 40 days referred above
60	3,000	Before the expiry of 20 days from the date of approval under Rule 9

[Read more](#)

### Companies (Meetings of Board and its Powers) 4<sup>th</sup> Amendment Rules, 2020.

The MCA has amended Companies (Meetings of Board and its Powers) Rules, 2014. As per the amendment below mentioned matters may be held through video conferencing (VC) or other audio-visual means (OAVM) in accordance with Rule 3 for the period beginning from the commencement of Companies (Meetings of Board and its Powers) Amendment Rules, 2020 (i.e., 19<sup>th</sup> March 2020) and ending on 30<sup>th</sup> June 2021 (*earlier 31<sup>st</sup> December 2020*). The matters include-

- ♦ approval of the annual FS;
- ♦ approval of the Board's report;

## In brief

Relaxation from the residency requirement of 182 days clarified  
(General Circular No. 36/2020 dated 20<sup>th</sup> October 2020)

Extension granted to companies to hold EGMs through VC or OAVM till 30<sup>th</sup> June 2021  
(General Circular No. 39/2020 dated 31<sup>st</sup> December 2020)

CARO to be applicable from FY 2021-22  
(Order dated 17<sup>th</sup> December 2020)

- ♦ approval of the prospectus; Audit Committee Meetings for consideration of FS including consolidated FS, if any, to be approved by the Board; and
- ♦ approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover

[Read more](#)

### Circulars

#### **Special measures under the Act and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak extension**

The MCA has clarified that non-compliance of minimum residency in India for a period of at least 182 days in a year, by at least 1 director in every company, under Section 149 of the Companies Act, 2013 will not be treated as non-compliance for the Financial Year (FY) 2020-21. (*Earlier FY 2019-20*)

[Read more](#)

#### **Clarification on passing of ordinary and special resolutions by companies under the Act on account of COVID-19- Extension of time**

The MCA has decided to allow companies to conduct their Extra Ordinary General (EGM) Meetings through VC or OAVM or transact items through postal ballot up to 30<sup>th</sup> June 2021 (*earlier 31<sup>st</sup> December 2020*).

[Read more](#)

### Orders

#### **Extension of the applicability of CARO,2020**

The MCA has extended the applicability date of Companies (Auditor's Report) Order, 2020 (CARO) for 1 more year, i.e., for the FYs commencing on or after the 1<sup>st</sup> April 2021 (*earlier 1<sup>st</sup> April 2020*). Accordingly, CARO, 2020 will be applicable from FY 2021-22 and onwards.

[Read more](#)

### **Return**

## In brief

LODR amended to include, *inter alia*, disclosures by listed entities pertaining to forensic audit and submission of half-yearly certificate (Notification dated 8<sup>th</sup> October 2020)

*Inter alia*, the definition of Private Placement amended (Notification dated 8<sup>th</sup> October 2020)

Responsibilities of Debenture Trustee amended (Notification dated 8<sup>th</sup> October 2020)

## Securities and Exchange Board of India (SEBI)

### SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) (LODR) Regulations, 2020

SEBI has issued amendments to SEBI LODR, 2015. *Inter alia*, the amendment pertains to the following –

#### ♦ Schedule III-Part A -Disclosures of Events or Information: Specified Securities

Following disclosures are to be made to the stock exchanges by listed entities:

- The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
- Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

#### ♦ Regulation 56- Documents and Intimation to Debenture Trustees

A listed entity is required to submit a half-yearly certificate regarding maintenance of 100% asset cover or asset cover as per the terms of offer document/ Information Memorandum and/or Debenture Trust Deed, including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the half-yearly financial results.

Submission of half yearly certificate is not applicable where bonds are secured by a Government guarantee.

[Read more](#)

### SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations,2020

SEBI has amended SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations,2008. *Inter alia*, the amendment pertains to the following –

- ♦ definition of ‘Private Placement’ has been amended. ‘Private placement’ now means an offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer-cum application, which satisfies the conditions specified in Section 42 of the Companies Act, 2013.
- ♦ The timeline for giving a notice to the debenture holders for roll-over of securities issued by way of public issue has been reduced from 21 days to 15 days.

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### SEBI (Debenture Trustees) (Amendment) Regulations,2020

SEBI has amended SEBI (Debenture Trustees) (Amendment) Regulations, 1993. *Inter alia*, as per the amendment, the debenture trustee has to ensure that, in case where listed debt securities are secured by way of receivables/ book debts, it should-

- ♦ on a Quarterly basis- carry out the necessary due diligence and monitor the asset



## In brief

Draft Schemes of Arrangement filed with the stock exchanges streamlined and earlier Circular amended (Circular No.: SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3<sup>rd</sup> November 2020)

Conditions for issuance of units, guidelines on pricing and manner of issuance of units issued (Circular No.: SEBI/HO/DDHS/DDHS/CIR/P/2020/223 dated 4<sup>th</sup> November 2020)

cover in the manner as may be specified by the Board from time to time.

- ♦ on a Half-Yearly basis- obtain a certificate from the statutory auditor of the issuer giving the value of receivables/book debts including compliance with the covenants of the Offer Document/Information Memorandum in the manner as may be specified by the Board from time to time.

[Read more](#)

### Schemes of Arrangement by Listed Entities and Relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957

SEBI [Circular](#) dated 10<sup>th</sup> March 2017 has laid down the framework for Schemes of Arrangement by listed entities and relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957. SEBI has been decided to further streamline the processing of draft schemes filed with the stock exchanges and make certain amendments to the aforesaid Circular dated 10<sup>th</sup> March 2017. This Circular is applicable for all the schemes filed with the stock exchanges after 17<sup>th</sup> November 2020. The amendment indicated in the Annexure to the Circular will be applicable for all listed entities seeking listing and/or trading approval from the stock exchanges after 3<sup>rd</sup> November 2020. Key amendments are given below-

- ♦ **Report from the Audit Committee (AC)**

The AC report recommending the Draft Scheme, taking into consideration, *inter alia*, the Valuation Report. The Valuation Report is required to be placed before the AC of the listed entity. The AC report should comment on the need for the merger/demerger/amalgamation/arrangement, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme.

- ♦ **Report from the Committee of Independent Directors (ID)**

Report from the ID Committee recommending the draft Scheme, taking into consideration, *inter alia*, that the scheme is not detrimental to the shareholders of the listed entity.

- ♦ **Valuation Report**

All listed entities are required to submit a valuation report from a Registered Valuer instead of an independent Chartered Accountant.

[Read more](#)

### Guidelines for rights issue of units by an unlisted Infrastructure Investment Trust (InvIT)

In order to enable unlisted InvITs to raise further funds, SEBI has provided a mechanism for raising funds by unlisted InvITs through rights issue of units. It has issued guidelines in respect of a rights issue of units by an unlisted InvITs. The guidelines, *inter alia*, states the disclosures to be given in the letter of offer. Among

## In brief

Uniform structure for imposing fines for non-compliance with continuous disclosures laid down (Circular No.: SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated 13<sup>th</sup> November 2020)

Proposal to amend LODR pertaining to the role of RMC issued (Dated 10<sup>th</sup> November 2020)

other matter, it states the following-

- ♦ If the InvIT has undertaken any acquisition or disposal of any material asset(s) after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer, the financial information should be prepared on a pro forma basis certified by statutory auditors of the InvIT for the last completed financial year and the stub period (if any).
- ♦ Summary of the audited standalone financial statements (FSs) of the assets proposed to be acquired for the previous 3 years and the stub period (if any).
- ♦ The investment manager is required to ensure that the information contained in the letter of offer and the particulars as per audited FSs in the letter of offer are not more than 6 months old from the issue opening date.

InvITs which are in compliance with InvIT Regulations and guidelines issued thereunder may file unaudited financials with limited review for the stub period in the current financial year (FY),

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### Non-compliance with provisions related to continuous disclosures

In order to ensure effective enforcement of continuous disclosure obligations by issuers of listed Non-Convertible Debt Securities (NCDS) or Non-convertible Redeemable Preference Shares (NCRPS) or Commercial Papers (CP), SEBI has issued a uniform structure for imposing fines for non-compliance with continuous disclosure requirements as laid down in LODR and related SEBI Circulars.

In view of the above, in the interests of investors and the securities market, the Stock Exchanges is required to -

- ♦ levy fine and take action in case of non-compliances with continuous disclosure requirements by issuers of listed NCDS and/ or NCRPS and/ or CPs as specified in Annexure I and Annexure II of this circular respectively.
- ♦ take necessary steps to implement this Circular and disclose on their website the action taken against the entities for non-compliance; including the details of the respective requirement, amount of fine levied/ action taken etc.

This Circular has come into force for compliance period ending on or after 31<sup>st</sup> December 2020.

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### Consultation Paper on the Applicability and role of the Risk Management Committee (RMC)

Considering the multitude of risks faced by listed entities, risk management has emerged as a very important function of the Board. In view of this, SEBI has proposed certain amendments to LODR pertaining to RMC. *Inter alia*, they include the following -

- ♦ **Applicability**

It is proposed that the top 1000 listed entities (*earlier top 500 listed entities*), on the

## In brief

Consultation Paper to streamline and strengthen the delisting process/ regulations issued (Dated 20<sup>th</sup> November 2020)

basis of market capitalization as at the end of the immediate previous FY, should constitute a RMC.

- ♦ **Meeting**

It is proposed that the RMC should meet at least twice (*earlier once*) in a year

- ♦ **Quorum**

It is proposed that the quorum for a meeting of the RMC should be either 2 members or 1/3<sup>rd</sup> of the members of the committee, whichever is greater, including at least 1 member of the Board of Directors in attendance

[Read more](#)

### Consultation Paper on review of SEBI (Delisting of Equity Shares) Regulations, 2009

SEBI has issued the above paper to further streamline and strengthen the delisting process / regulations. *Inter alia*, the proposals include the following-

- ♦ The shareholder's approval through special resolution may be obtained either through postal ballot or through e-voting as per the provisions of the Companies Act, 2013 and the Rules made there under
- ♦ The Board of Directors while communicating their decision of granting approval of delisting should also disclose to the Stock Exchanges the Merchant Banker's Due - Diligence Report and the audit report

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## In brief

President granted his assent to the Labour Codes on 28<sup>th</sup> September 2020

Draft Code on Social Security (Central) Rules, 2020 issued (Dated 13<sup>th</sup> November 2020)

## Others

### New Labour Codes

The 3 Labour Codes –

- ♦ The Occupational Safety, Health and Working Conditions Code, 2020
- ♦ The Industrial Relations Code, 2020
- ♦ The Code on Social Security, 2020

were passed by the Lok Sabha on 22<sup>nd</sup> September 2020 and the Rajya Sabha on 23<sup>rd</sup> September 2020. It received the President's assent on 28<sup>th</sup> September 2020. The Code of Wage Bill, 2019 had received the President's assent on 8<sup>th</sup> August 2019.

These 4 codes subsume 29 central labour laws. These Codes are expected to be a big game changer in the history of labour laws in India. They will simplify India's labour laws, and improve ease of doing business, allow industries flexibility in hiring and retrenchment. They will also make industrial strikes more difficult while promoting fixed term employment and expand the social security net for both formal and informal workers.

[Read more](#)

### Draft of the Code on Social Security (Central) Rules, 2020

The Ministry of Labour and Employment has released the above Draft Rules. These Rules supersede the following Rules-

- ♦ Employees' State Insurance (Central) Rules, 1950;
- ♦ Tribunal (Procedure) Rules, 1997;
- ♦ Employees' Provident Funds Appellate Tribunal (Conditions of Service) Rules, 1997;
- ♦ Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960;
- ♦ Maternity Benefit (Mines and Circuits) Rules, 1963;
- ♦ Payment of Gratuity (Central) Rules, 1972;
- ♦ Cine-Workers Welfare Fund Rules, 1984;
- ♦ Building and Other Construction Workers' Welfare Cess Rules, 1998; and
- ♦ Unorganised Workers' Social Security Rules, 2009;

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## In brief

Tax Checklist designed to assist the members in enhancing the quality of Tax Audit under Section 44AB of the Income Tax Act, 1961  
(Dated 27<sup>th</sup> October 2020)

GN on Accounting for Employee Share-based Payments withdrawn and revised GN issued  
(Dated 4<sup>th</sup> November 2020)

A combined GN revising its previous GN on Applicability of AS 25 to Interim Financial Results and Measurement of Income Tax Expense for Interim Financial Reporting in the context of AS 25 issued  
(Dated 4<sup>th</sup> November 2020)

# Accountancy and Audit

## ICAI Releases

### **Tax Audit Checklist**

This checklist has been broadly based on the text of the Guidance Note on Tax Audit under Section 44AB of the Income tax Act, 1961/ Implementation Guide / Technical Guide on Income Computation and Disclosure Standards (ICDS). The detailed guidance given in these publications of Direct Taxes Committee of ICAI should be duly referred while conducting the Tax Audit. It also includes certain commonly found errors/ non-compliances observed by the Taxation Audits Quality Review Board of ICAI while conducting review of Tax Audit Reports

[Read more](#)

### **Guidance Notes (GN)**

#### ♦ **GN on Accounting for Share-based Payments (Revised 2020)**

ICAI has issued the above GN which deals with the share-based payment transactions with employees as well as non-employees. The approach is to align this GN with Indian Accounting Standard (**Ind AS**)102 *Share-based Payments* as much as possible. This GN deals extensively with group-wide share-based payment transactions (e.g., grants by the parent company to employees of a subsidiary company).

This GN is applicable to companies following Accounting Standards under Companies (Accounting Standards) Rules, 2006, as amended under Section 133 of Companies Act, 2013. Companies following Companies (Ind AS) Rules, 2015, as amended, should continue to follow Ind AS 102.

[Read more](#)

#### ♦ **GN on Applicability of AS 25 and Measurement of Income Tax Expense for Interim Financial Reporting**

This GN deals with the following issues:

- whether Accounting Standard (AS) 25, *Interim Financial Reporting*, is applicable to interim financial results presented by an enterprise pursuant to the requirements of a statute/ regulator, for e.g., quarterly financial results presented under SEBI (LODR) Regulations, 2015 entered into between Stock Exchanges and the listed enterprises; and
- the measurement of income tax expense for the purpose of inclusion in the interim financial reports.

[Read more](#)

## In brief

The effective date of validity of Peer Review Certificate has been extended to 31<sup>st</sup> March 2021

(Dated 16<sup>th</sup> October 2020)

Advisory to members of ICAI to follow the ICAI Valuation Standards 2018 while conducting any type of Valuation Engagement (Dated 21<sup>st</sup> December 2020)

### Announcements

#### **Further extensions regarding the validity of Peer Review Certificate in the wake of COVID -19 spurt across the country**

The ICAI has granted further extension to the validity of the Peer Review Certificate which was announced on 29<sup>th</sup> May 2020.

If the Peer Review Process needs to be initiated on or after 1<sup>st</sup> April 2020 and the validity of the certificate is expiring after Lockdown till 28<sup>th</sup> February 2021 the effective date of validity of Peer Review Certificate has been extended to 31<sup>st</sup> March 2021 and in these cases the Practice units have to get their peer review completed and submit the final clean report to the Board before 31<sup>st</sup> March 2021.

[Read more](#)

#### **Advisory to follow the ICAI Valuation Standards 2018 while conducting any type of Valuation Engagement to ensure uniformity and transparency**

The ICAI has issued the ICAI Valuation Standards 2018 to ensure the consistent, uniform, and transparent valuation policies for the members undertaking the Valuation Assignments.

With a vision to promote best practices in this niche area of practice, the Standards lay down a framework for the chartered accountants to ensure uniformity in approach and quality of valuation output.

These Standards have been issued up by the ICAI to set up concepts, principles and procedures which are generally accepted internationally having regard to legal framework and practices prevalent in India.

#### **Applicability of Valuation Standards**

The ICAI Valuation Standards are applicable for all valuation engagements on mandatory basis for members undertaking valuation engagements under the Companies Act 2013. In respect of Valuation engagements under other Statutes like Income Tax, SEBI, FEMA etc., it will be on recommendatory basis for the members of the Institute. These Valuation Standards are **effective for the valuation reports issued on or after 1<sup>st</sup> July 2018.**

These standards come as ICAI's consistent drive to guide its members for ensuring high quality work and standards. Accordingly, ICAI Valuation Standards, 2018 are applicable on recommendatory basis for all the valuation engagements undertaken by members under various laws.

## In brief

Statutory Auditor not permitted to share client information with CRA  
(Dated 5<sup>th</sup> January 2021)

In this regard, all the members of the Institute are advised to follow the ICAI Valuation Standards 2018 while conducting any type of Valuation Engagement to ensure uniformity and transparency.

[Read more](#)

### **Clarification on Statutory Auditor of a Company giving feedback to Credit Rating Agencies about Auditee Client**

ICAI has clarified that under the provisions of Chartered Accountants Act,1949 it is not permissible to members to share client information with the Credit Rating Agencies (CRA), except if permitted by the Auditee client.

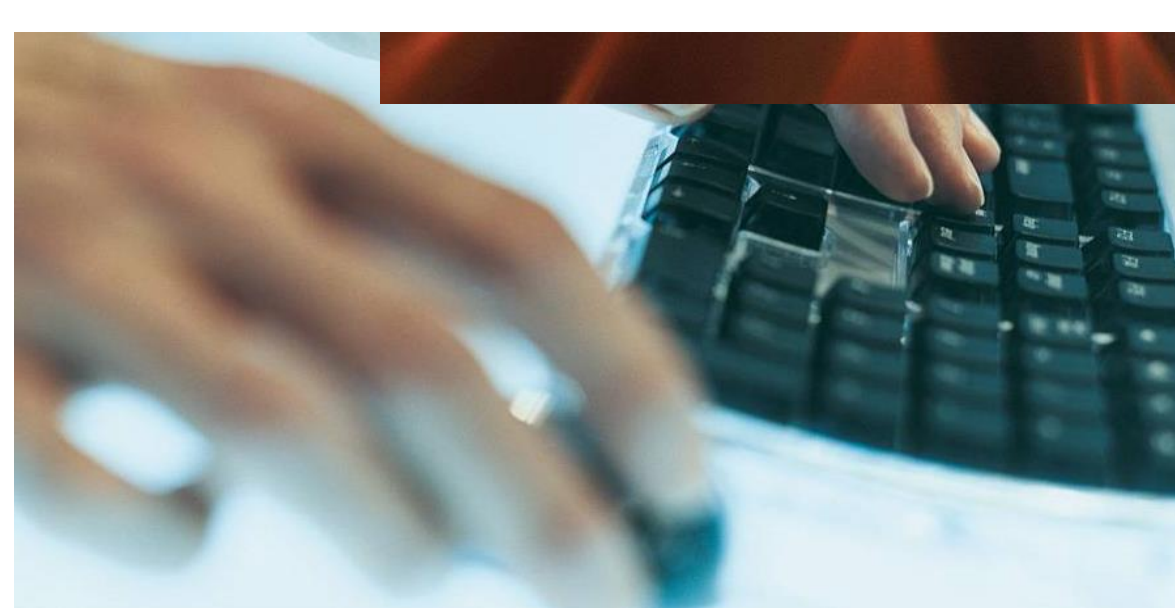
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### **Ind AS**

For developments in Ind AS refer [CNK IFRS/Ind AS Updates, January 2021](#)

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## Key Take Away

- Deferment of the implementation of applicability of CARO,2020 comes as a respite to companies, which are battered by challenges of business continuity and will be able to use the additional time to focus on allocation of resources and better prepare for enhanced requirements. It will be equally helpful to the auditors too.
- Relaxation by the MCA for inclusion of Independent Directors (ID) in the ID Data bank will help the corporates as many entities are finding it challenging to attract globally reputed individuals to the Board.
- Amendment to the Scheme of Arrangement by Listed Entities require additional information to be provided in the Audit Committee report and as well as the requirement of obtaining a report from the Independent Directors which will exert more responsibilities on such experts.
- The new definition of 'wages' will increase the social deductions like provident fund and even gratuity payments.

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